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## LEGISLATIVE HISTORY

Public Law 47--81st Congress

Chapter 77--1st Session

S. 1209

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LIST OF PUBLIC LAW 47





## INDEX AND SUMMARY OF HISTORY OF S. 1209

February 7, 1949 H. R. 2362 was introduced by Rep. Ploom and was referred to the House Committee on Foreign Affairs. Print of the bill as introduced. (Similar bill).

S. 833 was introduced by Senator Corrally and was referred to the Senate Committee on Foreign Relations. Print of the bill as introduced. (Similar bill).

February 8, 1949 Hearings: House, H. R. 2362. Pt. 1.

Hearings: Senate, S. 833.

February 17, 1949 Print of an amendment proposed by Senator Brewster to S. 833.

February 21, 1949 Hearings: House, H. R. 2362 and H. R. 3748. Pt. 2.

February 25, 1949 Prints of amendments proposed by Senators Magnuson, Downey, and Tydings to S. 833.

March 8, 1949 Senate Foreign Relations Committee reported a new bill, S. 1209, without amendment. Senate Report 100. Print of the bill as reported.

March 9, 1949 Print of an amendment proposed by Senator Jenner to S. 1209.

March 17, 1949 Print of an amendment proposed by Senator Morse to S. 1209.

March 18, 1949 Prints of amendments proposed by Senator Magnuson to S. 1209.

March 23, 1949 H. R. 3748 was introduced by Rep. Kee and was referred to the House Committee on Foreign Affairs. Print of the bill as introduced. (Companion bill).

March 24, 1949 Senate began debate on S. 1209.

Prints of amendments proposed by Senators Gillette, and Capehart to S. 1209.

March 25, 1949 Senate continued debate on S. 1209. There was discussion of agricultural commodities throughout the debate.

House Committee reported H. R. 3748 without amendment. House Report 323. Print of the bill as reported.

Extension of remarks of Rep. Tollefson.

Prints of amendments proposed by Senators Fulbright, Wherry, Magnuson, Knowland, and Capehart, to S. 1209.

March 28, 1949 Senate continued debate on S. 1209.

House Rules Committee reported H. Res. 169 for the consideration of H. R. 3748. House Report 328. Print of the Resolution.

Extension of remarks of Reps. Shafer and Golden.

Prints of amendments proposed by Senators Kern, Ellender, and Brewster to S. 1209.



March 29, 1949      Senate continued debate on S. 1209. Debated an amendment by Sen. Taft and Russell to reduce the authorization by 10%.

Extension of Remarks of Reps. McCormack and Sadowski.

Prints of amendments proposed by Senators Taft, Connally, Bridges, Brewster, and Baldwin to S. 1209.

March 30, 1949      House Committee filed minority views on H. R. 3748. House Report 323, Pt. 2.

Senate continued debate on S. 1209.

Prints of amendments proposed by Senators Wherry, Malone, and McCarran to S. 1209.

March 31, 1949      Senate continued debate on S. 1209.

April 1, 1949      Senate continued debate on S. 1209. Rejected (23 to 54) the Taft-Russell amendment to reduce the authorization by 10%, after rejecting (14 to 68) the Wherry amendment to the Taft-Russell amendment, to make a 15% cut.

Extension of remarks of Rep. Passman.

April 2, 1949      Senate continued debate on S. 1209. An amendment by Sen. Knowland, relative to authorization of unobligated funds for aid to China is the pending question.

Extension of remarks of Senator Wherry.

Prints of amendments proposed by Senators Cain and Knowland to S. 1209.

April 4, 1949      Senate continued debate on S. 1209. Agreed to an amendment by Sen. Knowland authorizing the use of \$54,000,000 of unobligated funds for aid to China.

Prints of amendments proposed by Senators Cain and McCarthy to S. 1209.

April 5, 1949      Senate continued debate on S. 1209. Agreed to an amendment by Sen. Magnuson to provide that at least 50% of goods shipped abroad be sent in American vessels so far as practicable and when available at market rates, and to prevent use of ships other than those of participating countries.

Rejected various amendments, including a Jenner amendment defining "surplus agricultural commodities" in such a way, as to prevent "repetition of the vast wheat-buying program which ECA financed in Canada last year," by a 32-48 vote.

Prints of amendments proposed by Senators Fulbright and Langer to S. 1209.





April 6, 1949 Senate continued debate on S. 1209. Agreed to the Magnuson amendment to permit the Secretary to determine that a particular class, type, or specification of a commodity is in surplus, rather than that the entire commodity is in surplus. Sen. Magnuson also presented an amendment to permit the Department to pay more than 50% of the amount of surplus commodities going into the ECA program and to authorize \$100,000,000 for use by the Department in encouraging export of perennial horticultural commodities which are in surplus.

April 7, 1949 Senate continued debate on S. 1209. Print of a proposed amendment to S. 1209 by Senator Vem.  
Extension of remarks of Senators Baldwin and Cain.

April 8, 1949 Senate concluded debate and passed S. 1209, 70 - 7, with amendments. Agreed 44-35, to the Gillette amendment requiring 15% of corn exports to be in the form of grits, meal, and flour produced in the U. S. (pp. 4226-8).  
  
Extension of remarks of Senator Jenner, and Reps. Meyer, Rikicoff, Lodge, and Javits.

April 9, 1949 House began debate on H. R. 3748.  
  
Extension of remarks of Rep. Irving.

April 11, 1949 House continued debate on H. R. 3748. Agreed, 120-49, to the Patman amendment requiring that ECA provide for small business, especially producers, to receive a fair and substantial amount of LCA business. Rejected the Irving amendment to continue the provision that 25% of ECA grain be milled in this country, by a 66-107 vote (pp. 4415-20). Rejected the Worley amendment to require ECA to buy CCC supplies before buying from other sources, by a 97-122 vote, during the debate Rep. Cranger spoke in favor of requiring ECA to use the CCC Mexican canned meat, and Rep. Chatham inserted a letter from Secretary Frannan (pp. 4420-5). Rejected, 78-131, the Weaver amendment requiring 15% of ECA grain to be processed (pp. 4420-5). Rejected the Murray amendment authorizing the Sec. of Agriculture to permit the export of tobacco seeds to ECA countries (p. 4425).  
  
Extension of remarks of Rep. Bolton.

April 12, 1949 House concluded debate and passed H. R. 3748, 354-48, with amendment. Language of H. R. 3748 inserted in S. 1209.  
  
House Conferees appointed. Senate Conferees appointed.  
  
Extension of remarks of Reps. Taber and Powell.

April 13, 1949 House received the Conference Report. House Report 440.  
  
Extension of remarks of Reps. Judd, Van Zandt, Michener, and Senator Sparkman.



April 14, 1949

Both houses agreed to the conference report.

Extension of remarks of Reps. Rees, Javits, and Richards.

April 19, 1949

Approved. Public Law 47.









81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 833

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 7, 1949

Mr. CONNALLY (by request) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

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## A BILL

To amend the Economic Cooperation Act of 1948.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That the second sentence of section 104 (e) of the Economic  
4       Cooperation Act of 1948 is hereby amended by striking  
5       out "\$10,000 per annum" and inserting in lieu thereof "the  
6       highest rate authorized by such Act".

7       SEC. 2. Section 108 of such Act is hereby amended  
8       by adding at the end thereof the following new sentences:  
9       "To assist him in the performance of his duties, the Admin-  
10      istrator may appoint a Deputy United States Special Rep-  
11      resentative in Europe, who shall perform such functions

1 as the United States Special Representative shall designate,  
2 and shall be Acting United States Special Representative  
3 during the absence or disability of the United States Special  
4 Representative or in the event of a vacancy in the office of  
5 United States Special Representative. The Deputy United  
6 States Special Representative shall be entitled to receive the  
7 same compensation and allowances as a chief of mission,  
8 class 2, within the meaning of the Act of August 13, 1946  
9 (60 Stat. 999).”

10 SEC. 3. The last sentence of section 109 (a) of such  
11 Act is hereby amended by striking out the period and insert-  
12 ing in lieu thereof a semicolon and the following: “and  
13 the chief of the special mission shall be entitled to receive  
14 the same compensation and allowances as a chief of mission,  
15 class 3, or a chief of mission, class 4, within the meaning  
16 of the Act of August 13, 1946 (60 Stat. 999), or com-  
17 pensation and allowances in accordance with section 110  
18 (a) of this title, as the Administrator shall determine to  
19 be necessary or appropriate.”

20 SEC. 4. Section 110 (c) of such Act is hereby amended  
21 by striking out “, and is not now and has never been a  
22 member of any organization advocating contrary views”.

23 SEC. 5. (a) The first proviso of section 111 (b) (3)  
24 of such Act is hereby amended by striking out “in the first  
25 year after the date of the enactment of this Act does not

1 exceed \$15,000,000” and inserting in lieu thereof “made  
2 in any fiscal year does not exceed \$10,000,000”.

3 (b) The last two sentences of such section 111 (b)  
4 (3) are hereby amended to read as follows:

5 “The total amount of the guaranties made under this  
6 paragraph (3) shall not exceed \$300,000,000, and as  
7 such guaranties are made the authority to realize funds  
8 from the sale of notes for the purpose of extending as-  
9 sistance on credit terms through allocating funds to the  
10 Export-Import Bank of Washington under paragraph  
11 (2) of subsection (c) of this section shall be accord-  
12 ingly reduced. After the amount of notes sold for the  
13 purpose of extending assistance on credit terms through  
14 allocation of funds to the Export-Import Bank of Wash-  
15 ington under paragraph (2) of subsection (c) of this  
16 section and the amount of guaranties made reach in the  
17 aggregate \$1,000,000,000, any further guaranty made  
18 by the Administrator shall create an obligation against  
19 funds appropriated under authority of this title and the  
20 Administrator shall notify the Secretary of the Treasury  
21 of the issuance of such guaranty and of the maximum  
22 liability thereunder, and the Secretary of the Treasury  
23 shall then set aside on the books of the Treasury from  
24 the funds appropriated under this title an amount equal  
25 to the maximum liability under such guaranty as stated



1 in such notification, which amount shall be available for  
2 expenditure to discharge liability under such guaranty,  
3 by the Administrator or by an agency designated by  
4 him, until such time as the liability under such guaranty  
5 shall have been discharged or shall expire. Any pay-  
6 ments made to discharge liabilities under guaranties  
7 issued under paragraph (3) of this subsection shall be  
8 paid out of fees collected under subparagraph (ii) of  
9 paragraph (3) of this subsection as long as such fees are  
10 available, and thereafter shall be paid either out of funds  
11 realized from the sale of notes which shall be issued under  
12 authority of paragraph (2) of subsection (c) of this  
13 section or out of funds appropriated under authority of  
14 this title and set aside on the books of the Treasury as  
15 hereinabove provided.”

16 SEC. 6. (a) Section 112 (c) of such Act is hereby  
17 repealed.

18 (b) Section 112 of such Act is hereby amended by add-  
19 ing at the end thereof the following new subsection:

20 “(i) No funds authorized for the purposes of this title  
21 shall be used for the purchase in bulk of any commodities  
22 (other than commodities procured by or in the possession  
23 of the Commodity Credit Corporation pursuant to price  
24 support programs required by law) at prices higher than  
25 the market price prevailing in the United States at the time

1 of the purchase adjusted for differences in the cost of trans-  
2 portation to destination, quality, and terms of payment.”

3 SEC. 7. (a) The first sentence of section 114 (c)  
4 of such Act is hereby amended by striking out the period  
5 and inserting in lieu thereof a colon and the following:  
6 “*Provided further*, That in addition to the amount above  
7 authorized to be appropriated there are hereby authorized  
8 to be appropriated for carrying out the provisions and  
9 accomplishing the purposes of this title not to exceed  
10 \$1,150,000,000 for the period April 3, 1949, through June  
11 30, 1949, and not to exceed \$4,280,000,000 for the fiscal  
12 year ending June 30, 1950: *Provided further*, That in addi-  
13 tion to the foregoing any balance, unobligated as of June  
14 30, 1949, or subsequently released from obligation, of funds  
15 appropriated for carrying out and accomplishing the pur-  
16 poses of this title for any period ending on or prior to that  
17 date is hereby authorized to be made available for obliga-  
18 tion through the fiscal year ending June 30, 1950, and to  
19 be transferred to and consolidated with any appropriations  
20 for carrying out and accomplishing the purposes of this title  
21 for said fiscal year. To enable the Administrator to finance  
22 such transfers of capital goods items, or of commodities and  
23 services allocated to projects, as may not be made by June  
24 30, 1950, the Administrator is authorized prior to such date

1       (b) Section 115 of such Act is hereby amended by  
2 adding at the end thereof the following new subsection:

3       “(h) Not less than 5 per centum of each special local  
4 currency account established pursuant to paragraph (6) of  
5 subsection (b) of this section shall be allocated to the use of  
6 the United States Government for expenditure for materials  
7 which are required by the United States as a result of de-  
8 ficiencies or potential deficiencies in its own resources or for  
9 other local currency requirements of the United States.”









81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

**S. 833**

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# **A BILL**

To amend the Economic Cooperation Act of  
1948.

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By Mr. CONNALLY

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FEBRUARY 7, 1949

Read twice and referred to the Committee on  
Foreign Relations

81ST CONGRESS  
1ST SESSION

# H. R. 2362

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 7, 1949

Mr. BLOOM introduced the following bill; which was referred to the Committee on Foreign Affairs

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## A BILL

To amend the Economic Cooperation Act of 1948.

- 1     *Be it enacted by the Senate and House of Representa-*  
2     *tives of the United States of America in Congress assembled,*  
3     That the second sentence of section 104 (e) of the Economic  
4     Cooperation Act of 1948 is hereby amended by striking out  
5     "\$10,000 per annum" and inserting in lieu thereof "the  
6     highest rate authorized by such Act".
- 7     SEC. 2. Section 108 of such Act is hereby amended by  
8     adding at the end thereof the following new sentences: "To  
9     assist him in the performance of his duties, the Adminis-  
10    trator may appoint a Deputy United States Special Repre-  
11    sentative in Europe, who shall perform such functions as

1 the United States Special Representative shall designate,  
2 and shall be Acting United States Special Representative  
3 during the absence or disability of the United States Special  
4 Representative or in the event of a vacancy in the office  
5 of United States Special Representative. The Deputy  
6 United States Special Representative shall be entitled to  
7 receive the same compensation and allowances as a chief  
8 of mission, class 2, within the meaning of the Act of August  
9 13, 1946 (60 Stat. 999)."

10 SEC. 3. The last sentence of section 109 (a) of such  
11 Act is hereby amended by striking out the period and in-  
12 serting in lieu thereof a semicolon and the following: "and  
13 the chief of the special mission shall be entitled to receive  
14 the same compensation and allowances as a chief of mission,  
15 class 3, or a chief of mission, class 4, within the meaning of  
16 the Act of August 13, 1946 (60 Stat. 999), or compensa-  
17 tion and allowances in accordance with section 110 (a) of  
18 this title, as the Administrator shall determine to be neces-  
19 sary or appropriate."

20 SEC. 4. (a) The first proviso of section 111 (b) (3)  
21 of such Act is hereby amended by striking out "in the first  
22 year after the date of the enactment of this Act does not  
23 exceed \$15,000,000" and inserting in lieu thereof "made  
24 in any fiscal year does not exceed \$10,000,000".



(b) The last two sentences of such section 111 (b) (3) are hereby amended to read as follows:

“The total amount of the guaranties made under this paragraph (3) shall not exceed \$300,000,000, and as such guaranties are made the authority to realize funds from the sale of notes for the purpose of extending assistance on credit terms through allocating funds to the Export-Import Bank of Washington under paragraph (2) of subsection (c) of this section shall be accordingly reduced. After the amount of notes sold for the purpose of extending assistance on credit terms through allocation of funds to the Export-Import Bank of Washington under paragraph (2) of subsection (c) of this section and the amount of guaranties made reach in the aggregate \$1,000,000,000, any further guaranty made by the Administrator shall create an obligation against funds appropriated under authority of this title and the Administrator shall notify the Secretary of the Treasury of the issuance of such guaranty and of the maximum liability thereunder, and the Secretary of the Treasury shall then set aside on the books of the Treasury from the funds appropriated under this title an amount equal to the maximum liability under such guaranty as stated in such notification, which amount shall be avail-



1       able for expenditure to discharge liability under such  
2       guaranty, by the Administrator or by an agency  
3       designated by him, until such time as the liability under  
4       such guaranty shall have been discharged or shall expire.

5       Any payments made to discharge liabilities under  
6       guaranties issued under paragraph (3) of this subsection  
7       shall be paid out of fees collected under subparagraph  
8       (ii) of paragraph (3) of this subsection as long as  
9       such fees are available, and thereafter shall be paid  
10      either out of funds realized from the sale of notes which  
11      shall be issued under authority of paragraph (2) of  
12      subsection (c) of this section or out of funds appro-  
13      priated under authority of this title and set aside on  
14      the books of the Treasury as hereinabove provided.”

15      SEC. 5. (a) Section 112 (c) of such Act is hereby  
16      repealed.

17      (b) Section 112 of such Act is hereby amended by  
18      adding at the end thereof the following new subsection:

19      “(i) No funds authorized for the purposes of this title  
20      shall be used for the purchase in bulk of any commodities  
21      (other than commodities procured by or in the possession  
22      of the Commodity Credit Corporation pursuant to price-  
23      support programs required by law) at prices higher than  
24      the market price prevailing in the United States at the

1 time of the purchase adjusted for differences in the cost of  
2 transportation to destination, quality, and terms of payment.”

3 SEC. 6. (a) The first sentence of section 114 (c) of  
4 such Act is hereby amended by striking out the period and  
5 inserting in lieu thereof a colon and the following: “*Pro-*  
6 *vided further*, That, in addition to the amount above author-  
7 ized to be appropriated, there are hereby authorized to be  
8 appropriated for carrying out the provisions and accomplish-  
9 ing the purposes of this title not to exceed \$1,150,000,000  
10 for the period April 3, 1949, through June 30, 1949, and  
11 not to exceed \$4,280,000,000 for the fiscal year ending  
12 June 30, 1950: *Provided further*, That, in addition to the  
13 foregoing any balance, unobligated as of June 30, 1949,  
14 or subsequently released from obligation, of funds appro-  
15 priated for carrying out and accomplishing the purposes of  
16 this title for any period ending on or prior to that date is  
17 hereby authorized to be made available for obligation through  
18 the fiscal year ending June 30, 1950, and to be transferred  
19 to and consolidated with any appropriations for carrying  
20 out and accomplishing the purposes of this title for said fiscal  
21 year. To enable the Administrator to finance such transfers  
22 of capital-goods items, or of commodities and services allo-  
23 cated to projects, as may not be made by June 30, 1950,

1 the Administrator is authorized prior to such date to obli-  
2 gate the United States to make expenditures after such date  
3 in an aggregate amount not to exceed \$150,000,000, which  
4 amount shall be in addition to the amounts above authorized.”

5 (b) The last sentence of such section 114 (c) is  
6 hereby amended to read as follows: “The authorizations in  
7 this title are limited to the periods indicated in order that  
8 the Congress may pass on any subsequent authorizations.”

9 SEC. 7. (a) Section 114 (f) of such Act is hereby  
10 repealed. The sum of \$3,000,000,000 transferred from the  
11 appropriation for “Economic Cooperation” in title I of the  
12 Foreign Aid Appropriation Act, 1949 (Public Law 793,  
13 Eightieth Congress), to the Foreign Economic Coopera-  
14 tion Trust Fund created by such subsection (f) shall be  
15 returned to such appropriation, and expenditures hereto-  
16 fore charged to such trust fund shall be charged to such  
17 appropriation. The Secretary of the Treasury is hereby  
18 authorized to make such adjustments on the books of the  
19 Treasury as he may deem necessary to assure the accurate  
20 reporting of expenditures under such appropriation as if  
21 such subsection (f) had not been enacted.

22 (b) Section 114 of such Act is hereby amended by  
23 adding at the end thereof the following new subsection:

24 “(g) Notwithstanding the provisions of any other law,



1 until such time as an appropriation additional to that made  
2 by title I of the Foreign Aid Appropriation Act, 1949  
3 (Public Law 793, Eightieth Congress), shall be made  
4 pursuant to subsection (c) of this section for the period  
5 April 3, 1949, through June 30, 1949, the Reconstruction  
6 Finance Corporation is authorized and directed to make ad-  
7 vances not to exceed in the aggregate \$750,000,000 to  
8 carry out the provisions of this title, in such manner, at  
9 such times, and in such amounts as the Administrator shall  
10 request, and no interest shall be charged on advances made  
11 by the Treasury to the Reconstruction Finance Corporation  
12 for this purpose. The Reconstruction Finance Corporation  
13 shall be repaid without interest for advances made by it  
14 hereunder, from funds made available for the purposes of  
15 this title.”

16 SEC. 8. (a) Section 115 (b) (6) of such Act is hereby  
17 amended by striking out the period following the words  
18 “grant basis” and inserting in lieu thereof a colon and the  
19 following: “*Provided*, That the obligation to make such  
20 deposits may be waived, in the discretion of the Adminis-  
21 trator, with respect to technical information or assistance  
22 furnished under section 111 (a) (3) of this title and with  
23 respect to ocean transportation furnished on United States  
24 flag vessels under section 111 of this title in an amount

1 not exceeding the amount, as determined by the Adminis-  
2 trator, by which the charges for such transportation exceed  
3 the cost of such transportation at world market rates.”

4 (b) Section 115 of such Act is hereby amended by  
5 adding at the end thereof the following new subsection:

6 “(h) Not less than 5 per centum of each special local  
7 currency account established pursuant to paragraph (6) of  
8 subsection (b) of this section shall be allocated to the use  
9 of the United States Government for expenditure for ma-  
10 terials which are required by the United States as a result  
11 of deficiencies or potential deficiencies in its own resources  
12 or for other local currency requirements of the United  
13 States.”



81ST CONGRESS  
1ST SESSION

**H. R. 2362**

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---

**A BILL**

To amend the Economic Cooperation Act of  
1948.

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By Mr. Bloom

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FEBRUARY 7, 1949

Referred to the Committee on Foreign Affairs







# S. 833

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IN THE SENATE OF THE UNITED STATES

FEBRUARY 17, 1949

Referred to the Committee on Foreign Relations and ordered to be printed

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## AMENDMENT

Intended to be proposed by Mr. BREWSTER to the bill (S. 833)  
to amend the Economic Cooperation Act of 1948, viz:  
Such Act is hereby amended by adding at the end thereof  
the following new section:

- 1 No funds authorized for the purposes of this Act shall
- 2 be allocated to or expended for any foreign government
- 3 which fails to comply with the orders or requests of the
- 4 Security Council of the United Nations until such times as
- 5 the Administrator is advised, in writing, by the President
- 6 of the Security Council that such compliance has been
- 7 effected.

81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> Session

**S. 833**

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## **AMENDMENT**

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Intended to be proposed by Mr. Brewster to the bill (S. 833) to amend the Economic Cooperation Act of 1948.

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FEBRUARY 17, 1949

Referred to the Committee on Foreign Relations and  
ordered to be printed







# S. 833

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 25 (legislative day, FEBRUARY 21), 1949

Referred to the Committee on Foreign Relations and ordered to be printed

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## AMENDMENTS

Intended to be proposed by Mr. MAGNUSON (for himself, Mr. AIKEN, Mr. CORDON, Mr. MORSE, Mr. MILLER, Mr. TAYLOR, Mr. CAIN, Mr. DOWNEY, and Mr. KNOWLAND) to the bill (S. 833) to amend the Economic Cooperation Act of 1948, viz:

1       On page 5, after section 6 (b) (i), insert the following:  
2       “(c) Section 112 (d) of such Act is hereby amended  
3       by adding after the words ‘any agricultural commodity, or  
4       product thereof’ the following: ‘or class, type, or specifica-  
5       tion thereof’.”

6       On page 5, line 12, section 7 (a), after the words  
7       “June 30, 1950” and before the words “*Provided further*”,  
8       insert the following new proviso: “*Provided further*, That,  
9       in addition to the amount above authorized to be appropri-

1 ated, there is hereby authorized to be appropriated not to  
2 exceed \$100,000,000 for the purpose of grants-in-aid to  
3 participating countries for the purchase of perennial horticultural  
4 commodities, or products thereof, or classes, types, or  
5 specifications thereof, for the fiscal year ending June 30,  
6 1950; the amount of any such commodity, product, class,  
7 type, or specification shall be determined by the Secretary  
8 of Agriculture in consultation with members of industry, after  
9 a finding by the said Secretary that the amount of such  
10 commodity, product, class, type, or specification is in excess  
11 of domestic requirements”.



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## **AMENDMENTS**

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Intended to be proposed by Mr. MAGNUSON (for himself, Mr. AIKEN, Mr. CORDON, Mr. MORSE, Mr. MULLER, Mr. TAYLOR, Mr. CAIN, Mr. DOWNEY, and Mr. KNOWLAND) to the bill (S. 833) to amend the Economic Cooperation Act of 1948.

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FEBRUARY 25 (legislative day, FEBRUARY 21), 1949  
Referred to the Committee on Foreign Relations and  
ordered to be printed



IN THE SENATE OF THE UNITED STATES

FEBRUARY 25 (legislative day, FEBRUARY 21), 1949

Referred to the Committee on Foreign Relations and ordered to be printed

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**AMENDMENT**

Intended to be proposed by Mr. DOWNEY to the bill (S. 833)  
to amend the Economic Cooperation Act of 1948, viz:

- 1 On page 3, line 2, strike out "\$10,000,000" and insert
- 2 in lieu thereof "\$20,000,000".

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## AMENDMENT

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Intended to be proposed by Mr. Downey to the bill (S. 833) to amend the Economic Cooperation Act of 1948.

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FEBRUARY 25 (legislative day, FEBRUARY 21), 1949  
Referred to the Committee on Foreign Relations and  
ordered to be printed

# S. 833

---

## IN THE SENATE OF THE UNITED STATES

FEBRUARY 25 (legislative day, FEBRUARY 21), 1949

Referred to the Committee on Foreign Relations and ordered to be printed

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## AMENDMENT

Intended to be proposed by Mr. TYDINGS to the bill (S. 833)  
to amend the Economic Cooperation Act of 1948, viz: At  
the end of the bill insert the following new section:

1        SEC. 10. That the first sentence of section 117 (c) of  
2 such Act is hereby amended by striking out the period at  
3 the end thereof and inserting a colon and the following:  
4        “*Provided*, That the Administrator shall fix and pay a  
5 uniform rate per pound for the ocean transportation of all  
6 relief packages of food or other general classification of  
7 commodities shipped to any participating foreign country,  
8 regardless of methods of shipment and higher rates charged  
9 by particular agencies of transportation, but this proviso  
10 shall not apply to shipments made by individuals to individ-  
11 uals through the mails.”

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## AMENDMENT

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Intended to be proposed by Mr. TYDINGS to the bill (S. 833) to amend the Economic Cooperation Act of 1948.

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FEBRUARY 25 (legislative day, FEBRUARY 21), 1949  
Referred to the Committee on Foreign Relations and  
ordered to be printed







Mr. CAIN. On that subject I can only be guided by my understanding of the law, which says without reservation that the chairman, subject only to the wishes of the President, has complete authority and jurisdiction over all the personnel required to make the entire organization work.

Mr. MORSE. Mr. President, will the Senator yield for a further question?

The VICE PRESIDENT. Does the Senator from Washington yield?

Mr. CAIN. I am pleased to yield for a further question.

Mr. MORSE. Is it the fear of the Senator from Washington that if the nominee, while Governor of Washington, appointed a man by the name of Coughlan counsel for the Pension Union, which the Senator has testified is an organization of old people, to the Social Security Welfare Board of the State of Washington, as a political sop to the old people, there might be a danger that as chairman of the National Security Resources Board, if confirmed for the position, he might make appointments of a political-sop nature to that board?

Mr. CAIN. Perhaps I could best attempt to answer that question by saying it was left up to certain members of the committee to find out who from the State of Washington are today working in the National Security Resources Board, and at what figure. Mr. Wallgren came as a witness before the Armed Services Committee, he was given every encouragement to talk, and questions were directed to him. He was asked, "What do you know about this job? What are your plans?" To which he replied, "Oh, I do not know anything about the job. I have not been confirmed yet. I want to stay as far away from it as I can until I am confirmed. But I have a couple of men down there somewhere." They are there as special assistants to the Chairman. One was what Mr. Wallgren called his "Assistant Governor" in the State of Washington. Another man had some sort of State job. Mr. Wallgren did not mention the second man in the presentation of his case to justify his claim that he is big enough to be considered for the job. But we merely called up the Budget Bureau and said, "Is anyone working down there?" The reply was, "Yes." They gave us the names of persons working at \$50 per day. It was not the \$50 a day, I may say to the Senator from Oregon, which most annoyed some of us who are most serious in our opposition to the appointment of the man. It was that his lack of standing, his lack of bigness, his lack of character in this particular instance would not permit him to say, "I have two men working in my interests for \$50 a day down at the National Security Resources Board."

In further answer to the Senator's question, I think it is as certain as the fact that we are sitting here that, while Mr. Wallgren is, I suppose, eminently qualified to fill many a position, he is not qualified to fill this one. If confirmed, he will be the one to determine the brains to be employed in the four peacetime agencies which will become

the wartime agencies to wage the next war. Therefore, to me, not only as a Senator from Washington State, but as a citizen of this country, I am not concerned with what any man or woman in the agency is paid; I am concerned solely with what he produces for his employer, who in a literal sense is the chairman, but who, in a much broader sense is every American citizen. If Mr. Wallgren has the disposal of in excess of 20 jobs at \$10,000 each, that is totally unimportant, providing he could get the 20 right brains to fill the 20 niches in these important portfolios; and though I might be the only one, I am satisfied completely that his talent does not qualify him to select the brains required in order to wage and win the next war.

Mr. MORSE. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Washington yield?

Mr. CAIN. I am glad to yield to the Senator for a question only.

Mr. MORSE. Is it the fear of the Senator from Washington, then, based upon his answer to my previous question, that if the nominee is appointed chairman of the National Security Resources Board, which position carries with it broad appointive powers in the filling of a very long list of responsible jobs, and judging from the basis on which he seems to have made the appointment of Mr. Coughlan to the Social Security Welfare Committee of the State of Washington, he might not make appointments in the public interest, if confirmed for the position to which he has been appointed?

Mr. CAIN. I should rather say in my considered opinion he is not qualified to select the proper personnel for the Agency. If he, as an individual, is not qualified to be the chairman, as I shall certainly endeavor to establish before the case has reached its conclusion, I do not, for the life of me, see how an unqualified chairman can be, on the other hand, a qualified personnel procurer for an agency which prepares for and wages war. I think the best answer to the Senator's question is that the gentleman in question, the President's nominee, has been assigned to a job which he is not qualified to master. He will, in terms of swimming, I am certain, go down three times and come up only twice, and the country will the loser.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. CAIN. The Senator from Washington is very pleased to yield for a question only.

Mr. MORSE. Is it the fear of the Senator from Washington, judging by the nominee's appointments in the State of Washington, not only in respect to the appointment of Mr. Coughlan to the social-security and welfare committee of the State, but also other appointments in the State government of Washington, that there is a danger that he will not make appointments in the public interest, if appointed as Chairman of this Board?

Mr. CAIN. I shall go back to my previous answer, if that answer satisfies the Senator, and if I correctly understand the Senator's question. But I think the nominee's lack of bigness and understanding of the job intended for him would make it all too easy for him to make appointments to positions within the National Security Resources Board which are not in the national interest. I would not say there would be any premeditated attempt on his part to make bad appointments, but I say that, necessarily, he would make them because I do not think him competent to fulfill his responsibilities.

Mr. MORSE. Will the Senator yield for another question?

Mr. CAIN. I shall be glad to yield for a question.

Mr. MORSE. Does the Senator from Washington agree that those of us who are not familiar with the appointing record of the nominee while Governor of the State of Washington, save and except as we have learned something about it in connection with the Coughlan case, ought to look to his appointments generally in the State of Washington in attempting to reach a conclusion as to the type of appointments he might be expected to make as Chairman of the National Security Resources Board?

Mr. CAIN. I think that would be a fair position, sir. I think I have so stated in my various presentations. There have been a number of other appointments under the jurisdiction of the one who was then the Governor of the State of Washington that were not made in the best interest of the citizens of that State.

Mr. MORSE. Will the Senator permit another question along this line?

Mr. CAIN. I shall be pleased to yield for a question, sir.

Mr. MORSE. Does the Senator agree that those of us who are trying to reach a final conclusion as to whether we should vote to confirm or not to confirm in this instance need to satisfy ourselves that the nominee has a record of appointments in the State of Washington which is of such quality that if he carried the same appointing policies into the position for which he has been nominated the public interest would not be jeopardized thereby?

Mr. CAIN. I may say to the junior Senator from Oregon, if I understood his question correctly and if my assumption is correct, that Mr. Wallgren misled a considerable number of Washington State citizens by holding out to them, as a sop, the appointment of one John Coughlan to a committee which the Governor said later on never had any intention of functioning, then I think it would not be necessary to look beyond that point—that a man who was capable of the John Coughlan appointment, on the basis only of the record, would obviously be capable of other similar appointments, none of which would be good for the common welfare, and just one instance of which ought to result in automatic cancellation of any serious consideration which had been previously given to the nominee.



Mr. MORSE. Will the Senator permit one more question?

Mr. CAIN. I shall be most pleased to yield for a question, sir.

Mr. MORSE. Is the Senator prepared to say whether, in his opinion, this nominee, in filling appointments in the State of Washington, made any considerable number of appointments which could possibly be criticized as purely political appointments in the sense that the qualifications of the appointees had little or no relationship to the particular tasks which had to be performed in the office to which they were appointed?

Mr. CAIN. In my opinion, that is quite correct.

Mr. MORSE. Will the Senator yield for another question?

Mr. CAIN. The Senator will be pleased to yield for a question.

Mr. MORSE. Is it, then, a charge of the Senator from Washington against the nominee, that an investigation of the appointing practices of the nominee while he was the Governor of the State of Washington would lead to the conclusion on the part of a fair-minded person who is seeking to find the facts in order to make a judicial decision as to whether he should vote to confirm or not to confirm this nomination, would disclose that this nominee has a record of making political appointments in the sense that he appoints men for political advantage without primary consideration being given to their qualifications for the office to which he appoints them?

Mr. CAIN. The junior Senator from Oregon is probably conscious of the fact that all the junior Senator from Washington has thus far requested of the Senate Armed Services Committee is that it undertake a serious examination of the charges which I have preferred, one of which is that Mr. Wallgren has been in the past extremely careless in his political appointments; and in further emphatic response to the Senator's question, I am completely and wholly satisfied that if the Senate Armed Services Committee undertakes such an investigation, it will determine to its own complete satisfaction that whatever other virtues Mr. Wallgren may have, one of them is not considering the public interest as being primarily important when making a political appointment. The Senator would find, through any disinterested, open examination, that Mr. Wallgren, to an unusual degree, has used political appointments under his power for results of political preference to him.

Mr. President, this has been an extraordinarily long and exceedingly interesting day and debate to the junior Senator from Washington. I began in the hope that I might thoroughly lay before the Senate two subjects with which I had reason to believe Senators were not as familiar as was I, first, the National Security Resources Board, and, second, the National Security Council. I think that any of my colleagues in the Senate and the general public who are interested and curious and will study today's RECORD will find that it contains factual information which will be of assistance to their thinking about the future which lies ahead of all of us.

I have before me, as one can obviously see, Mr. President, as much material concerning the Wallgren confirmation matter as I have covered today, and more, which I trust I shall have an opportunity to discuss and submit for the RECORD before the question is resolved.

Mr. President, I understand that any Senator has two opportunities to speak on any question which is before the Senate. Having availed myself of a very long opportunity to talk once on the subject of this confirmation today, I shall look forward with enthusiasm to an opportunity to conclude my presentation at some later date.

Mr. MORSE. Mr. President, will the Senator yield for a parliamentary inquiry?

The VICE PRESIDENT. The Senator from Washington has yielded the floor.

#### AMENDMENT OF ECONOMIC COOPERATION ACT—REPORT OF A COMMITTEE (S. REPT. NO. 100)

During the delivery of Mr. CAIN's speech,

Mr. CONNALLY. Mr. President, will the Senator from Washington yield for a moment?

Mr. CAIN. The Senator is permitted to yield only for a question.

Mr. CONNALLY. I ask unanimous consent that I may report a bill, which is very important, and then let it rest.

Mr. CAIN. Mr. President, is there any way by which I can accommodate the Senator from Texas and request such unanimous consent without jeopardizing my right to the floor?

The VICE PRESIDENT. The Senator can request unanimous consent that the Senator from Texas be permitted to do so, without interfering with the right of the Senator from Washington to the floor.

Mr. WHERRY. Mr. President, reserving the right to object, if it is agreeable to the Senator from Washington, let me say that I shall enter no objection, because the purpose of the Senator from Texas is simply to report or introduce a bill, and although it will come in the middle of today's session, and did not come at the beginning of the session today, nevertheless I feel that that courtesy should be extended to all Senators who wish to introduce bills.

Mr. CONNALLY. Mr. President, I thank the Senator from Nebraska and the Senator from Washington.

Mr. President, from the Committee on Foreign Relations I report the Economic Cooperation Administration bill, otherwise known as the Marshall plan bill, which I think to be of sufficient importance to warrant being reported from the committee at this time.

The VICE PRESIDENT. Without objection, the report will be received, and the bill will be placed on the calendar.

Mr. CONNALLY. Mr. President, I ask unanimous consent that the formal report may be filed within the next 48 hours.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. CONNALLY. I thank the Senator very much.

Mr. CAIN. The Senator from Texas is most welcome.

The bill (S. 1209) to amend the Economic Cooperation Act of 1948 was read twice by its title, and ordered to be placed on the calendar.

After the conclusion of Mr. CAIN's speech,

#### ADDITIONAL BILLS INTRODUCED

By unanimous consent, additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred or ordered to be placed on the calendar, as follows:

By Mr. McCARTHY:

S. 1207. A bill to amend the law relating to timber operations on the Menominee Indian Reservation in Wisconsin; to the Committee on Interior and Insular Affairs.

S. 1208. A bill for the relief of Pasch Brothers; to the Committee on the Judiciary.

(Mr. CONNALLY, from the Committee on Foreign Relations, reported an original bill (S. 1209) to amend the Economic Cooperation Act of 1948, which was ordered to be placed on the calendar, and appears under a separate heading.)

#### MEMBERS OF BOARD OF REGENTS OF SMITHSONIAN INSTITUTION

The VICE PRESIDENT. The Chair appoints the Senator from New Mexico [Mr. ANDERSON] and the Senator from Massachusetts [Mr. SALTONSTALL] members of the Board of Regents of the Smithsonian Institution.

#### DEATH OF REPRESENTATIVE BLOOM, OF NEW YORK

The VICE PRESIDENT. The Chair lays before the Senate resolutions from the House of Representatives, which will be read.

The Chief Clerk read as follows:

IN THE HOUSE OF REPRESENTATIVES, U. S.,  
March 8, 1949.

*Resolved*, That the House has heard with profound sorrow of the death of Hon. SOL BLOOM, a Representative from the State of New York.

*Resolved*, That a committee of 15 Members of the House with such Members of the Senate as may be joined be appointed to attend the funeral.

*Resolved*, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provision of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

*Resolved*, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

*Resolved*, That as a further mark of respect the House do now adjourn.

Mr. LUCAS. Mr. President, in behalf of the senior Senator from New York [Mr. WAGNER], I send to the desk a resolution and request that it be read and immediately considered.

The resolution (S. Res. 82), was read, considered by unanimous consent, and unanimously agreed to, as follows:

*Resolved*, That the Senate has heard with profound sorrow the announcement of the death of Hon. SOL BLOOM, late a Representative from the State of New York.

*Resolved*, That a committee of two Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

*Resolved*, That the Secretary communicate these resolutions to the House of Representa-



# EXTENSION OF THE EUROPEAN RECOVERY PROGRAM

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## REPORT OF THE COMMITTEE ON FOREIGN RELATIONS ON S. 1209 A BILL TO AMEND THE ECONOMIC COOPERATION ACT OF 1948



MARCH 8 (legislative day, FEBRUARY 21), 1949.—Ordered to be printed

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## EXTENSION OF THE EUROPEAN RECOVERY PROGRAM

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MARCH 8 (legislative day, FEBRUARY 21), 1949.—Ordered to be printed

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Mr. CONNALLY, from the Committee on Foreign Relations, submitted  
the following

### REPORT

[To accompany S. 1209]

The Committee on Foreign Relations, having had under consideration a bill (S. 1209) to amend the Economic Cooperation Act of 1948, unanimously report the bill favorably to the Senate and recommend that it do pass.

#### I. BACKGROUND OF THE EUROPEAN RECOVERY PROGRAM

##### 1. MAIN PURPOSE OF THE BILL

This bill makes possible the continuation of the European Recovery Program for an additional 15-month period. Although the European Recovery Program is envisaged as a 4-year program, the Congress specifically reserved the right to review the program every year. The bill is in the form of an amendment to the original Economic Cooperation Act (Public Law 472, 80th Cong.). It authorizes the appropriation of \$1,150,000,000 for the period April through June 1949, and \$4,280,000,000 for the fiscal year 1949-50—a total of \$5,430,000,000 for 15 months. It also authorizes \$150,000,000 in the form of forward contracting authority which will not require an appropriation this year. The amendments proposed grow out of the past year's experience in the administration of the act.

##### 2. THE COMMITTEE HEARINGS

The committee held hearings from February 8 to 17 on the extension of the European Recovery Program. On February 8 the committee met in joint session with the House Committee on Foreign Affairs to hear Mr. Paul G. Hoffman, Administrator of Economic Cooperation Administration, and Secretary of State Dean G. Acheson on the prog-

ress of European recovery and the need for continuance of the program. Following this meeting, the joint session adjourned and each committee conducted its own hearings.

Mr. Hoffman returned the following day to be interrogated on his previous testimony and again on February 16 to report on the effect of recent price changes on the recovery program. He was followed by Mr. W. Averell Harriman, the United States special representative, who reported exhaustively on conditions in Europe, the effectiveness of American aid, and the future plans of the participating countries.

Beginning February 10 the committee heard the ECA mission chiefs to the United Kingdom, Norway, France, Italy, Western Germany, and the Netherlands, who each gave detailed testimony on the conditions, progress, and plans of the country in which he is stationed. Mr. Acheson returned on February 11 to elaborate on his previous statement. Also heard by the committee were Mr. Howard Bruce, Deputy Administrator, who discussed strategic materials and stock piling; Mr. Richard M. Bissell, Jr., Assistant Deputy Administrator, who outlined the programming procedure of ECA; and Dr. Dennis A. FitzGerald, Director of the Food and Agriculture Division of the Economic Cooperation Administration, who presented the agricultural aspects of the program.

After the conclusion of the ECA testimony, the committee heard Mr. John W. Snyder, Secretary of the Treasury, who testified on the role of the National Advisory Council on International Monetary and Financial Problems and the financial aspects of the program. The committee also heard Senator Reed and Senator Brewster, as well as a number of nongovernmental witnesses, representing a variety of national organizations. In addition, a number of written statements were submitted for the record. The committee was also able to consider very extensive documentation, including the full reports of the Joint Committee on Foreign Economic Cooperation.

On February 25 the committee decided to reopen the public hearings to examine Mr. Hoffman and Mr. Finletter on a statement made by Mr. Christopher Mayhew, the United Kingdom delegate to the Economic and Social Council of the United Nations, to the effect that British recovery is almost complete, which led many people to question whether American aid is any longer necessary. The committee felt this statement cast a doubt on the validity of the testimony given by ECA. Accordingly, Mr. Hoffman and Mr. Finletter appeared before the committee on February 28, 1949, and were reexamined on Great Britain's need for aid.

After the close of the public hearings, the committee held a series of executive meetings on February 16, 18, 24, 25, March 1, 2, 3, 4, and 7, during which it thoroughly examined proposed amendments and drafted a new bill. In the course of these meetings the committee heard Senator McCarran, chairman of the Joint Committee on Foreign Economic Cooperation; Mr. Charles S. Dewey, the agent general of that committee; and members of his staff. The committee also heard in executive session the testimony of Senators Reed, Cordon, Magnuson, Downey, and Gillette. On March 7, 1949, the committee voted unanimously to report the bill favorably to the Senate.



## 3. PROGRESS TO DATE—SELF-HELP

Western European recovery involves three aspects: physical recuperation from the effects of war, major structural changes in the economies of the participating countries, which are necessary if western Europe is to become self-supporting by 1952, and, finally, the development and expansion of these economies to permit a rise in the standard of living after American aid has ceased. The committee is pleased to note that the first of these processes is nearing completion and the European Recovery Program countries are moving into the second phase which necessarily involves difficult and complicated basic economic changes.

During the past year the countries of western Europe have made significant progress in industrial and agricultural production, in trade, and in financial stabilization. A few figures serve to illustrate this improvement. The output of factories and mines was 14 percent above that for 1947; the output of electric power was 65 percent higher than prewar and 10 percent above 1947; railway freight traffic was one-third greater than prewar. Partly because of much better weather conditions, crops in general and bread grains in particular increased over 1947, a crop failure year, but still remained below prewar levels.

These rises in industrial and agricultural production, in turn, have resulted in greatly increased exports which reached 20 percent above the 1947 levels. Western Europe's trade position has thereby been substantially improved. Advances also were made in financial and price stabilization, in more efficient employment of manpower, in a better balance between supply and demand, and in control of inflation, although achievements in these areas were spotty and much more remains to be done. Perhaps even more important has been the rebirth of faith in the vitality of the democratic system and its ability to deal with postwar problems—a rebirth which was in large measure brought about by the European Recovery Program.

The ECA, operating on the concept of recovery rather than relief, has furnished the dollar assistance which no amount of self-help or mutual aid on the part of the Europeans could provide. This assistance, although very small in proportion to the resources the Europeans themselves are devoting to their recovery, has been the margin between success and failure.

## 4. MUTUAL AID AND GREATER UNITY IN EUROPE

The above paragraphs have described Europe's progress in its self-help efforts. Equally impressive has been the record of mutual-aid measures, especially in the light of the long history of division and national rivalries in this area of the world. The principal instrument of mutual aid has been the Organization for European Economic Cooperation, better known as the OEEC, which, although established only 8 months ago, has made remarkable strides. The mere fact that 16 sovereign states revealed hitherto secret trade and production data, scrutinized and criticized each other's programs, and agreed on the best utilization of American aid is notable.

At the time of the hearings, the committee was interested to learn that the Council of the OEEC had agreed to form a nine-member



consultative group of ministers of cabinet rank to assist the Chairman in supervising the affairs of the Organization between Council meetings. This step should bring to a focus the necessity of "joint action" as outlined and encouraged by the OEEC during its first year. A few days later came the announcement that OEEC was being put on a permanent basis. There are major problems in and beyond the Marshall plan which indicate the need for economic unity broader in scope than the current organization or customs unions. Already the OEEC, in other words, the Europeans themselves, have stated the numerous and serious steps the participating countries must take, individually and cooperatively, if the recovery program is not to be put in jeopardy.

One of the major examples of practical economic cooperation achieved by the OEEC is the intra-European payments plan. This plan was set up to prevent stagnation of trade between the participating countries by providing a means for multilateral clearance of payments among them.

On the economic level, there is also the already existent economic union of Benelux, and discussions are proceeding looking toward a Franco-Italian customs union, and toward closer economic integration of the Scandinavian countries. A number of joint economic committees and mixed commissions also exist between different countries which are contributing to economic cooperation.

#### 5. WHAT EUROPEAN RECOVERY PROGRAM COUNTRIES MUST DO

The committee attaches great importance to those steps which the OEEC's interim report lists as prerequisites for the success of the European Recovery Program. In his testimony, Mr. Hoffman summarized them as follows:

They must make renewed efforts to stabilize currencies and to check inflation. The year 1949 should be the year of financial and fiscal stabilization in Europe. This requires increased and more effective taxes, balanced budgets, balanced investment programs.

They must increase exports by increasing productivity per man-hour, by lowering prices, and by improving marketing techniques.

They must make much greater efforts to develop, at home, in their overseas territories, and in other countries, new sources of supply for those imports which Europe will not be able to afford to buy in dollars.

They must make a much greater effort to develop intra-European trade. This objective will require drastic changes from traditional patterns. It is going to require European governments to agree on plans to break down tariff barriers, to build customs unions, and to modify immigration barriers to permit the sensible deployment of labor.

They must exchange full information concerning their respective investment plans and needs, so that investors, whether private or governmental, may be able to make their investment decisions in the light of all the facts, and thus reduce to a minimum the misdirection of resources.

They also must further curtail imports that are not vitally needed. They must forestall the danger of drastic and sudden reduction of imports when the European Recovery Program ends.

## 6. GOALS FOR NEXT YEAR

As noted above, with the coming year the participating countries will be moving into the second phase of recovery which requires major structural changes in their economies, for which no simple formula exists. In the words of Mr. Hoffman, this is the time "for the Europeans to take the drastic and sometimes painful steps necessary for real recovery \* \* \*."

The following table illustrates the industrial production goals for 1949-50.

*Indexes of industrial activity*

[1935-38=100]

	Prewar 1935-38	1947	1948-49	1949-50
Fuel and power:				
Coal consumption.....	100	90	95	100
Electricity output.....	100	148	166	180
Refined oil consumption.....	100	131	160	169
Industrial output:				
Crude steel output.....	100	69	102	115
Finished steel consumption, excluding Bizone.....	<sup>1</sup> 100	118	143	148
Finished steel consumption, including Bizone.....	<sup>1</sup> 100	72	100	110
Textile production.....	100	84	99	108
Machinery production.....	100	84	115	125

<sup>1</sup> 1938.

Similar increases are planned in the production of meat, fats, and oils but it is not expected that the yield of grains will equal the exceptionally good crop of last year. Investment programs will be stepped up considerably. Exports to the dollar areas are planned to rise one-sixth above 1948-49 levels, but dollar imports will remain at approximately the same level as last year. The national programs for 1949-50 will consequently result in an anticipated gold and dollar deficit in excess of \$4,350,000,000.

It should be pointed out that even if the goals in the above table are attained, the standard of living in the participating countries will still be under 1938 since such large proportions of the increased production will go into exports and capital investments rather than to consumption and since there has been a considerable increase in population.

## 7. EUROPEAN RECOVERY PROGRAM AND OTHER FOREIGN AID

In considering the extension of the European Recovery Program the committee has constantly kept in mind that the European recovery program is only one of the international activities of the United States and that it must be viewed in the over-all setting of foreign aid and in its relations to programs, present or proposed, in other areas of the world. For the information of the Senate the following table on proposed expenditures for international affairs and finance is presented.

*Budget statement on international affairs and finance*

[Fiscal years, in millions of dollars]

	Expenditures			1950 net new appropriations
	1948, actual	1949, estimated	1950, estimated	
Reconstruction and military aid:				
Economic Cooperation Act—European Recovery Program (existing and proposed legislation).....	154	4,600	4,500	4,300
Other proposed aid legislation.....			355	600
Greek-Turkish aid (acts of 1947 and 1948).....	186	285	136	
Export-Import Bank loans.....	460	0	146	
Treasury loan to the United Kingdom.....	1,700			
Reconstruction Finance Corporation.....	4	-31	-35	
Foreign relief:				
Army (occupied areas).....	965	1,265	1,030	1,000
Assistance to China (act of 1948).....	1	350	49	
Other (mainly under Foreign Aid Act, UNRRA and post- UNRRA).....	1,027	185	7	
Palestinian refugee program (proposed legislation).....		16		
Displaced Persons Commission.....		1	2	5
Foreign relations:				
Department of State:				
Present programs.....	144	171	171	160
Proposed legislation (mainly war damage claims).....		17	1	2
Other.....	5	7	4	1
Philippine war damage and rehabilitation:				
War damage claims (Philippine War Damage Commission).....	23	171	165	165
Rehabilitation program.....	25	51	46	4
Interest on deposits (Treasury).....	2	4	3	3
Participation in international organizations:				
International Refugee Organization.....	69	73	70	70
Other present programs.....	18	53	57	31
FAO building loan and ITO (proposed legislation).....			2	8
Total.....	4,782	7,219	6,709	16,349

<sup>1</sup> In addition, this budget includes \$17,000,000 of appropriations recommended to liquidate prior year contract authorizations.

It will be noted that this table includes a \$600,000,000 net appropriation estimate for such programs as aid to China and Korea and military aid to Greece and Turkey. At the time the estimates were prepared, no allowances were made for possible military aid to other countries.

## 8. TERMINATION OF THE PROGRAM BY MID-1952

The strong resolve to terminate extraordinary American aid by mid-1952, an objective with which the committee is in complete agreement, has been stressed repeatedly in the conduct of ECA operations and before the committee by ECA personnel.

A question as to the attainability of this objective has been raised by the publication of an OEEC analysis of the separate participating country 4-year programs which indicated that, on the basis of present plans, these countries would have a dollar deficit of some \$3,000,000,000 at the end of the program. The Administrator pointed out that this analysis had been made for the purpose of diagnosing the problems facing western Europe. It is regarded by the OEEC as a warning that far-reaching changes in the present plans of the participating countries will have to be made if they are to become independent of outside aid by 1952. The necessary action to revise these plans has already been initiated.

The objective of western Europe reducing its dollar deficit to manageable proportions by the end of the program has been described



by ECA officials as a difficult goal but generally possible of attainment. There should be no relaxing in the drive to attain this objective. However, the attainment of this goal ought not to be considered the sole measure of the success or failure of the Marshall plan. While the committee is aware that economic recovery will not solve all of the problems of western Europe, the Marshall plan has made a notable contribution toward curbing the spread of disorder and communism and toward giving hope for eventually achieving an improved standard of life. Also, permanent progress toward European cooperation will result from the present program and will continue to be effective even after mid-1952.

## II. AMENDMENTS APPROVED BY COMMITTEE

### 9. UNIFICATION OF EUROPE

#### *Section 1*

The committee examined carefully the progress made during the year among the European Recovery Program countries toward economic and political integration. The voluntary steps taken over the past year, such as the Brussels treaty, the work of the OEEC, and the Council of Europe, clearly indicate that the Economic Cooperation Act has created an unusual opportunity for advance in this direction. In order to express its approval of these developments, the committee adopted an amendment to the statement of policy in the preamble of the act by inserting the words "to encourage the unification of Europe." This objective of encouraging European unification is thus declared to be the desire of the people of the United States. Nevertheless, the committee feels strongly that the impetus toward unification must come from the European peoples themselves without interference or dictation from the outside.

### 10. SALARY CEILING

#### *Section 2*

The original act permits the Administrator to compensate 100 top personnel without regard to the provisions of the classification act. It further provides that 25 of them may be paid salaries up to \$15,000 per year, the other 75 being limited to \$10,000 per year, the ceiling prescribed by the classification act at that time. Since then Congress has raised the ceiling to \$10,330.

This amendment would conform the \$10,000 limit in the Economic Cooperation Act to the present ceiling set in the Federal Pay Act of last year, or to any further changes which may be authorized by Congress.

### 11. STATUS OF DEPUTY UNITED STATES REPRESENTATIVE IN EUROPE

#### *Section 3*

In the amendments proposed by the ECA, it was suggested that the deputy representative be given the compensation of a class 2 chief of mission (\$20,000 plus allowances). In view of the fact that the deputy representative is often called upon to represent the Administrator in Europe in the absence of the United States special representative, the committee recognized the desirability of giving

the deputy statutory status as an ambassador and increased compensation. The committee believed, however, that a class 3 status (\$17,500 plus allowances) would be more appropriate. At the same time, in view of the importance of the post, the committee proposes that the deputy be appointed by the President and confirmed by the Senate.

## 12. PAY AND ALLOWANCES OF CHIEFS OF SPECIAL MISSIONS

### *Section 4*

An amendment suggested by ECA would have given the Administrator the discretion to raise the pay and allowances of the chiefs of special missions from the present maximum of \$13,500 (and allowances) to \$15,000–\$17,500 (and allowances). The committee recognized the merits of ECA's contentions in this matter and the great importance of the work done by the mission chiefs, but has decided to limit the increase to \$15,000 plus allowances.

## 13. OCEAN TRANSPORTATION

### *Sections 5 and 10 (a)*

The original Economic Cooperation Act requires in section 111 (a) (2) that the Administrator, so far as practicable, shall see that at least 50 percent of the goods shipped from the United States under the program shall be transported on United States flag vessels to the extent that these are available at market rates. The proper interpretation of the words "at market rates" has been the subject of much dispute. The Administrator has taken the position that this meant "world market rates." Others have claimed that this meant "United States-flag vessel market rates." The difference in interpretation is important because, in the case of bulk-cargo vessels, the rates for United States-flag vessels are often substantially higher than those of flag vessels of other countries.

The Administrator has testified that he regards the provisions of this section as burdensome and has requested that this phrase be clarified. The committee, therefore, adopted an amendment to this section by changing the phrase "at market rates" to "at market rates for United States-flag vessels." This will require the Administrator, in carrying out the provisions of this section, to make use of United States-flag vessels if they are available, even though at higher rates.

In this connection the Administrator pointed out that, in addition to the extra dollar costs that would be involved in paying higher rates, there was another serious problem in that these higher rates were reflected in the delivered costs of commodities delivered in Europe. The Administrator, therefore, requested an additional amendment which would permit him to waive counterpart deposits to the extent that the cost of transportation on United States-flag vessels exceeded the cost of transportation on vessels of other flags. This amendment will permit the Administrator to absorb these higher freight costs and thus prevent them increasing the delivered costs of commodities in Europe. This is particularly important in the case of coal because the delivered cost of coal shipped from the United States has, in practice, determined the prices for imports from other countries, including imports from Poland. As a result, these other



countries have been able to obtain prices far above their domestic prices, which has resulted in much higher costs to the participating countries. Furthermore, higher prices for a basic commodity, such as coal, tend to raise the whole level of costs in the economy.

It was suggested that the committee should not act on this subject since there is legislation pending in the Congress relating to the 50-50 shipping arrangement. The committee, however, considered that this question has such an important bearing upon the ECA program that these two amendments should be adopted in order to resolve the controversy over this particular section of the act.

#### 14. GUARANTY FOR INFORMATIONAL MEDIA

##### *Section 6 (a)*

The original Economic Cooperation Act authorized the making of guaranties up to \$15,000,000 during the first year of the program for informational media. These guaranties were to extend only to conversion of local currency receipts into dollars up to the amount of the investment. This amount was later reduced from \$15,000,000 to \$10,000,000 by the Congress in the appropriation act.

The committee believes that these funds have proven helpful in the wider dissemination of information by representative American informational media. Outstanding examples include the increased circulation in the participating countries of such publications as the Paris edition of the New York Herald Tribune, the Reader's Digest, and various scientific publications.

The committee considered at some length the desirability of increasing the amount authorized for informational media guaranties for the second year. It was decided, however, in the light of ECA experience during the current fiscal year, that the \$10,000,000 figure fixed by the Appropriations Committee last year seemed appropriate for the coming year.

#### 15. GUARANTIES OF CONVERTIBILITY

##### *Section 6 (b)*

The committee considered several proposals, including those made by the American Bar Association, to alter the provisions of the basic act authorizing the Administrator to guarantee the convertibility into dollars of foreign currency secured from new American investments in participating countries.

Three questions were presented by these proposals:

- (1) Should the terms of the guaranties be broadened?
- (2) Should part of the ECA appropriation be earmarked for the sole purpose of making guaranties?
- (3) Should a separate fund, additional to the ECA appropriation, be provided for this purpose?

The committee felt that, insofar as the ECA countries were concerned, broadening the terms of the guaranties would not result in substantial amounts of increased investments unless the guaranty was made so broad that, in fact, this Government would assume most of the risks which private capital should be expected to carry.

The proposal to earmark a certain part of the ECA appropriation for the sole purpose of making guaranties would, in the opinion of



the committee, jeopardize the program. If private investors did not come forward promptly with projects of the right type at the right time, the effect would be that the segregated funds, which are urgently needed in the coming year, would be used ineffectively or would be immobilized and not be used at all.

As to the proposal to set up a separate fund additional to the ECA appropriation, the committee noted that there is currently under way a study of the desirability of developing a program of promoting American investments abroad on a world-wide basis. It is understood that recommendations will shortly be made to the Congress by the executive branch with respect to such a program.

The committee is disappointed that the guaranty program has not been more productive but hopes that, as recovery proceeds and stability develops further, American risk capital will increasingly seek investment opportunities in Europe.

At the present time guaranties can be made only from the \$1,000,-000,000 public-debt funds provided for in the original act. Only about \$20,000,000 of these funds remain available. The amendment proposed in section 6 (b) of the present bill would authorize the continuation of the guaranty program with appropriated funds after this \$20,000,000 has been exhausted.

#### 16. FLOUR-WHEAT RATIO

##### *Section 7 (a)*

Public Law 472 provided that 25 percent of all wheat shipped under the European Recovery Program should be in the form of flour. The Administrator recommended elimination of this provision on the ground that it had the effect of increasing the cost of the program and that milling byproducts are no longer urgently needed in the United States in view of the greatly improved supply of coarse grains. After extensive discussion, having in mind the nature of the requirements of the participating countries, and in consideration of the fact that a certain amount of flour would normally move to some of them in any event, the committee decided to reduce the stipulated percentage of flour from 25 to 15 percent.

#### 17. PRICE LIMITATION FROM APPROPRIATION ACT

##### *Section 7 (b)*

The committee decided to add to the basic legislation the price provision in section 202 of last year's appropriation act. It provides generally that commodities should not be bought at prices higher than the market price prevailing in the United States. This provision continues the statutory basis under which the Administrator has been policing the prices paid for ECA commodities. Administrative procedures are now implementing successfully this provision.

#### 18. AMOUNTS AUTHORIZED

##### *Section 8*

*Total amount.*—The present legislation carries the following authorizations:

For the period Apr. 3 to June 30, 1949.....	\$1, 150, 000, 000
For the fiscal year 1949-50.....	4, 280, 000, 000
For forward contracting.....	150, 000, 000
Total amount authorized.....	5, 580, 000, 000

## Section 8 (a)

*Authorization for April-June 1949.*—The Foreign Aid Appropriation Act (Public Law 793, 80th Cong.) empowers the President, upon the recommendation of the Administrator, to obligate or expend the full amount appropriated for the purposes of the Economic Cooperation Act by April 2, 1949, if he deems it necessary for the purposes of that act. This was found to be necessary and substantially all of the funds will have been obligated by April 2. Accordingly the ECA requests an authorization of \$1,150,000,000 to carry the program through April 3 to June 30, 1949.

*Authorization for the fiscal year 1949-50.*—The following table illustrates the past and proposed illustrative division of American aid:

*European recovery program—United States aid, 1948-49 and 1949-50*

[In millions of dollars]

	1948-49			1949-50	
	Requested by national governments	Recommended by OEEC	ECA proposed allotments	Requested by national governments	ECA illustrative allotments
Austria.....	339.3	217.0	215.2	217.0	197.0
Belgium—Luxemburg and Belgium dependencies and overseas territories.....	358.2	250.0	247.9	250.0	200.0
Denmark.....	149.9	110.0	109.1	110.0	109.0
Free Territory of Trieste.....	22.0	18.0	17.8	12.8	12.0
France and dependencies and overseas territories.....	1,114.9	989.0	980.9	890.0	875.0
Germany: Bizone—					
Total aid.....	1,083.0	1,051.0	984.0	912.1	880.6
Less GARIOA.....	-637.0	-637.0	-573.4	-539.7	-476.6
ECA aid.....	446.0	414.0	410.6	372.4	404.0
Germany: French zone.....	100.0	100.0	99.2	100.0	115.0
Greece.....	211.0	146.0	144.8	198.1	170.0
Iceland.....	11.0	11.0	5.2	10.0	7.0
Ireland.....	111.0	79.0	78.3	75.4	64.0
Italy.....	799.5	601.0	555.5	610.1	555.0
Netherlands and dependencies and overseas territories.....	657.0	496.0	469.6	507.0	355.0
Norway.....	104.0	84.0	83.3	131.8	105.0
Portugal.....	0.0	0.0	0.0	100.6	10.0
Sweden.....	109.0	47.0	46.6	70.7	54.0
Turkey.....	85.3	50.0	39.7	94.2	30.0
United Kingdom.....	1,271.0	1,263.0	1,239.0	940.0	940.0
Commodity reserve <sup>1</sup> .....			13.5		
Aid allotment, total.....	5,889.1	4,875.0	4,756.2	4,690.1	<sup>3</sup> 4,202.0
Administrative and other nonaid expenditures <sup>2</sup> .....			67.3		80.0
Grand total.....	5,889.1	4,875.0	4,823.5	4,690.0	4,280.0

<sup>1</sup> Represents purchase price of goods procured or to be procured by U. S. Government agencies, but not yet authorized for procurement by participating countries.

<sup>2</sup> Consists of dollar costs of strategic materials, ocean freight on relief packages, technical assistance, investment guaranties, administrative expenses, and confidential fund.

<sup>3</sup> Rounded downward to \$4,200,000,000 in total request.

The following table illustrates the presently estimated composition of the 1949-50 import program by commodity groups and major sources.

*Estimated total imports 1949-50—participating countries<sup>1</sup>*

[Millions of dollars]

	United States	OWH	NPSA	OPC and DOT's	ONP	Total
<b>1. FOOD AND AGRICULTURE IMPORTS</b>						
Food.....	1,033.0	1,152.1	1,007.2	1,295.0	566.0	5,053.3
Bread grains.....	739.0	406.0	84.2	4.9	132.7	1,366.8
Fats and oils.....	120.2	149.8	328.8	283.6	100.9	983.3
Sugar.....	.....	95.1	38.6	19.1	10.7	163.5
Meats.....	9.2	292.9	165.0	180.9	33.0	681.0
Dairy products.....	59.4	17.9	62.7	69.0	.....	209.0
Other foods.....	105.2	190.4	327.9	737.5	288.7	1,649.7
Feed and fertilizer.....	311.1	298.0	31.5	191.5	150.5	982.6
Coarse grains.....	275.4	198.5	31.1	12.0	108.3	625.3
Protein feeds.....	29.7	82.5	0.4	19.8	4.1	136.5
Fertilizer.....	6.0	17.0	.....	159.7	38.1	220.8
Natural fibers.....	615.8	250.4	1,245.4	276.3	280.8	2,668.7
Cotton.....	587.4	128.0	48.0	23.0	265.0	1,051.4
Wool.....	21.2	114.9	1,085.0	111.9	.....	1,333.0
Other fibers.....	7.2	7.5	112.4	141.4	15.8	284.3
Tobacco.....	168.5	28.0	37.9	68.2	4.8	307.4
Other agricultural products.....	33.8	21.7	19.5	105.3	31.2	211.5
Total, food and agriculture imports.....	2,162.2	1,750.2	2,341.5	1,936.3	1,033.3	9,223.5
<b>2. INDUSTRY IMPORTS</b>						
Fuels.....	587.8	15.7	80.0	1,156.2	381.6	2,221.3
Coal.....	85.3	.....	.....	706.5	241.3	1,033.1
POL.....	502.5	15.7	80.0	449.7	140.3	1,188.2
Industrial raw materials.....	472.4	694.2	327.1	2,342.9	654.2	4,490.8
Iron and steel raw materials.....	9.2	21.1	14.8	290.8	23.7	359.6
Iron and steel: Crude, semi- and finished.....	99.4	7.8	2.7	466.9	20.9	597.7
Aluminum.....	.....	49.8	.....	15.8	.....	65.6
Copper.....	37.8	95.8	9.5	87.4	11.8	242.3
Lead.....	.1	37.6	73.1	15.9	8.4	135.1
Zinc.....	8.9	26.6	15.2	40.7	2.7	94.1
Tin.....	.....	.....	1.8	49.1	.....	50.9
Other nonferrous metals.....	38.7	133.7	55.0	177.9	35.3	440.6
Paper and pulp.....	24.0	40.5	.4	392.9	144.8	602.6
Lumber.....	37.1	86.4	11.7	279.1	315.3	729.6
Chemicals and carbon black.....	209.1	63.7	34.8	465.3	71.7	844.6
Hides and skins.....	8.1	131.2	108.1	61.1	19.6	328.1
Capital equipment.....	816.5	21.8	4.3	1,165.5	39.2	2,047.3
Agricultural machinery.....	69.8	8.1	.....	81.3	6.8	166.0
Machinery and equipment.....	746.7	13.7	4.3	1,084.2	32.4	1,881.3
Other manufactures and raw materials.....	182.9	78.4	229.4	1,767.7	194.6	2,453.0
Total industry imports.....	2,059.6	810.1	640.8	6,432.3	1,269.6	11,212.4
Total imports.....	4,221.8	2,560.3	2,982.3	8,368.6	2,302.9	20,435.9

<sup>1</sup> Excludes Netherlands DOT Indonesia, Portugal, Switzerland, Trieste, and Turkey.

NOTE.—The abbreviated headings in the above table refer to the following areas: OWH—Other Western Hemisphere countries; NPSA—sterling area countries not participating in ERP; OPC and their DOTs—participating countries and their dependent overseas territories; and ONP—other countries not participating in ERP. Abbreviation POL in line 23 stands for Petroleum, Oil, Lubricants.

*Carry-over of unobligated funds.*—The amendment also contains the usual provision authorizing the carry-over of any unobligated funds into the next fiscal year.

*Forward contracting authorization.*—This amendment would authorize the Administrator to obligate the United States to make expenditures after 1950 to finance long-term contracts up to \$150,000,000. No appropriation is required during fiscal 1950 under this provision.



After careful examination, the committee concluded that it was important that equipment for certain long-term recovery projects, such as electric-power developments, could be initiated in the coming year with assurance to the American manufacturer of such equipment that dollar payments would be made in subsequent years as they fall due. It was not considered desirable that the full costs of such items for future years be a charge against the amounts available for the European Recovery Program in the coming year.

The forward contracting authority will be used only for some of the more important long-term capital equipment needs of the recovery program. This commitment is to be taken into account in the preparation of future ECA budgets.

#### *Section 8 (b)*

*Textual amendment.*—The original bill provided for one authorization. The present bill provides for several authorizations for differing periods. It, therefore, becomes necessary to change certain words from the singular to the plural form. This textual change does not affect the substance of the bill.

*Committee reaction.*—The committee carefully examined the authorization requested by ECA. In this connection, it considered the effect of possible price declines on the amounts requested. Recognizing the careful study which had been given to determine the requested amounts by an agency which has won great confidence, and recognizing the importance of insuring that the program has adequate funds to continue its successful progress, the committee approved the full amounts requested.

The committee recognized that the Appropriations Committee will have an opportunity to review these amounts at a later date and at that time the course of future prices may be more readily determined. It believes that the Appropriations Committee should carefully consider any changes in prices, both in imports to and exports from the participating countries, and the members of this committee are, of course, free to reconsider the authorized figures in voting on the appropriations. This statement should not be construed in any sense as detracting from the committee's endorsement in general of the full amount of funds requested, based on its own painstaking examination of the components of the budget presented.

### 19. ADVANCE FROM THE RFC

#### *Section 9*

In order to insure effective control over procurements, a substantial part of the funds for any quarter should be available for obligation at least 60 days in advance of the quarter. The ECA, therefore, has asked that the Reconstruction Finance Corporation be directed to advance up to \$750,000,000 pending the appropriation of funds for the period from April 3 to June 30, 1949. Any interruption in the continuous availability of funds will disrupt the stream of supplies moving to the participating countries and will have retarding effects on the progress of European recovery. The committee has accordingly endorsed the full amount requested by the ECA upon its earnest assurances that this is the minimum required to accomplish the purposes desired.

## 20. WAIVER OF COUNTERPART—TECHNICAL ASSISTANCE

*Section 10 (a)*

Technical assistance, involving relatively small outlays of funds, can be of the utmost importance in increasing productivity and technical progress. American experts in such fields as power, mining, transportation, and tax and budgetary management can make a very great contribution to recovery in proportion to the dollar costs involved. The experience of ECA has shown that in certain cases administrative and budgetary difficulties arose from the requirement that local currency be deposited to match the dollar aid for such services, and that these difficulties have interfered with the most effective use of such services.

Accordingly, the committee approved an amendment which would permit the Administrator in his discretion to waive the deposit of counterpart funds for the dollar costs of such technical assistance. It should be emphasized, however, that this amendment does not constitute a blanket waiver of all counterpart deposits for technical assistance. The committee has been assured by ECA that the Administrator will use his discretion to waive the deposit of counterpart only in those cases where he deems it highly desirable in the interests of the program. ECA's activity in this field is of a kind specially geared to the objectives of the European Recovery Program.

## 21. CLARIFICATION ON USE OF COUNTERPART FUNDS

*Section 10 (b)*

This clarifying amendment provides that, in addition to the use of local counterpart funds already enumerated in section 115 (b) (6) of the act, there should be no doubt that these uses are related also to the "declaration of policy contained in section 102." The use of such funds is subject to the joint approval of the country concerned and the Administrator, in consultation with the National Advisory Council.

## 22. LOCAL CURRENCY FOR USE OF UNITED STATES

*Section 10 (c) (h)*

Countries receiving commodities and services financed by ECA grants are required to deposit commensurate amounts of local currency in special accounts to be expended for recovery purposes under the joint approval of the United States and the participating countries. The foreign aid appropriations act of last year provided that not less than 5 percent of these local currency accounts should be allocated to the United States for strategic materials or for other local expenses of the United States. While the opportunity for using these funds has varied from country to country, some of them have been used by the ECA in each country.

The committee carefully considered whether it would be advisable to require that a higher minimum percentage of these funds should be allocated to the use of the United States. It was decided not to take such action since the effect in certain cases would be to reduce the amount of local currency available for the purpose of promoting



recovery in the participating countries. Of more importance is the fact that the use of larger amounts of local currency for materials and other United States expenses would correspondingly reduce the dollar earnings of the countries and thus increase their need for dollar aid.

Accordingly, the committee concluded that the amendment approved by the Appropriations Committee last year adequately meets the present situation. This leaves the Administrator free to make arrangements for a larger percentage in particular instances if he deems it desirable to do so.

### 23. STRATEGIC MATERIALS

#### *Section 10 (c) (i)*

The original act provides that the Administrator shall facilitate the transfer of strategic materials to the United States and shall endeavor to develop increased production of materials for future deliveries. The act contemplated that surplus materials would be available in the participating countries out of present production and that materials would be transferred to the United States only when such materials were in excess of reasonable requirements for domestic use and commercial export of the participating countries.

The Administrator has been able to initiate some projects for increased production. These include arrangements for a larger output of lead in French Morocco, kyanite in Kenya, manganese in North Africa, and flake graphite in Madagascar. The Administrator has likewise been able to purchase 26,000 tons of rubber, 12,000 tons of sisal, and certain quantities of diamonds and other materials.

However, the testimony indicated that no substantial amounts of materials can be purchased unless additional dollars are provided and authority granted to make long-term contracts in order to provide assured markets for the producers. Such assured markets will encourage the capital investment required for increased production.

The committee did not feel that additional funds should be given to ECA in this field which is the primary responsibility of the Munitions Board and the Bureau of Federal Supply. It did, however, wish to emphasize that ECA should continue to make the fullest use of its bargaining power to promote the work of these agencies. The committee, therefore, adopted an amendment which contains three provisions:

Paragraph 1 emphasizes the Administrator's obligation to make use of his bargaining power to increase the production of materials and to assist other agencies of the Government in purchasing materials.

Paragraph 2 authorizes the Administrator, with the approval of the Bureau of Federal Supply and within the limits of the appropriations and authority available to the Bureau of Federal Supply, to enter into contracts for periods as long as 20 years for the purchase of materials.

Paragraph 3 makes it clear that this authority does not in any way restrict the other agencies of the United States Government from stimulating production or purchasing materials in other parts of the world.



## 24. UNIFORM RATE OF OCEAN TRANSPORTATION FOR RELIEF PACKAGES

*Section 11 (a)*

The Foreign Aid Appropriation Act last year directed the Administrator to pay a uniform rate per pound for the ocean transportation of all relief packages except those sent from an individual to an individual. The purpose of this provision was to maintain the favorable competitive position which CARE, a nonprofit agency, had achieved due to its ability to secure freight rates for the shipment of its relief packages considerably lower than those available to commercial shippers. Section 117 (c) of the act last year, by providing for the payment of the actual ocean-freight charges on relief packages, would otherwise have had the effect of removing this advantage which CARE enjoyed. The committee decided to approve the amendment voted by the appropriations committee last year. This means that the administrator will continue to pay for the ocean transportation of relief packages at a uniform rate per pound.

## 25. SHIPPING FACILITIES FOR ITALIAN EMIGRATION

*Section 11 (b)*

Italy's overpopulation and resulting unemployment is a serious factor retarding Italian recovery. The projected rate of the Italian Government's emigration program to parts of the world other than the United States cannot be attained unless additional vessels are furnished to Italy for this purpose. This amendment authorizes the United States Maritime Commission to make available without charge up to 10 vessels to assist in this program. Most of the expenses would be paid by the Italian Government in lire; any dollar expenses would come from the ECA allotment to Italy. It seems unlikely that these vessels, plying between Italy and South America and Australia, would offer any competition to the American merchant marine.

## 26. CLARIFYING AMENDMENT ON EXPORT CONTROL

*Section 12*

Sections 105 (c), 112 (g), and 117 (d) refer to section 6 of the act of July 2, 1940. Inasmuch as this act has now expired and has been succeeded by the Export Control Act of 1949, this amendment changes the reference accordingly, thereby continuing the relationships established by the Economic Cooperation Act between the Administrator and the agencies administering export controls regarding the granting of export licenses and other matters of interest to such agencies.

## PART III. OTHER MATTERS CONSIDERED BY THE COMMITTEE

## 27. SURPLUS COMMODITIES AND AMERICAN BUSINESS

The committee spent many hours examining the problem of surplus commodities and their relationship to the ECA program. The committee took note of the fact, stated by the Administrator, that ECA had been approached by producers or distributors of 109 different commodities with requests that special action be taken by ECA

to arrange for the inclusion of a substantial amount of these commodities in the program. The question is complicated by the fact that many of these commodities have historically been supplied, in varying amounts, to the participating countries by American producers. A somewhat similar problem exists in the case of certain services which have been furnished to western Europe by American business.

It seemed clear to the committee that it would alter fundamentally the nature and purpose of the recovery program if the Administrator were required to depart from the principle that the primary objective is assisting the recovery of Europe, and that this objective, in the interest of American taxpayers, must be accomplished at the lowest possible cost. This principle would be violated if provisions are written into the bill requiring the Administrator to use large amounts of surplus commodities or to finance payment for United States services, which are not needed for European recovery, particularly if such action would add substantially to the cost of the program. The committee, with these considerations in mind, did not accept any of these proposals to alter the basic character of the Economic Cooperation Act.

In the Economy Cooperation Act last year, in section 112, the matter of surpluses was recognized, and the Administrator was required to take account of agricultural surpluses, under certain conditions and consistent with the objective of promoting European recovery. The committee noted with approval the efforts already made by the Administrator to have included in the program such items as frozen eggs, dried and citrus fruit, and tobacco. In this connection, ECA indicated that the use of the Department of Agriculture's surplus commodity (sec. 32) funds had been of considerable assistance.

It is recognized that because of the acute dollar shortage in the world, various patterns of export trade have experienced modifications of considerable concern to American business. Yet without the ECA, and without the prospect of general European recovery and consequent increased world trade, American export trade would face even greater loss of markets.

The committee wishes to go on record as having agreed unanimously that the Administrator should give sympathetic consideration and attention to United States surplus commodities, since this question affects the health of the American domestic economy which has to sustain this extraordinary foreign assistance. The committee feels that the Administrator should make use of such commodities where this can be done without detriment to the program, and should not discriminate against the use of American services.

#### 28. LOANS AND GRANTS

Section 111 (c) (2) of the original Economic Cooperation Act provided, in effect, that out of the total assistance extended by ECA during the first year of the program, 1 billion dollars should be made available in the form of loans and guaranties rather than grants. The Administrator, in consultation with the National Advisory Council on International Monetary and Financial Problems, has made available 973.3 million dollars in loans as follows:



*Loans made available*

	<i>Millions of dollars</i>		<i>Millions of dollars</i>
Belgium-Luxemburg-----	59.5	Norway-----	35.0
Denmark-----	31.0	Sweden-----	22.0
France-----	172.0	Turkey-----	38.0
Iceland-----	2.3	United Kingdom-----	313.0
Ireland-----	89.0		
Italy-----	67.0	Total-----	973.3
Netherlands-----	144.5		

The committee heard testimony from the Administrator and the Secretary of the Treasury to the effect that it would be unwise in the coming year to stipulate a fixed amount for loans as had been done last year. It was pointed out that many of the participating countries are already heavily committed for the repayment of dollar loans and that such countries would need dollar-borrowing capacity to carry them after the end of the European Recovery Program. The witnesses recommended that the Administrator be given discretion in determining the amounts of loans to be made. He would, as required by the law, consult with the National Advisory Council on International Monetary and Financial Problems in making his decisions. Testimony indicated that the Administrator would plan to extend aid in the form of loans to certain countries which clearly would have the capacity to repay dollars without undermining their financial position after the end of the program. The committee was impressed with the validity of the consideration advanced and decided to require no fixed amount of the appropriation to be used in the form of loans. At the same time the committee clearly expressed its view that loans should continue to be an integral part of the program and should be used wherever they can be made on a sound basis.

## 29. GREAT BRITAIN'S NEED FOR ASSISTANCE

A statement made by Mr. Christopher Mayhew, Parliamentary Under Secretary for Foreign Affairs, before the United Nations Economic and Social Council, on February 23, 1949, to the effect that Britain's recovery was virtually complete, led to widespread questioning of the need for further American aid. As a result, the committee decided to reexamine in public hearings previous testimony given by Mr. Hoffman and Mr. Finletter, the ECA mission chief to the United Kingdom, on Britain's need for American aid.

Mr. Hoffman pointed out that the estimated British requirements for dollar aid in 1949-50 represented a 24-percent cut from 1948-49 aid as compared with a 15 percent reduction for the participating countries as a group. He also brought before the committee estimates of the probable results of a cut of \$200,000,000 in the \$940,000,000 estimated requirement. His figures indicated such a cut would have the most serious effects upon the progress of British recovery. He made the point that "a country can achieve a high degree of internal recovery and still urgently require American aid" to cover its essential dollar imports for which it cannot pay through its foreign exchange earnings. He stated to the committee that a reduction of the United Kingdom allotment would result in a \$4 loss in production for every \$1 cut because of curtailed imports from the Western Hemisphere.

In addition, Mr. Hoffman stated that the British estimate had been exhaustively screened by the ECA mission in London and by the headquarters organization in Washington. It has also been reviewed carefully by Mr. Harriman's office in Paris, and by the OEEC, the Departments of State, Treasury, Agriculture, and Commerce, the NAC, and the Bureau of the Budget. In view of the fact that any set-back in a country as important as the United Kingdom would have a disastrous effect on the whole European recovery effort, the committee recommends to the Senate the approval of the full authorization requested with a reminder that another thorough review will be afforded when the justifications for the appropriations are examined.

### 30. PROCUREMENT AND PRIVATE CHANNELS OF TRADE

In reporting the European Recovery Program to the Senate last year, the committee set forth the principle that should govern procurement under ECA; namely, that private procurement and private channels of trade should be used to the maximum extent possible. In his testimony before the committee, Mr. Hoffman stated emphatically:

The ECA does not act as a purchasing or procurement agency. The ECA's activities in the field of procurement are confined to the review and approval of programs and to the financing of transactions. This fact is still not fully understood.

The ECA was directed to encourage maximum use of private channels of trade and this we have tried to do. Our procedures for authorizing the procurement of commodities with ECA funds have aimed at two objectives: on the one hand, to give sufficient latitude for normal purchasing in commercial channels; on the other, to serve as a basis for an effective postaudit to eliminate transactions that should not be financed. The ECA issues procurement authorizations covering commodities and services to be purchased for each calendar quarter well in advance of that quarter, and permits foreign governments to issue subauthorizations to their own importers. Under these subauthorizations, private businessmen abroad can make purchases in the usual way from businessmen in the United States. The ECA procedures are thus designed to encourage trade to follow the normal pattern. As a result, as of December 31, 1948, less than one-sixth of the procurement authorized by ECA has been by United States Government agencies. The great bulk has been effected through private channels between importers abroad and American suppliers. At the same time, under our postaudit system, we have a guaranty from every participating government that it will pay back to us funds used in a way which we would not approve.

The committee has been gratified to note this procedure and recommends its continuance in the future. It suggests that ECA should continue to make every effort to see that the information concerning the items financed by ECA should be disseminated as widely as possible, and as far in advance as possible, so that all elements of American business shall have an opportunity to participate in the program.

### 31. REPARATIONS AND DISMANTLING

Last year, during the consideration of the European Recovery Program, concern was expressed regarding the effects of dismantling and removal of plants from Germany upon the program. Accordingly, a provision was inserted in the Economic Cooperation Act directing the Administrator to determine which plants scheduled for removal as reparations could most effectively promote European recovery if retained in Germany. Having made this determination, he was then



to request the Secretary of State to obtain the agreement to such retention of the countries concerned.

Pursuant to these instructions, the Administrator appointed an Industrial Advisory Committee headed by Mr. George M. Humphrey, president of the N. A. Hanna Co., which has, on the basis of various studies and personal inspections, recommended the retention of a number of plants. These recommendations have now been transmitted to the Secretary of State with a request to negotiate with the countries concerned for the retention of the plants. Further details on the ECA recommendations have not yet been released in view of the delicate nature of negotiations.

While the committee believes that no further provision on this subject is required in the ECA legislation, it stresses once more the desirability of not removing from Germany those plants which, if retained, will most effectively contribute to European recovery. At the same time, every precaution must be taken to prevent the rebuilding of the German economy in such a way that Germany will ever again become a threat to the peace of the world.

### 32. EAST-WEST TRADE

After World War II, East-West trade came to a virtual standstill with serious repercussions in western Europe which has traditionally relied heavily on eastern Europe for supplies of foodstuffs, coal, and timber—materials very important to their economies. Last year it was argued before the committee that the revival of East-West trade is essential to the success of the recovery program. Some progress can now be noted. In the 15 months from April 1948 to June 1949 western Europe will have imported from eastern Europe approximately \$500,000,000 in foodstuffs, \$230,000,000 in timber and timber products, and \$240,000,000 in coal. The total trade will amount to more than 1.2 billion dollars. Failure to maintain this trade, the ECA states:

would impose on the countries of western Europe the difficult task of finding alternative sources outside eastern Europe for about 1.5 billion dollars of commodities a year and would substantially increase the cost of the European Recovery Program to the United States.

The Administrator has encouraged East-West trade within the limits of national security as set by section 117 (d) of the Economic Cooperation Act. This section directs the Administrator—

to refuse delivery insofar as practicable to participating countries of commodities which go into the production of any commodity for delivery to any nonparticipating country which commodity would be refused export licenses to those countries by the United States in the interest of national security.

### 33. OTHER MATTERS CONSIDERED BY THE COMMITTEE

A. *Indonesia and United Nations sanctions.*—The committee rejected an amendment which would have required the Administrator to cut off aid to any country which fails to comply with the orders or requests of the Security Council of the United Nations. This amendment had been proposed with the thought of Indonesia in mind. The committee felt that it would be improper to use ECA, an agency of one member nation of the United Nations, to enforce decisions of the Council by means of sanctions, inasmuch as the imposition of sanctions is thor-



oughly covered in the Charter of the United Nations. In case it should become necessary for the Administrator to terminate assistance to any country, he has ample authority to do this under section 118 of the basic act.

B. *ECA Trust Fund*.—The committee did not agree to a proposal made, for reasons of accounting, by the Bureau of the Budget to eliminate section 114 (f) of the basic act providing for the \$3,000,000,000 ECA trust fund. Elimination of the trust fund would not affect the operations of ECA or alter the costs upon the United States, but would change the surplus-deficit figures for the years 1948 and 1949. This provision has no bearing on the 1950 program.

C. *Marine insurance*.—Having examined during its meetings ECA's decision not to pay marine-insurance premiums on European Recovery Program shipments, the committee noted that ECA has now changed this policy. Henceforth, ECA will reimburse participating countries for such costs on the same basis as it reimburses for all other items in the program. Specific legislation on this point at this time did not seem practicable.

D. *Other titles of Public Law 472*.—As with title III (Greek-Turkish Assistance Act of 1948) of the Foreign Assistance Act of 1948, the committee agreed to pass over the consideration of the International Children's Emergency Fund (title II) and the China program (title IV) in connection with its reporting of title I (Economic Cooperation Act of 1948).

#### PART IV. CONCLUSION

On March 7 the committee concluded its deliberations and unanimously voted to report the bill to the Senate for favorable action.

This is a generally favorable report. But it must be borne in mind that this vast program has been under way a relatively short time. Many foreseen as well as unexpected difficulties have been overcome. It would be unrealistic, however, to expect that such an enterprise would not face constant obstacles and be subject to errors that require vigilant public and congressional scrutiny.

Last year the Economic Cooperation Act was described both as a calculated risk and as an ideal. Due to the efforts of the peoples on both sides of the Atlantic, the risk has proved worth taking. The program is now successfully under way. With the momentum gained during the past 12 months, this second and critical year should bring the participating countries still closer to the achievement of those great ideals of common welfare and peace embodied in the recovery program.











Calendar No. 83

81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1209

[Report No. 100]

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## IN THE SENATE OF THE UNITED STATES

MARCH 8 (legislative day, FEBRUARY 21), 1949

Mr. CONNALLY, from the Committee on Foreign Relations, reported the following bill; which was read twice and placed on the calendar

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## A BILL

To amend the Economic Cooperation Act of 1948.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That the fifth sentence of section 102 (a) of the Economic  
4       Cooperation Act of 1948 is amended by inserting after  
5       “United States” where it appears therein the first time “to  
6       encourage the unification of Europe, and”.

7       SEC. 2. The second sentence of section 104 (e) of the  
8       Economic Cooperation Act of 1948 is hereby amended by  
9       striking out “\$10,000 per annum” and inserting in lieu  
10      thereof “the highest rate authorized by such Act”.

1        SEC. 3. Section 108 of such Act is hereby amended by  
2 adding at the end thereof the following new paragraph:

3        “There shall be a Deputy United States Special Repre-  
4 sentative in Europe who shall (a) be appointed by the  
5 President, by and with the advice and consent of the Senate,  
6 (b) be entitled to receive the same compensation and  
7 allowances as a chief of mission, class 3, within the meaning  
8 of the Act of August 13, 1946 (60 Stat. 999), and (c)  
9 have the rank of ambassador extraordinary and plenipoten-  
10 tiary. The Deputy United States Special Representative  
11 shall perform such functions as the United States Special  
12 Representative shall designate, and shall be Acting United  
13 States Special Representative during the absence or dis-  
14 ability of the United States Special Representative or in the  
15 event of a vacancy in the office of the United States Special  
16 Representative.”

17        SEC. 4. The last sentence of section 109 (a) of such  
18 Act is hereby amended by striking out the period and insert-  
19 ing in lieu thereof a semicolon and the following: “and the  
20 chief of the special mission shall be entitled to receive the  
21 same compensation and allowances as a chief of mission,  
22 class 4, within the meaning of the Act of August 13, 1946  
23 (60 Stat. 999), or compensation and allowances in accord-  
24 ance with section 110 (a) of this title, as the Administra-  
25 tor shall determine to be necessary or appropriate.”

1        SEC. 5. Section 111 (a) (2) of such Act is amended  
2 by inserting before the period at the end thereof “for United  
3 States flag vessels”.

4        SEC. 6. (a) The first proviso of section 111 (b) (3)  
5 of such Act is hereby amended by striking out “in the  
6 first year after the date of the enactment of this Act does  
7 not exceed \$15,000,000” and inserting in lieu thereof  
8 “made in any fiscal year does not exceed \$10,000,000”.

9        (b) The last two sentences of such section 111 (b)  
10 (3) are hereby amended to read as follows: “The total  
11 amount of the guaranties made under this paragraph (3)  
12 shall not exceed \$300,000,000, and as such guaranties are  
13 made the authority to realize funds from the sale of notes  
14 for the purpose of extending assistance on credit terms  
15 through allocating funds to the Export-Import Bank of  
16 Washington under paragraph (2) of subsection (c) of this  
17 section shall be accordingly reduced. After the amount of  
18 notes sold for the purpose of extending assistance on credit  
19 terms through allocation of funds to the Export-Import  
20 Bank of Washington under paragraph (2) of subsection  
21 (c) of this section and the amount of guaranties made reach  
22 in the aggregate \$1,000,000,000, any further guaranty  
23 made by the Administrator shall create an obligation against  
24 funds appropriated under authority of this title and the  
25 Administrator shall notify the Secretary of the Treasury of

1 the issuance of such guaranty and of the maximum liability  
2 thereunder, and the Secretary of the Treasury shall then  
3 set aside on the books of the Treasury from the funds appro-  
4 priated under this title an amount equal to the maximum  
5 liability under such guaranty as stated in such notification,  
6 which amount shall be available for expenditure to dis-  
7 charge liability under such guaranty, by the Administrator  
8 or by an agency designated by him, until such time as the  
9 liability under such guaranty shall have been discharged or  
10 shall expire. Any payments made to discharge liabilities  
11 under guaranties issued under paragraph (3) of this sub-  
12 section shall be paid out of fees collected under subpara-  
13 graph (ii) of paragraph (3) of this subsection as long as  
14 such fees are available, and thereafter shall be paid either  
15 out of funds realized from the sale of notes which shall be  
16 issued under authority of paragraph (2) of subsection (c)  
17 of this section or out of funds appropriated under authority  
18 of this title and set aside on the books of the Treasury as  
19 hereinabove provided.”

20 SEC. 7. (a) Section 112 (c) of such Act is amended  
21 by striking out “25 per centum” and inserting in lieu  
22 thereof “15 per centum”.

23 (b) Section 112 of such Act is hereby amended by  
24 adding at the end thereof the following new subsection:

25 “(i) No funds authorized for the purposes of this title



1 shall be used for the purchase in bulk of any commodities  
2 (other than commodities procured by or in the possession  
3 of the Commodity Credit Corporation pursuant to price sup-  
4 port programs required by law) at prices higher than the  
5 market price prevailing in the United States at the time of  
6 the purchase adjusted for differences in the cost of trans-  
7 portation to destination, quality, and terms of payment.”

8       SEC. 8. (a) The first sentence of section 114 (c) of  
9 such Act is hereby amended by striking out the period and  
10 inserting in lieu thereof a colon and the following: “*Pro-*  
11 *vided further*, That in addition to the amount heretofore  
12 authorized and appropriated there are hereby authorized to  
13 be appropriated for carrying out the provisions and ac-  
14 complishing the purposes of this title not to exceed \$1,150,-  
15 000,000 for the period April 3, 1949, through June 30,  
16 1949, and not to exceed \$4,280,000,000 for the fiscal year  
17 ending June 30, 1950: *Provided further*, That in addition  
18 to the foregoing any balance, unobligated as of June 30,  
19 1949, or subsequently released from obligation, of funds  
20 appropriated for carrying out and accomplishing the pur-  
21 poses of this title for any period ending on or prior to that  
22 date is hereby authorized to be made available for obligation  
23 through the fiscal year ending June 30, 1950, and to be  
24 transferred to and consolidated with any appropriations for

1 carrying out and accomplishing the purposes of this title for  
2 said fiscal year. To enable the Administrator to finance  
3 such transfers of capital goods items, or of commodities and  
4 services allocated to projects, as may not be made by June  
5 30, 1950, the Administrator is authorized prior to such date  
6 to obligate the United States to make expenditures after  
7 such date in an aggregate amount not to exceed \$150,000,-  
8 000, which amount shall be in addition to the amounts above  
9 authorized.”

10 (b) The last sentence of such section 114 (c) is hereby  
11 amended to read as follows: “The authorizations in this title  
12 are limited to the periods indicated in order that the Congress  
13 may pass on any subsequent authorizations.”

14 SEC. 9. Section 114 of such Act is hereby amended by  
15 adding at the end thereof the following new subsection:

16 “(g) Notwithstanding the provisions of any other law,  
17 until such time as an appropriation additional to that made  
18 by title I of the Foreign Aid Appropriation Act, 1949  
19 (Public Law 793, Eightieth Congress), shall be made pur-  
20 suant to subsection (c) of this section for the period April  
21 3, 1949, through June 30, 1949, the Reconstruction  
22 Finance Corporation is authorized and directed to make  
23 advances not to exceed in the aggregate \$750,000,000 to  
24 carry out the provisions of this title, in such manner, at such

1 times, and in such amounts as the Administrator shall re-  
2 quest, and no interest shall be charged on advances made by  
3 the Treasury to the Reconstruction Finance Corporation for  
4 this purpose. The Reconstruction Finance Corporation  
5 shall be repaid without interest for advances made by it  
6 hereunder from funds made available for the purposes of this  
7 title.”

8 SEC. 10. (a) Section 115 (b) (6) of such Act is  
9 hereby amended by striking out the period following the  
10 words “grant basis” and inserting in lieu thereof a colon  
11 and the following: “*Provided*, That the obligation to make  
12 such deposits may be waived, in the discretion of the Ad-  
13 ministrator, with respect to technical information or assist-  
14 ance furnished under section 111 (a) (3) of this title and  
15 with respect to ocean transportation furnished on United  
16 States flag vessels under section 111 of this title in an  
17 amount not exceeding the amount, as determined by the  
18 Administrator, by which the charges for such transporta-  
19 tion exceed the cost of such transportation at world market  
20 rates.”

21 (b) Such section 115 (b) (6) is further amended by  
22 inserting after “or for such other expenditures as may be  
23 consistent with” the words “the declaration of policy con-  
24 tained in section 102 and”.



1       (c) Section 115 of such Act is hereby amended by  
2 adding at the end thereof the following new subsections:

3       “(h) Not less than 5 per centum of each special local  
4 currency account established pursuant to paragraph (6) of  
5 subsection (b) of this section shall be allocated to the use  
6 of the United States Government for expenditure for mate-  
7 rials which are required by the United States as a result  
8 of deficiencies or potential deficiencies in its own resources  
9 or for other local currency requirements of the United States.

10       “(i) (1) The Administrator shall, to the greatest extent  
11 practicable, without detriment to the European recovery  
12 program, initiate projects for and assist the appropriate  
13 agencies of the United States Government in procuring and  
14 stimulating increased production in participating countries  
15 of materials which are required by the United States as a  
16 result of deficiencies or potential deficiencies in its own  
17 resources; and in furtherance of those objectives the Admin-  
18 istrator shall, in addition to the local currency allocated  
19 pursuant to subsection (h), use such other means available  
20 to him under this title as he may deem appropriate.

21       “(2) In furtherance of such objectives and within the  
22 limits of the appropriations and contract authorizations of  
23 the Bureau of Federal Supply to procure strategic and



1 critical materials, the Administrator, with the approval of  
2 the Director of such Bureau, shall enter into contracts in  
3 the name of the United States for the account of such Bureau  
4 for the purchase of strategic and critical materials in any  
5 participating country. Such contracts may provide for de-  
6 liveries over definite periods, but not to exceed twenty years  
7 in any contract, and may provide for payments in advance  
8 of deliveries.

9 “(3) Nothing in this subsection shall be deemed to  
10 restrict or limit in any manner the authority now held by  
11 any agency of the United States Government in procur-  
12 ing or stimulating increased production of the materials  
13 referred to in paragraphs (1) and (2) in countries other  
14 than participating countries.”

15 SEC. 11. (a) The first sentence of section 117 (c)  
16 of such Act is hereby amended by striking out the period  
17 at the end thereof and inserting a colon and the following:  
18 “*Provided*, That the Administrator shall fix and pay a  
19 uniform rate per pound for the ocean transportation of all  
20 relief packages of food or other general classification of com-  
21 modities shipped to any participating foreign country, re-  
22 gardless of methods of shipment and higher rates charged  
23 by particular agencies of transportation, but this proviso

1 shall not apply to shipments made by individuals to indi-  
2 viduals through the mails.”

3 (b) Section 117 of such Act is amended by adding at  
4 the end thereof a new subsection as follows:

5 “(e) Whenever the Administrator shall determine that  
6 the shipping capacity available to Italy is inadequate  
7 for such emigration from Italy as may be desirable to  
8 further the purposes of this title, the United States Mari-  
9 time Commission shall, notwithstanding any other provision  
10 of law and without reimbursement by the Administrator,  
11 make available to Italy, under such terms and conditions as  
12 may be determined by the Administrator, not more than  
13 ten vessels capable of engaging in such service, for the pur-  
14 pose of transporting emigrants from Italy to parts of the  
15 world other than the United States: *Provided*, That title  
16 to any such vessels which are owned by the United States  
17 Government shall remain in the United States, and any  
18 or all of such vessels shall be returned forthwith upon de-  
19 mand of the President, and in any event not later than  
20 June 30, 1952.”

21 SEC. 12. (a) Sections 105 (c) and 117 (d) of such  
22 Act are amended by striking out “section 6 of the Act of  
23 July 2, 1940 (54 Stat. 714), as amended” and inserting in  
24 lieu thereof “the Export Control Act of 1949”.

1       (b) Section 112 (g) of such Act is amended by strik-  
2 ing out “section 6 of the Act of July 2, 1940 (54 Stat.  
3 714), including any amendment thereto” and inserting in  
4 lieu thereof “the Export Control Act of 1949”.

81ST CONGRESS  
1st Session

**S. 1209**

[Report No. 100]

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**A BILL**

To amend the Economic Cooperation Act of  
1948.

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By Mr. CONNALLY

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MARCH 8 (legislative day, FEBRUARY 21), 1949

Read twice and placed on the calendar







# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 9 (legislative day, FEBRUARY 21), 1949

Ordered to lie on the table and to be printed

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## AMENDMENTS

Intended to be proposed by Mr. JENNER to the bill (S. 1209)  
to amend the Economic Cooperation Act of 1948, viz:

1       On page 4, after line 22, insert the following:

2       “(b) So much of section 112 (d) of such Act as pre-  
3       cedes paragraph (1) thereof is amended to read as follows:

4       ““(d) The term “surplus agricultural commodity” as  
5       used in this section is defined as any agricultural commodity,  
6       or product thereof, produced in the United States which is  
7       in excess of domestic requirements. Any agricultural com-  
8       modity, or product thereof, shall be deemed to be in excess  
9       of domestic requirements (A) if so determined by the  
10      Secretary of Agriculture, or (B) if, in the case of an agri-  
11      cultural commodity, such commodity is selling at less than

1 its parity or comparable price, or (C) if, in the case of a  
2 product of an agricultural commodity, such product is sell-  
3 ing at less than a price sufficient to reflect to producers of  
4 such commodity the parity or comparable price of such  
5 commodity. The comparable price for any agricultural  
6 commodity shall be determined by the Secretary of Agri-  
7 culture and used in lieu of its parity price for the purposes  
8 of this subsection if the production or consumption of such  
9 commodity has so changed in extent or character since the  
10 base period as to result in a price out of line with parity  
11 prices for the basic commodities cotton, wheat, corn, to-  
12 bacco, rice, and peanuts. In providing for the procurement  
13 of any such surplus agricultural commodity for transfer to  
14 any participating country in accordance with the require-  
15 ments of such country, the Administrator shall, insofar as  
16 practicable and where in furtherance of the purposes of this  
17 title, give effect to the following:’.”

18       On page 4, line 23, strike out “(b)” and insert in lieu  
19 thereof “(c)”.





81ST CONGRESS  
1st Session

# S. 1209

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## AMENDMENTS

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Intended to be proposed by Mr. JENNER to the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

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MARCH 9 (legislative day, FEBRUARY 21), 1949  
Ordered to lie on the table and to be printed







# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 17 (legislative day, FEBRUARY 21), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. MORSE to the bill (S. 1209)  
to amend the Economic Cooperation Act of 1948, viz: On  
page 5, after line 7, insert the following new subsection:

- 1       (j) To the maximum extent consistent with the accom-  
2 plishment of the purposes of this title, the Administrator  
3 shall provide that the procurement of machinery and other  
4 commodities in the United States will be made on a fair  
5 competitive basis to enable small business to compete with  
6 big business, and shall issue regulations to provide for  
7 compliance.

81ST CONGRESS  
1ST Session

# S. 1209

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## AMENDMENT

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Intended to be proposed by Mr. Morse to the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

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MARCH 17 (legislative day, FEBRUARY 21), 1949  
Ordered to lie on the table and to be printed







81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1209

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IN THE SENATE OF THE UNITED STATES

MARCH 18, 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. MAGNUSON (for himself, Mr. AIKEN, Mr. CORDON, Mr. MORSE, Mr. MILLER, Mr. TAYLOR, Mr. CAIN, Mr. DOWNEY, Mr. KNOWLAND, and Mr. PEPPER) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz: On page 5, after section 7 (b) (i) or section 7 (c), insert the following: Section 112 (f) of such Act is hereby amended to read as follows:

- 1 (f) Subject to the provisions of this section, but not-
- 2 withstanding any other provision of law, in order to encour-
- 3 age utilization of surplus agricultural commodities pursuant
- 4 to this or any other Act providing for assistance or relief to
- 5 foreign countries, the Secretary of Agriculture, in carrying
- 6 out the purposes of clause (1), section 32, Public Law 320,
- 7 Seventy-fourth Congress, as amended, may make payments,

1 including payments to any Government agency "procuring  
2 or selling such surplus agricultural commodities, in an amount  
3 not to exceed 50 per centum of the sales price (basis free  
4 along ship or free on board vessel, United States ports),  
5 as determined by the Secretary of Agriculture, of such sur-  
6 plus agricultural commodities, except that in the case of  
7 any perennial horticultural commodity or product thereof,  
8 or class, type, or specification thereof, such payments may  
9 be made in such amounts and in such manner as the Secre-  
10 tary of Agriculture may deem appropriate for the purposes  
11 of this section. The rescission of the remainder of section  
12 32 funds by the Act of July 30, 1947 (Public Law 266,  
13 Eightieth Congress), is hereby canceled and such funds are  
14 hereby made available for the purposes of section 32 for  
15 the fiscal year ending June 30, 1948. In addition, there  
16 is hereby authorized to be appropriated for the use of the  
17 Secretary of Agriculture in carrying out the purposes of  
18 clause (1) of section 32 by the making of such payments  
19 for perennial horticultural commodities or products thereof,  
20 or any class, type, or specification thereof, not to exceed  
21 \$100,000,000 for the fiscal year ending June 30, 1950."



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## **AMENDMENT**

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Intended to be proposed by Mr. MAGNUSON (for himself, Mr. AIKEN, Mr. CORDON, Mr. MORSE, Mr. MUIR, Mr. TAYLOR, Mr. CAIN, Mr. DOWNEY, Mr. KNOWLAND, and Mr. PEPPER) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

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MARCH 18, 1949

Ordered to lie on the table and to be printed



81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1209

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IN THE SENATE OF THE UNITED STATES

MARCH 18, 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. MAGNUSON (for himself, Mr. AIKEN, Mr. CORDON, Mr. MORSE, Mr. MILLER, Mr. TAYLOR, Mr. CAIN, Mr. DOWNEY, Mr. KNOWLAND, and Mr. PEPPER) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz: On page 5, after section 7 (b) (i), insert the following new subsection:

- 1 (c) Section 112 (d) of such Act is hereby amended
- 2 by adding after the words "any agricultural commodity, or
- 3 product thereof" the following: "or class, type, or specifica-
- 4 tion thereof".

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## AMENDMENT

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Intended to be proposed by Mr. MAGNUSON (for himself, Mr. AIKEN, Mr. CORDON, Mr. MORSE, Mr. MUIR, Mr. TAYLOR, Mr. CAIN, Mr. DOWNEY, Mr. KNOWLAND, and Mr. PEPPER) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

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MARCH 18, 1949

Ordered to lie on the table and to be printed







81ST CONGRESS  
1ST SESSION

# H. R. 3748

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 23, 1949

Mr. KEE introduced the following bill; which was referred to the Committee  
on Foreign Affairs

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## A BILL

To amend the Economic Cooperation Act of 1948.

1     *Be it enacted by the Senate and House of Representa-*  
2     *tives of the United States of America in Congress assembled,*  
3     That the fourth and fifth sentences of section 102 (a) of the  
4     Economic Cooperation Act of 1948 are hereby amended  
5     to read as follows: "Mindful of the advantages which the  
6     United States has enjoyed through the existence of a large  
7     domestic market with no internal trade barriers, and believing  
8     that similar advantages can accrue to the countries of Europe,  
9     it is declared to be the policy of the people of the United States  
10    to encourage these countries through their joint organization  
11    to exert sustained common efforts to achieve speedily that

1 economic cooperation in Europe which is essential for lasting  
2 peace and prosperity. It is further declared to be the policy  
3 of the people of the United States to encourage the unification  
4 and federation of Europe, and to sustain and strengthen  
5 principles of individual liberty, free institutions, and genuine  
6 independence in Europe through assistance to those countries  
7 of Europe which participate in a joint recovery program  
8 based upon self-help and mutual cooperation: *Provided*,  
9 That no assistance to the participating countries herein con-  
10 templated shall seriously impair the economic stability of  
11 the United States.”

12 SEC. 2. The second sentence of section 104 (e) of such  
13 Act is hereby amended by striking out “\$10,000 per annum”  
14 and inserting in lieu thereof “the highest rate authorized by  
15 such Act”.

16 SEC. 3. The first sentence of section 105 (c) of such  
17 Economic Cooperation Act of 1948 is hereby amended by  
18 striking out “section 6 of the Act of July 2, 1940 (54  
19 Stat. 714), as amended,” and inserting in lieu thereof “the  
20 Export Control Act of 1949”.

21 SEC. 4. Section 108 of such Economic Cooperation Act  
22 of 1948 is hereby amended by adding at the end thereof the  
23 following new sentences: “There shall be a Deputy United  
24 States Special Representative in Europe who shall (a) be  
25 appointed by the President, by and with the advice and con-

1 sent of the Senate, (b) be entitled to receive the same compen-  
2 sation and allowances as a chief of mission, class 3, within  
3 the meaning of the Act of August 13, 1946 (60 Stat. 999),  
4 and (c) have the rank of ambassador extraordinary and  
5 plenipotentiary. The Deputy United States Special Repre-  
6 sentative shall perform such functions as the United States  
7 Special Representative shall designate, and shall be Acting  
8 United States Special Representative during the absence or  
9 disability of the United States Special Representative or in  
10 the event of a vacancy in the office of United States Special  
11 Representative.”

12 SEC. 5. The last sentence of section 109 (a) of such  
13 Act is hereby amended by striking out the period and in-  
14 serting in lieu thereof a semicolon and the following: “and  
15 the chief of the special mission shall be entitled to receive  
16 the same compensation and allowances as a chief of mission,  
17 class 3, or a chief of mission, class 4, within the meaning of  
18 the Act of August 13, 1946 (60 Stat. 999), or compensa-  
19 tion and allowances in accordance with section 110 (a) of  
20 this title, as the Administrator shall determine to be necessary  
21 or appropriate.”

22 SEC. 6. (a) Paragraph (2) of section 111 (a) of  
23 such Economic Cooperation Act of 1948 is hereby amended  
24 by striking out the final period and inserting in lieu thereof



1 “for United States flag vessels, not to exceed a reasonable  
2 differential above current world market rates.”

3 (b) Paragraph (3) of section 111 (b) of such Act is  
4 hereby amended in the following particulars:

5 (1) By inserting after “projects” a comma and the  
6 following: “including expansion, modernization, or develop-  
7 ment of existing enterprises” and a comma;

8 (2) By inserting after “media” the following: “consist-  
9 ent with the national interests of the United States”;

10 (3) By striking out “in the first year after the date  
11 of the enactment of this Act” and inserting in lieu thereof  
12 “made in any fiscal year”;

13 (4) By amending subparagraph (i) thereof to read as  
14 follows:

15 “(i) the guaranty to any person shall not  
16 exceed the amount of dollars invested in the project  
17 by such person with the approval of the Admin-  
18 istrator plus actual earnings or profits on said project  
19 to the extent provided by such guaranty;”.

20 (5) By inserting after subparagraph (iii) thereof the  
21 following new subparagraphs:

22 “(iv) as used in this paragraph, the term  
23 ‘investment’ includes the furnishing of capital goods  
24 items and related services, for use in connection  
25 with projects approved by the Administrator, pur-

1 suant to a contract providing for payment in whole  
2 or in part after June 30, 1950; and

3 “(v) the guaranty to any person shall be lim-  
4 ited to assuring the following: (1) the transfer into  
5 United States dollars of other currencies, or credits  
6 in such currencies received by such person as earn-  
7 ings or profits from the approved investment, as re-  
8 payment or return thereof, in whole or in part, or as  
9 compensation for the sale or disposition of all or any  
10 part thereof; and (2) compensation in United States  
11 dollars for loss of all or any part of the approved  
12 investment, which shall be found by the Adminis-  
13 trator to have been lost to such person by reason of  
14 one or more of the following causes: (a) seizure,  
15 confiscation, or expropriation, (b) destruction by  
16 riot, revolution, or war, (c) any law, ordinance,  
17 regulation, decree, or administrative action (other  
18 than measures affecting the conversion of currency),  
19 which in the opinion of the Administrator prevents  
20 the further transaction of the business for which the  
21 guaranty was issued. When any payment is made  
22 to any person pursuant to a guaranty as hereinbe-  
23 fore described, the currency, credits, or assets on  
24 account of which such payment is made shall be-  
25 come the property of the United States Govern-



1           ment, and the United States Government shall be  
2           subrogated to any right, title, claim, or cause of  
3           action existing in connection therewith."

4           (6) By amending the next to last sentence thereof to  
5   read as follows: "The total amount of the guaranties made  
6   under this paragraph (3) shall not exceed \$300,000,000:  
7   *Provided*, That any funds allocated to a guaranty and re-  
8   maining after all liability of the United States assumed in  
9   connection therewith has been released, discharged, or other-  
10   wise terminated, shall be available for allocation to other  
11   guaranties, the foregoing limitation notwithstanding."

12           (c) Paragraph (2) of section 111 (c) of such Act is  
13   hereby amended in the following particulars:

14           (1) By amending the second sentence thereof to read  
15   as follows: "In addition to the amount of notes above author-  
16   ized, the Administrator is authorized, for the purpose of  
17   carrying out the provisions of paragraph (3) of subsection  
18   (b) of this section, to issue notes from time to time for  
19   purchase by the Secretary of the Treasury in an amount not  
20   exceeding in the aggregate \$300,000,000 less any amount  
21   allocated prior to April 3, 1949, for such purpose, until all  
22   liabilities arising under guaranties made pursuant to this  
23   authorization have expired or been discharged."

24           (2) By striking out the first two words, "Such notes"

1 in the second sentence thereof and inserting "The notes here-  
2 inabove authorized";

3 (3) By inserting after "Washington" in the sixth sen-  
4 tence thereof "for assistance on credit terms".

5 SEC. 7. (a) Section 112 (c) of such Act is hereby  
6 repealed.

7 (b) Section 112 (g) of such Act is hereby amended by  
8 striking out "section 6 of the Act of July 2, 1940 (54 Stat.  
9 714), including any amendment thereto," and "section 6 of  
10 the Act of July 2, 1940, as amended," and inserting in lieu  
11 thereof "the Export Control Act of 1949".

12 (c) Section 112 (h) of such Economic Cooperation Act  
13 of 1948 is hereby amended by striking out the period, insert-  
14 ing in lieu thereof a comma, and adding "and, insofar as  
15 practicable, make available or cause to be made available to  
16 suppliers in the United States reasonable information, as  
17 far in advance as possible, of purchases proposed to be  
18 financed with funds authorized under this title."

19 (d) Section 112 of such Act is hereby amended by  
20 adding at the end thereof the following new subsection:

21 " (i) No funds authorized for the purposes of this title  
22 shall be used for the purchase in bulk of any commodities  
23 (other than commodities procured by or in the possession  
24 of the Commodity Credit Corporation pursuant to price-

1 support programs required by law) at prices higher than  
2 the market price prevailing in the United States at the time  
3 of the purchase adjusted for differences in the cost of trans-  
4 portation to destination, quality, and terms of payment.”

5 SEC. 8. (a) Section 114 (c) of such Act is amended  
6 in the following particulars:

7 (1) By striking out the period at the end of the first  
8 sentence thereof and inserting in lieu thereof the following:  
9 “*Provided further*, That, in addition to the amount above  
10 authorized to be appropriated, there are hereby authorized to  
11 be appropriated for carrying out the provisions and accom-  
12 plishing the purposes of this title not to exceed \$1,100,-  
13 000,000 for the period April 3, 1949, through June 30,  
14 1949, and not to exceed \$4,280,000,000 for the fiscal year  
15 ending June 30, 1950: *Provided further*, That, in addition  
16 to the foregoing, any balance, unobligated as of June 30,  
17 1949, or subsequently released from obligation, of funds  
18 appropriated for carrying out and accomplishing the pur-  
19 poses of this title for any period ending on or prior to that  
20 date is hereby authorized to be made available for obliga-  
21 tion through the fiscal year ending June 30, 1950, and to  
22 be transferred to and consolidated with any appropriations  
23 for carrying out and accomplishing the purposes of this title  
24 for said fiscal year.”

25 (2) By amending the last sentence of such section 114



1 (c) to read as follows: "The authorizations in this title are  
2 limited to the period ending June 30, 1950, in order that the  
3 Congress may pass on any subsequent authorizations."

4 (b) Section 114 of such Act is hereby amended by  
5 adding at the end thereof the following new subsection:

6 " (g) Notwithstanding the provisions of any other law,  
7 until such time as an appropriation additional to that made  
8 by title I of the Foreign Aid Appropriation Act, 1949  
9 (Public Law 793, Eightieth Congress), shall be made pur-  
10 suant to subsection (c) of this section the Reconstruction  
11 Finance Corporation is authorized and directed to make ad-  
12 vances not to exceed in the aggregate \$1,000,000,000 to  
13 carry out the provisions of this title, in such manner, at  
14 such times, and in such amounts as the Administrator shall  
15 request, and no interest shall be charged on advances made  
16 by the Treasury to the Reconstruction Finance Corporation  
17 for this purpose. The Reconstruction Finance Corporation  
18 shall be repaid without interest for advances made by it  
19 hereunder, from funds made available for the purposes of  
20 this title."

21 SEC. 9. (a) Paragraph (6) of section 115 (b) of such  
22 Economic Cooperation Act of 1948 is hereby amended by  
23 striking out the period following the words "grant basis" and  
24 inserting in lieu thereof a colon and the following: "*Provided,*  
25 That the obligation to make such deposits may be waived, in

1 the discretion of the Administrator, with respect to technical  
2 information or assistance furnished under section 111 (a)  
3 (3) of this title and with respect to ocean transportation fur-  
4 nished on United States flag vessels under section 111 of this  
5 title in an amount not exceeding the amount, as determined  
6 by the Administrator, by which the charges for such trans-  
7 portation exceed the cost of such transportation at world  
8 market rates.”

9 (b) Section 115 of such Act is amended by adding two  
10 new subsections as follows:

11 “(h) Not less than 5 per centum of each special local  
12 currency account established pursuant to paragraph (6) of  
13 subsection (b) of this section shall be allocated to the use of  
14 the United States Government for expenditure for materials  
15 which are required by the United States as a result of  
16 deficiencies or potential deficiencies in its own resources or  
17 for other local currency requirements of the United States.

18 “(i) (1) The Administrator shall, to the greatest  
19 extent practicable, initiate projects for and assist the appro-  
20 priate agencies of the United States Government in pro-  
21 curing and stimulating increased production in participating  
22 countries of materials which are required by the United States  
23 as a result of deficiencies or potential deficiencies in its own  
24 resources; and in furtherance of those objectives the Admin-  
25 istrator shall, in addition to the local currency allocated



1 pursuant to subsection (h), use such other means available  
2 to him under this title as he may deem appropriate.

3 “(2) In furtherance of such objectives and within the  
4 limits of the appropriations and contract authorizations of the  
5 Bureau of Federal Supply to procure strategic and critical  
6 materials, the Administrator, with the approval of the Di-  
7 rector of such Bureau, shall enter into contracts in the name  
8 of the United States for the account of such Bureau for the  
9 purchase of strategic and critical materials in any participat-  
10 ing country. Such contracts may provide for deliveries over  
11 definite periods, but not to exceed twenty years in any  
12 contract, and may provide for payments in advance of  
13 deliveries.

14 “(3) Nothing in this subsection shall be deemed to re-  
15 strict or limit in any manner the authority now held by any  
16 agency of the United States Government in procuring or  
17 stimulating increased production of the materials referred to  
18 in paragraphs (1) and (2) in countries other than partici-  
19 pating countries.”

20 SEC. 10. (a) The first sentence of section 117 (c) of  
21 such Act is hereby amended by striking out the period and  
22 inserting in lieu thereof a colon and the following: “*Provided,*  
23 *That the Administrator shall fix and pay a uniform rate per*  
24 *pound for the ocean transportation of all relief packages of*  
25 *food or other general classification of commodities shipped to*

1 any participating foreign country, regardless of methods of  
2 shipment and higher rates charged by particular agencies of  
3 transportation, but this proviso shall not apply to shipments  
4 made by individuals to individuals through the mails."

5 (b) Section 117 (d) of such Act is hereby amended  
6 by striking out "section 6 of the Act of July 2, 1940 (54  
7 Stat. 714), as amended," and inserting in lieu thereof  
8 "the Export Control Act of 1949".

9 (c) Section 117 of such Act is amended by adding  
10 a new subsection to read as follows:

11 "(e) Whenever the Administrator shall determine that  
12 shipping capacity available to Italy is inadequate for such  
13 emigration from Italy as may be desirable to further the  
14 purposes of this title, the Administrator shall request the  
15 United States Maritime Commission to make available to  
16 Italy vessels capable of engaging in such service for the  
17 purpose of transporting emigrants from Italy to destinations  
18 other than the United States, and shall specify the terms  
19 and conditions under which such vessels shall thus be  
20 made available, and the United States Maritime Commis-  
21 sion thereupon shall, notwithstanding any other provisions  
22 of law and without reimbursement by the Administrator,  
23 make such vessels available to Italy in accordance with  
24 such terms and conditions: *Provided*, That the total number  
25 of such vessels made available for such purpose shall not

1 at any one time exceed ten: *Provided further*, That title  
2 to each such vessel owned by the United States Govern-  
3 ment shall remain in the United States: *And provided fur-*  
4 *ther*, That the terms and conditions under which such ves-  
5 sels are made available to Italy shall obligate Italy to re-  
6 turn the vessels forthwith upon demand of the President,  
7 and in any event not later than June 30, 1952."







81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

H. R. 3748

# A BILL

To amend the Economic Cooperation Act of  
1948.

By Mr. KEE.

MARCH 23, 1949

Referred to the Committee on Foreign Affairs







such expenditures, and to employ upon a temporary basis such investigators, technical, clerical, and other assistants as it deems advisable.

SEC. 2. The expenses of the committee under this resolution, which shall not exceed \$25,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### NOTICE OF HEARING ON SENATE BILL 1008

Mr. McCARRAN: Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, March 30, 1949, at 10 a. m., in room 424, Senate Office Building, on the bill (S. 1008) to provide a 2-year moratorium with respect to the application of certain antitrust laws to individual, good-faith delivered price systems, and freight-absorption practices. Persons desiring to be heard should notify the committee by Monday, March 28, so that a schedule can be prepared for those who wish to appear and testify. The subcommittee consists of the Senator from Nevada [Mr. McCARRAN], chairman, the Senator from Maryland [Mr. O'CONNOR], and the Senator from Wisconsin [Mr. WILEY].

#### CHANGE OF METHOD OF COUNTING ELECTORAL VOTES—STATEMENTS BY BASIL BREWER AND ANSWERS BY SENATOR LODGE

[Mr. LODGE asked and obtained leave to have printed in the RECORD certain statements made by Mr. Basil Brewer, publisher of the New Bedford (Mass.) Standard-Times, together with Mr. Lodge's answers thereto, relating to Senate Joint Resolution 2, providing for abolishing the electoral college and counting electoral-college votes for President and Vice President in proportion to the popular vote, which appear in the Appendix.]

#### IN BOSTON, NOT THE SOUTH—EDITORIAL FROM THE ARKANSAS DEMOCRAT

[Mr. FULBRIGHT asked and obtained leave to have printed in the RECORD an editorial entitled "In Boston, Not the South," published in the Arkansas Democrat of March 17, 1949, which appears in the Appendix.]

#### COLUMBIA VALLEY AUTHORITY—ARTICLE BY TOM HUMPHREY

[Mr. CORDON asked and obtained leave to have printed in the RECORD an article relating to the proposed Columbia Valley Authority, written by Tom Humphrey and published in the Oregon Journal of March 20, 1949, which appears in the Appendix.]

#### THE NORTH ATLANTIC SECURITY PACT—ARTICLE BY GEORGE SOKOLSKY

[Mr. WATKINS asked and obtained leave to have printed in the RECORD an article on the North Atlantic Security Pact, written by George Sokolsky and published in the Washington Times-Herald of March 23, 1949, which appears in the Appendix.]

#### IMPROVEMENT OF INTERGOVERNMENTAL RELATIONS—EDITORIAL COMMENT

[Mr. HENDRICKSON asked and obtained leave to have printed in the RECORD an editorial entitled "The Mayors and Money," published in the New York Times of March 23, 1949; also an editorial entitled "Sprouting Seed," published in the Newark Evening News of March 22, 1949, which appears in the Appendix.]

#### PROPAGANDA AND THE NATION'S HEALTH—ARTICLE BY MARQUIS CHILDS

[Mr. McMAHON asked and obtained leave to have printed in the RECORD an article en-

titled "Propaganda and the Nation's Health," written by Marquis Childs and published in the Washington Post of March 24, 1949, which appears in the Appendix.]

#### REPORT ON UNEMPLOYMENT SITUATION IN CONNECTICUT

Mr. BALDWIN. Mr. President, I ask unanimous consent to have printed in the RECORD a report from the State Department of Labor of the State of Connecticut on the unemployment situation in Connecticut.

There is no more important domestic problem than the maintenance of a high level of employment; and it is my humble judgment that everything we do here must be geared to that thought, and that that thought must be paramount in all our considerations.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

#### CONNECTICUT JOBLESS CLAIMANTS REACH 61,804

The number of jobless claimants for unemployment insurance in Connecticut rose to 61,804 during the week ended March 12. A year ago there were 25,353 filing, while in mid-October, when the present upward trend began, 21,485 were applying for benefits.

Initial claims, which represent new unemployment, remained high with 7,959 received during the week as compared with 2,672 for the corresponding week a year ago. Largest increases in initial claims were in the Bridgeport, Meriden, New London, Danbury, and Bristol areas.

During the week lack-of-work lay-offs totaling 350 were reported in the bearings industry, 475 in the brass industry, and 230 in hardware. Lack-of-work lay-offs totaling from 100 up to 200 occurred in each of the following industries: Electrical appliance, hat, garment, metal products, chain, electrical products, clock, tractor, and paper products. The woolen, recording, and typewriter industries had lay-offs affecting from 50 to 100.

A footwear company rehired 100.

#### BRIDGEPORT HIGHEST

Bridgeport led the State in the number of jobless claimants with 9,937, followed by New Haven with 9,160, Hartford 7,484, and Waterbury 6,921. The other 15 offices, with less than half the total, were each under 3,000.

#### BY OFFICE

The Ansonia office reported a lay-off of 23 by a brass mill and 25 by a wire manufacturer due to lack of work.

In the Bridgeport area, a brass company laid off 350, an electrical appliance company 190, a chain manufacturer 125, and a recordings company 45, with lack of work the reason in each instance.

The Bristol office reported a lay-off of 115 by a clock company and 30 by a brass company due to lack of orders.

In the Danbury area, 7 hat companies laid off a total of 185 due to lack of work. An electrical coil manufacturer laid off 35, and a metal products firm 20, with lack of work the reason.

The Danielson office reported a lay-off of 30 by a steel-products firm because of insufficient steel, and 25 by a textile mill due to lack of orders.

A Hartford typewriter company laid off about 50.

In the Meriden area, a bearings factory laid off 285 due to lack of work.

The New Britain office reported lay-offs of 65 by a bearings factory, 150 by a suit shop, and 95 by an electrical products plant.

In the New Haven area, a hardware concern reduced its force by 75, and a radiator factory by 20. A wire company laid off 20

and an electrical-equipment factory 20, due to lack of work.

A Norwalk hardware concern reduced its working force by 30. A footwear company rehired 100, and a dress company rehired 20.

In the Norwich area, a paper-products company laid off 100 temporarily while moving machinery. A textile mill laid off 40 due to lack of work.

In the Stamford area, a lock company cut production and laid off 75.

In the Thompsonville area, three woollens companies laid off a total of 65 temporarily.

In the Torrington area, a hardware firm laid off 20 and a sporting goods concern 30. A timepiece company placed 160 on a 24-hour week and a machinery factory put 260 on a 24-hour week due to lack of work.

The Waterbury office reported lay-offs of 110 by a tractor company, 25 by a castings factory, 30 by a rubber-footwear manufacturer, 25 by a brass goods concern, and 40 by another brass-goods company.

[Mr. MURRAY addressed the Senate on the subject of Missouri River floods and the proposed Missouri Valley Authority. His speech will appear hereafter in the Appendix.]

#### TEMPORARY SUSPENSION OF CERTAIN IMPORT AND AD VALOREM TAXES ON COPPER—CONFERENCE REPORT

Mr. GEORGE submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2313) to suspend certain import taxes on copper, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "and other than composition metal provided for in paragraph 1657 of the Tariff Act of 1930, as amended, which is suitable both in its composition and shape, without further refining or alloying, for processing into castings, not including as castings ingots or similar cast forms"; and the Senate agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "June 30, 1950"; and in line 8 of the House engrossed bill strike out "March 31,"; and the Senate agree to the same.

WALTER F. GEORGE,  
TOM CONNALLY,  
E. D. MILLIKIN,

Managers on the Part of the Senate.

R. L. DOUGHTON,  
JERE COOPER,  
WILBUR D. MILLS,  
DANIEL A. REED,  
ROY O. WOODRUFF,

Managers on the Part of the House.

The VICE PRESIDENT. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. GEORGE. Mr. President, the conference has resolved the disagreement between the two Houses. There were two amendments made in the Senate. The House is concurring in the first amendment, with a clarifying amendment inserted at the request of the Treasury Department solely for the



purpose of rendering easy the administration of the act. It will be remembered that in the Senate these duties and taxes were suspended for a period of 1 year. The bill as it came from the House provided for suspension for a 2-year period. The Senate and House conferees have accepted the Senate amendment, with an amendment suspending the taxes until June 30, 1950, which is a year and 3 months after the expiration of the current act.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. SALTONSTALL. May I ask if this is a unanimous report?

Mr. GEORGE. It is a unanimous report, signed by all the conferees on the part of the House and the Senate.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

#### MISSISSIPPI RIVER FLOODS IN LOUISIANA

Mr. LONG. Mr. President, I have received word this morning that a disaster has befallen a section of my State of Louisiana. Across the river, slightly above the State capitol at Baton Rouge, La., the main line levee has caved into the Mississippi River. This is the first time in 22 years that one of the main line levees of the Mississippi has been breached. From the best information available at this time, this disaster is entirely an act of God, which no human hand, with all due care, could have prevented. The capable forces of the Army engineers and the Louisiana Department of Public Works are at this moment mobilizing all equipment in the area in the effort to close this breach in our levee. We are extremely hopeful that this effort will be successful. If it fails to succeed, then 10,000 people of Louisiana may lose their homes and their possessions. Fortunately the flood waters have passed their peak height of 2 weeks ago, which is of some small consolation, because it would tend to minimize the damage and especially the potential loss of life. Nevertheless, if this breach cannot be immediately closed, all crops in this agricultural area will be lost. In fact, it is feared that there is enough water behind the levee already to prevent any successful crops in this area of three parishes, which corresponds to three counties in other States.

Our Governor, the Honorable Earl K. Long, has been at the breach since the early hours of this morning, to assure that all forces of the State of Louisiana are used to assist in the flood fighting.

For some time, in committee, I have been urging that flood control functions be left in the hands of the Army engineers; and I believe the wisdom of that position will be demonstrated in this present disaster. No one is better able to mobilize relief forces than the Army engineers on the scene. I am informed that General Feringa, president of the Mississippi River Commission, flew to Baton Rouge, La., at daybreak this morning, and that he is presently assisting in directing the flood-fighting operations at the breach. All suitable equipment of

public and private agencies is being commandeered; and, if the breach can be successfully closed, it will be a gigantic tribute to the enormous diligence of the Army engineers. I am frank to say that I do not believe any Federal civilian agency could cope with such a disaster.

Mr. President, on yesterday the House Appropriations Committee reported to the House their action with regard to appropriations for flood control, in which they slashed the budget recommendation for the Mississippi River and its tributaries by \$13,000,000. I desire to condemn this as false economy, as is well demonstrated by the catastrophe visited upon my State in the small hours of this morning. I desire to serve notice at this time that the entire Louisiana delegation will exert every effort to restore these funds.

The Morganza floodway, which protects the greater part of the population of south Louisiana, cannot be opened without enormous property damage at this time. At the rate recommended by the House Appropriations Committee, we may never in our lifetime see that floodway completely ready, in the event the city of New Orleans and surrounding area should be threatened by the type of disaster which now has befallen one of our rich rural areas. To me it is the height of false economy that we should here be debating the expenditure of \$5,500,000,000 for the salvation of the European economy, and at the same time be leaving more than 1,000,000 Americans in danger for their lives and property because of an effort to save a few million dollars from year to year.

It may be necessary for my State to seek disaster relief similar to that which the Western States have already requested. This situation more than ever calls to my mind the wisdom of the recommendation made by the junior Senator from Florida on this floor a few weeks ago, when he stated that the United States of America should have a permanently organized disaster relief program available to all sections of the United States. I trust that at this session the Congress will establish such an organization and will provide adequate financial reserves for its operation.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. LUCAS. Mr. President, Mr. C. Tyler Wood is an expert on ECA. He is not a member of the staff of the Committee on Foreign Relations, but he is now in the Chamber. The distinguished Senator from Texas [Mr. CONNALLY] and the distinguished Senator from Michigan [Mr. VANDENBERG] believe that it is advisable that he be on the floor during the debate on this important measure.

I therefore ask unanimous consent that Mr. Tyler Wood be permitted the privilege of the Senate floor during the debate upon ECA.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. CONNALLY. Mr. President, as the Senate knows, the pending bill pro-

poses to continue for another year from the coming April and for the 3 months intervening between April 1950 through June of 1950, the Economic Cooperation Administration authorization.

Less than 12 months ago the Congress of the United States, in an action unprecedented in world history, approved the European recovery program for a 1-year period. This program has attracted the attention of the entire civilized world. It was a departure from practices which theretofore had obtained, and it represented an act of far-reaching importance by the United States for the salvation, rehabilitation, and reestablishment of the economies of the nations of Europe which participate under the program. The program was designed to help the participating countries, whose economies had been devastated and disrupted by war, to help themselves to sound recovery.

Mr. President, I hope the Senate will bear in mind that the cardinal principle of this act is to help the countries of Europe themselves rehabilitate their economies under its provisions and under their own efforts, so that at the end of the period they may be able to stand upon their own feet and carry forward their economic and other activities.

Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Norway, Sweden, Switzerland, Turkey, the United Kingdom, western Germany, and the Free Territory of Trieste—these are the countries that have cooperated in this great venture.

When we launched the European recovery program, we forsook temporary relief, and embraced the concept of recovery. By this program it has been our purpose not simply to provide relief for the moment, relief which would easily be expended and easily be consumed, but to envision the ultimate recovery of those nations, so that they would not need the character of relief which had previously obtained. At the same time we required as a condition for our aid that the participating countries take the initiative and the main responsibility for working out a program designed to restore Europe's economic health by 1952. These principles have been followed and the success that has been achieved so far proves that mutual aid and self-help are vital elements in the recovery effort.

On February 8 the ECA submitted to the Congress its request to extend the recovery program for another year. The Foreign Relations Committee has just completed an exhaustive study of the entire matter. Thirty-five witnesses have appeared before the committee, including the Administrator, the Secretary of State, the Secretary of the Treasury, the United States representative abroad, five Members of the Senate, and a number of ECA mission chiefs. We have met in almost continuous session for 4 weeks. We have heard many witnesses who asked to be heard.

On the basis of this exhaustive inquiry, the Foreign Relations Committee recommends the continuation of ECA, and urges speedy action on the bill before the Senate. I am proud to say that



the committee, in still another demonstration of bipartisan unity, has reached its decision by a unanimous vote of 13 to 0.

I am pleased that the ECA is, in large measure, accomplishing the important objectives which the Congress set out for it. It has made possible a heartening increase in production and trade in the participating countries. It has contributed to genuine independence in Europe, and has given new hope and confidence to the free nations of the world. It has been the impelling motive in causing the nations of western Europe to cooperate more closely in peace than they have at any time in their history. It has brought vividly to the minds of the people of western Europe the fact that their salvation does not lie in discord and disunion, but that it lies along the road of cooperation and unity, especially in economic affairs.

Let us look for a moment at the production figures of the participating countries. It will be understood, of course, that participating countries are required to enter into contracts with the ECA in Europe, under which they assume certain obligations, and in which the United States sets forth the outlines of its policy. Here impressive progress has been made. The total output of factories and mines last year was 15 percent higher than in 1947, and nearly equal to 1938. Outside of western Germany, coal production increased almost to prewar levels, and steel operations were well above the 1938 rate. Freight traffic is up more than 30 percent, and the production of electric power is already 65 percent higher than prewar.

Statistics are always cold hard facts, Mr. President, but even so, these are eloquent figures. They mean, in human terms, that the warm blood of economic life is beginning to course once more through the veins of a devastated and war-torn Europe. Recovery, in both an economic and spiritual sense, is well under way.

Just as coal and power and steel are the sinews of economic life so the increased production of food is absolutely essential if the vigor and vitality of the people of Europe are to be built up again. Here again I can report encouraging progress. Due to greater efforts of European farmers and extremely favorable weather conditions crops in the participating countries were 20 percent larger in 1948 than they were in 1947. But people are still eating less than they did before the war and there are discouraging deficiencies in meat, fats, and dairy products.

The production figures look good, but how about exports? In order to pay their obligations and their assumption of imports, it is necessary of course that the participating countries be able to export commodities. For the countries as a group, exports increased 20 percent over the 1947 level. In Italy the increase ran to nearly 50 percent; in Holland and Belgium, a little less than one-third. It remains highly significant, however, that the earnings of the ERP countries this year will pay for only about half the imports they need from the outside world.

While we have every right to be pleased with this general increase in production, we must not be misled by our optimism. Some people are asking, why should we not make a sizable cut in European recovery funds now that production is approaching the prewar level? Why, they ask, should the American taxpayer continue to subsidize the people of Europe so they can enjoy a standard of living even higher than that which they enjoyed in 1938?

This is an extremely important question, Mr. President, and deserves a forthright reply. We must not make a wrong diagnosis of our patient or he may suffer a serious relapse during our course of treatments.

The plain fact is that Europe will not, during the period of our aid, enjoy a higher standard of living than in 1938. Production will have to be increased far above the prewar level before the people can once again live as well as they formerly did. During the war the participating countries lost many billion dollars when their homes, their factories, and their transportation systems were destroyed. They also were forced to liquidate much of their overseas investments which had been a profitable source of income. Those overseas investments usually are referred to as their invisible assets, foreign investments, shipping income, and a vast variety of foreign overseas income. They must now make up that lost ground. Moreover, we must not forget that the population of western Europe has increased by 20,000,000 since 1938, and production must be correspondingly increased.

By no means the least of ECA's achievements is the real stimulus it has given the participating countries toward cooperative action in solving their mutual problems. The central organ of the participating countries—the Organization for European Economic Cooperation—has already rendered invaluable service and is steadily gaining in power and influence. It will be remembered that that was the group of representatives of the various nations who were called upon by the American Government to meet and to propose plans by which it was expected they would cooperate with the United States in carrying forward any program that might be adopted.

During the past year OEEC has devoted a great deal of its energies to the immediate task of drawing up an effective program for the use of American aid in 1948-49. With this preliminary hurdle out of the way, OEEC should now be able to give more attention to those measures of mutual aid and self-help which will directly stimulate production in and trade among the ERP countries. That is one of the chief activities.

Another OEEC pilot project is the intra-European payments plan. By this ingenious device our aid has a double-barreled effect in stimulating trade—it helps the recipient country and it helps other states to whom the recipient may in turn extend grants-in-aid in its own currency. Thus, Belgium, a creditor nation in its trade with western Europe, is

receiving over \$247,000,000 from ECA in 1948-49. At the same time, Belgium is making grants totaling more than \$207,000,000 to other participating countries. The net aid Belgium receives is, therefore, only a little over \$40,000,000. But a great stimulation has been given to the countries with whom she trades and carries on commerce and whom she aids in rehabilitating their economic fortunes.

We Americans have long been impressed by the economic advantages that derive from the fact that the people of the United States can trade freely within a large geographical area. The plans now being developed in western Europe for customs and economic unions involving the Benelux countries, the Scandinavian countries, and Italy and France are, therefore, particularly encouraging. I salute especially the recent announcement which Holland, Belgium, and Luxemburg made that all trade barriers among the three countries will be abolished by July 1, 1950. This courageous action may prove to be the first significant step in tearing down trade restriction all across western Europe.

For those impatient souls who would like to see Europe unified overnight all this may seem discouragingly slow. Yet when one looks back across the centuries it becomes perfectly obvious that western Europe has already moved further toward voluntary unity in eight short months under ECA stimulus than it had in all the previous centuries since the fall of the Roman Empire.

Anyone who has been abroad during the past few months can testify that the recovery program has also greatly bolstered the forces of freedom in Europe. Before the passage of ECA the situation was desperate. Europe was drifting toward economic collapse and communism raised its ugly head anticipating a field day in every country.

But the passage of ECA had an electric effect in western Europe. Even before the first shipment of ECA goods left American ports, prospects for freemen became brighter. The Italian elections of April 18, 1948, resulted in a heartening victory for democracy and a corresponding defeat for the Communists.

Mr. President, I happened to be in Italy in October and November of last year, and upon every hand we found evidences of the activity of the Italian people in the election in which they were successful, and in which a vital effort against communism was registered by the Italian people. I have no doubt that much of their improved morale, much of the stimulation for them to reclaim their political power and to resist totalitarian influences, was due to the operations of the ECA and the relief of the agony of the people.

In France, too, the Communist star has steadily waned, particularly after the Government, supported by the great majority of the French people, successfully broke up the coal strike last fall.

I was also in France in November of 1948, but only for a short period, and I did not have as complete an opportunity to survey the situation as I had in Italy; but there is no question with regard to



the very helpful influence the ECA has had on the French situation.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. ELLENDER. Mr. President, I am sorry that I was not able to hear the beginning of the speech of the distinguished Senator from Texas. I have been attending a hearing of subcommittee of the Appropriations Committee since 10 a. m. I am informed there is much industrial progress being made in the various countries of western Europe. Can the Senator tell us to what extent France, Great Britain, and other nations in western Europe have increased their productivity, both industrially and agriculturally, and how does such productivity compare now with what it was in 1939 and for some time before the war?

Mr. CONNALLY. I have already discussed that quite fully, but I shall be glad to go over it again, if that is the Senator's wish.

Mr. ELLENDER. Is it already in the RECORD?

Mr. CONNALLY. Yes. Does the Senator mean their productivity before the war and since the war?

Mr. ELLENDER. Yes. The productivity of Great Britain was at a certain level prior to 1939, and today I am informed that it is in excess of what it was before 1939 and for some time before the war.

Mr. CONNALLY. I would have to check the exact figures.

Mr. ELLENDER. I was going to follow up with another question. To what extent should we lend aid so as to further increase their productivity and thereby place them in a better position to offer us competition in the future?

Mr. CONNALLY. I intended to discuss that a little later. I assume the Senator has reference to certain statements carried in the press, from politicians in the United Kingdom, with reference to how far they have recovered and that they are not in need of additional funds to aid in their recovery.

Mr. ELLENDER. No; I did not mean that. I was thinking, for example, of the production of steel. Great Britain has today far exceeded its steel capacity in contrast to its prewar production. Am I correct in that statement?

Mr. CONNALLY. That is correct.

Mr. ELLENDER. Are we to continue supplying them with more funds so as further to increase their production and, no doubt, cause a clash with our own production?

Mr. CONNALLY. I will say to the Senator that it is fortunate for us that Great Britain is producing more steel than she did previously because it lessens the load upon us in contributing to her recovery. I cannot discuss all the different angles because that would be beyond my capacity.

Mr. ELLENDER. Suppose she should continue to increase production, and suppose France and other nations which we are assisting should increase their production, what would become of our production?

Mr. CONNALLY. Increased production on their part will speed the day

when we can discontinue our aid and retire from the field, if necessary.

Mr. ELLENDER. That may be true, but it will also affect our ability to dispose of our own enormous production capacity. Today we have reached an all-time high in the production of steel—some 96,000,000 tons. It strikes me, as I have just stated, that if we continue assistance to the extent that foreign nations will be able to increase their capacity to such a degree that it will clash with our own, we shall either have to decrease our capacity or find new markets for our excess production, if that is possible.

Mr. CONNALLY. Exactly. It is our hope that foreign trade will increase and grow and that the world will be able to take care of the increased production.

Mr. ELLENDER. I should like to see that accomplished, but I fear I lack optimism in that direction. It is my own feeling that a time will soon come when those we are now assisting will become some of our chief competitors, which, in turn, will curtail our ability to dispose of our own production.

Mr. CONNALLY. That is our hope. Of course, we cannot do it all at once.

Meanwhile, Mr. President, the Communists have continued their agitation. They have consistently and systematically misrepresented the purposes of the ERP. They have resorted to obstructionism and sabotage. But with ECA assistance the forces of freedom have grown constantly stronger.

Mr. President, the very fact that the Soviets and their Communist underlings all over Europe have so bitterly denounced and so persistently opposed the Marshall plan is the best evidence we can have that it is, in fact, bringing economic peace and stability to western Europe.

From what I have said, it is clear that the recovery program is successfully under way. The first serious challenge has been met. But the supreme test will come during the critical year that lies just ahead, when the participating countries will have to make drastic readjustments in their internal economies and work even more closely together in the interests of the total program.

We can put the importance of the coming year in its proper perspective if we outline briefly some of the things OEEC believes must be done if the program is to succeed. Let me emphasize again that this is western Europe's own prescription for its own ills as set forth in the recent interim report of the OEEC.

This is western Europe talking to European countries.

First. Steps must be taken to bring under control the inflation existing in many of the participating countries. Inflation tends to reduce exports; it encourages imports; it threatens the production and investment programs. Many things which need to be done cannot be begun at all until inflationary pressures are under control.

Second. Renewed efforts must be made to stabilize currencies. It will be necessary in some cases to develop more effective taxing systems, balanced budgets, and improved investment programs.

Third. They must use their existing resources more efficiently, and they must put forth new and additional productive effort. This involves not only wise and vigorous governmental leadership, but the full cooperation of the people.

Fourth. They must intensify their drive to increase their exports. The importance of steps in this direction becomes obvious when it is recalled that the foreign exchange earnings of western Europe this year will pay for only about 50 percent of their imports from the outside world.

Fifth. To the maximum extent possible they should seek to develop new sources of supply. Western Europe's difficulties in obtaining foodstuffs and raw materials will continue for some years, and there are many opportunities to expand production both at home and in their overseas territories.

Sixth. Considerable emphasis should be placed on the expansion of intra-European trade. This will require the reduction of tariff barriers and other drastic changes designed to encourage the freer flow of goods and services among the participating countries.

Seventh. They must also cut back even further the importation of goods and services which are not vitally needed for their recovery. While this may create certain inconveniences from the point of view of the consumer, it is essential for the restoration of economic equilibrium in western Europe.

At this point, Mr. President, I should like to quote the last paragraph of the OEEC report which makes eloquently clear the fact that the leaders of western Europe are completely aware of the severe test which confronts them. I quote:

The effort required is very great, the sacrifices necessary to construct a joint European recovery program will be many. The recovery of western Europe since the war has also been considerable, but the distance left to go is longer than the road already covered. The effort called for is a severe challenge, but a challenge to which the peoples of western Europe must respond.

In making possible the launching of this great enterprise the American people have made a rather considerable sacrifice. We now have every right to expect that the people and the governments of the participating countries, on their part, will be willing to make those sacrifices—and some of them may be painful—which OEEC says must still be made if we are to bring the program to a successful conclusion.

Let us turn now for a few moments to the amendments to the ECA bill which the committee has approved. I shall not dwell upon these at any length since most of them are technical in nature and are presented in some detail in the committee report, to which I call the attention of Senators.

First of all, I am pleased to point to a very tangible evidence of recovery—the sizeable reduction in ECA funds which the committee is recommending for next year. For the year ending April 2, 1949, the ECA had available slightly more than \$5,000,000,000. That was for the entire year before April 2, 1949. For the fiscal year 1949–50, after trimming about \$490,000,000 from the



requests of the participating countries, the ECA has asked for \$4,280,000,000.

Senators will understand, when we say we have cut so much from the requests of the participating countries, that they are supposed to present their requests to our representatives in Europe, and after consultation the representatives of the ECA here cut them very substantially.

Mr. AIKEN. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield to the Senator from Vermont.

Mr. AIKEN. I should like to ask to what extent ECA funds may be used for the development of colonies of the ECA nations, for instance, Belgium, Italy, Holland, or any other country which may have colonies, with particular reference to African colonies.

Mr. CONNALLY. In the case of Africa, French Africa is within the ECA program, because it is part of metropolitan France.

Mr. AIKEN. I was thinking of Belgium.

Mr. CONNALLY. There is no specific statutory provision about that, but I assume that the Administrator would have authority to grant the aid if otherwise it were regarded as sound, and as contributing to the rehabilitation of Belgium or any other country which might own a foreign possession.

Mr. AIKEN. It would be permissible, then, would it not, to assist Italy in the development of colonies in Africa assuming she retained a clear title to those colonies?

Mr. CONNALLY. I know of nothing in the act itself which prohibits that.

Mr. AIKEN. Then it would be permissible, would it not, to develop production in Nigeria, or in any of the African colonies of the European states?

Mr. CONNALLY. If it were found that that sort of a procedure would contribute to the development and stabilization of European conditions and help to rebuild the economic situation in western Europe, it would be permissible, according to our conception.

Mr. AIKEN. The Senator has answered my question, and I thank him for making that clear.

Mr. CONNALLY. I thank the Senator for thanking me for making it clear. We need clarity wherever we can get it.

I repeat, for the fiscal year 1949-50, after trimming more than \$5,000,000,000 from the requests of the participating countries, the ECA has asked for \$4,280,000,000. This represents a reduction of more than \$700,000,000 from the amount appropriated last year.

This request is based on a careful study of the facts. Back of it are innumerable economic analyses of each of the participating countries. Detailed appraisals have been made of the general European situation and of each country's foreign trade. Separate studies have also been made of major commodities as cross-checks on the country-by-country estimates.

Now, Mr. President, just what happened as a result of these studies? In

the first place, the national governments themselves requested considerably less than they did last year. OEEC then exercised an analysis of these national programs that was even more deliberate than last year. In addition, with some months of practical experience as a guide, ECA, in its country missions, in Paris, and in Washington, has applied continuing and exhaustive examination to bring in a budget request that is a tight fit and refreshingly unpadding. For the ERP countries as a group, the new figures represent a cut of 15 percent from 1948-49 aid.

The committee has approved a sum of \$1,150,000,000 to enable the program to continue for the 3-month period from April 3 to June 30, 1949. Since substantially all the funds available to ECA will have been obligated by April 2, it is absolutely essential that this authorization be approved at an early date.

At this point I suggest that if Senators should find, in their investigations, that all the money appropriated for the 3 months' period has not been spent, they should also remember that during this period the ECA can continue to incur obligations up to the expiration date of the act, and can pay for those obligations after the act has expired. So it is not at all possible, it is not even probable, it is not to be expected, that the money provided for ECA will all be expended by the time of the expiration date. The money may not actually be paid, but if the obligation is made it will have to be paid at a later date.

I repeat: Since substantially all the funds available to ECA will have been obligated by April 2, it is absolutely essential that this authorization be approved at an early date. We do not at all want the purchase of these materials, mostly in our own country, to be handicapped and delayed by reason of failure to make a proper authorization.

Mr. KNOWLAND. Mr. President, will the Senator yield at that point?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from California?

Mr. CONNALLY. I yield.

Mr. KNOWLAND. I should like to make an inquiry of the Senator relative to the question of so-called east-west trade. I fully appreciate the fact that when the Senate had this matter under consideration a year ago the matter was rather fully discussed on the floor of the Senate. I think there was a general agreement that insofar as trade which would not add to the war potential of the east is concerned, it would be proper under certain circumstances. One situation, I remember, that was discussed was the possibility of sending coal mining machinery to Poland, which is behind the iron curtain, in order for Poland to produce more coal that could be used to facilitate the economic recovery of western Europe. But I also think there was a general feeling in the Senate that neither the United States nor the western European countries should be adding to the war potential of Russia and her satellite powers, because under present condi-

tions wars are fought not alone by armies, navies, and air forces, but by the industrial capacity to back them up.

The thing which has concerned me is a dispatch which just came over the wires from London a few minutes ago, as follows:

LONDON.—Harold Wilson, president of the board of trade, said today that Britain is guided in trade relations with Russia and Soviet satellites solely by considerations of economic advantage.

Conservative John Langford Holt asked Wilson in Commons what policy he proposed to adopt "with regard to trade agreements with Russia, Bulgaria, Rumania, and Hungary, having regard to the repeated breaches of the peace treaties committed by all these powers."

Before Wilson could reply Communist Phil Piratin objected that the question was out of order on grounds that Britain had no peace treaty with Russia so there could be no breach. He was overruled. Finally Wilson answered:

"The Government is guided in its trade relations with these countries by considerations of economic advantage and cannot make it a rule that trade agreements with these countries shall be subject to the settlement of political questions."

The question I wish to address to the able chairman of the Foreign Relations Committee is this: Does he interpret this dispatch as meaning that from now on the British Government has no intention of having any limitations upon it for the shipment of industrial equipment into Russia and her satellite powers? Such action would apparently be regardless of the fact that those shipments might directly add to the war-making potential of Soviet Russia or the satellites upon the western nations which at this very time we are about to consider the need of helping to defend under the North Atlantic treaty.

Mr. CONNALLY. I will say to the Senator from California that, of course, I do not know what is in the minds of those in charge of this program in Great Britain. But I would not apprehend that the sole consideration with them hereafter will be their own pecuniary advantage, notwithstanding the language which was used in the House of Commons, because there are many other factors which enter into the question.

Mr. KNOWLAND. Mr. President, will the Senator yield for another question?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from California?

Mr. CONNALLY. I yield.

Mr. KNOWLAND. The Senator knows I supported the ECA program last year. I expect to support it this year. But I do most respectfully urge that the able chairman of the Foreign Relations Committee, through the American State Department, make immediate inquiries of the British Government as to whether or not there is a basic change in its policy, and whether, as the press dispatch indicates, hereafter they are going to send anything into the Soviet Russia and her satellite powers, solely by considerations of British economic advantage and regardless of any—as they put it—political considerations?



Mr. CONNALLY. I thank the Senator. I will state that in the committee report it is set forth that—

The Administrator—

That is our Administrator—

has encouraged east-west trade within the limits of national security.

That is the point which, as I understand it, largely is in the Senator's mind. He wants trade, but he does not want trade that will even indirectly strengthen Russia in security matters.

Mr. KNOWLAND. The only reason I raised the question now, I will say to the Senator from Texas, is that I was reasonably well satisfied with the working of this arrangement until I read the press dispatch today, but if this situation is to completely reverse itself, then it might be advisable for the Senate to strike out the words "insofar as practicable" so that we are not leaving the barn door wide open. I should like to have some kind of assurance upon which the Senate could depend prior to the time we pass that part in the bill where such an amendment could be offered.

Mr. CONNALLY. Of course, the bill will be open to any amendment any Senator may desire to propose. But I will say to the Senator that our reports from the Administrator and others are that we are receiving very fine cooperation from the other countries which are making bilateral agreements with us in regard to the very matters the Senator from California is discussing. We are trying to keep out of the hands of aggressors and totalitarians anything which may be valuable to them in a military way. It is possible that we may be able to accomplish a great deal in the matter of contracts with the other countries which are participating along that line. Our reports are that we are receiving fine cooperation. I will say to the Senator that I am in hearty accord with his desires in this matter, and if it becomes necessary for us to adopt some amendments, why the bill will be open to amendment at the proper time.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. WATKINS. In connection with the same subject about which the Senator from California has been inquiring, I should like to ask the distinguished chairman of the Foreign Relations Committee if he is aware of the present trade agreement between Great Britain and Russia, which has been in effect for some time?

Mr. CONNALLY. I have read of it in a general way. I am not at the moment prepared to discuss its details.

Mr. WATKINS. I invite the Senator's attention to that trade agreement. As I understand, it covers the shipment by Great Britain to Russia of a considerable number of locomotives and steel rails. Would the distinguished chairman regard that as an agreement which would build up the war potential of Russia, if such items were actually being exported from Great Britain to Russia now?

Mr. CONNALLY. I will say to the Senator that I assume that anything which would contribute to a country's

economic build-up would in a sense at least be valuable in time of war. That is one reason we are undertaking to help western Europe. We want her to be strengthened. We want her to have internal fortitude, not only of a spiritual and mental character, but the weapons and the production of war materials, if necessary, which will enable her to defend herself from any attack from without. I cannot say how many locomotives Great Britain has sent to Russia. I do not know about the steel rails.

Mr. WATKINS. I think that provision is contained in the treaty itself. It provides for so many tons of locomotives and steel rails, if I am not mistaken. I do not happen to have a copy of that trade pact at the moment, but that is my memory of it. I remember that during the discussion a year ago when this question was before the Senate it was pointed out that there might be violations under this particular trade treaty or others which Great Britain might negotiate with Russia or some of the satellites of Russia. As I recall, one distinguished member of the Foreign Relations Committee pointed out that if any American administrator under those circumstances should release to Great Britain war materials that could be used to build up the war potential of Russia, or which would enable Great Britain to release to Russia some of her own products in the same category, that would be almost an act of treason. He went so far as to describe it as a serious violation of what we were trying to accomplish by the European recovery program.

I voted for the program. I am in favor of it. However, I think we ought to watch it carefully. Has the Foreign Relations Committee any information as to what is being done by Great Britain under that trade treaty? Can the Senator tell me whether or not a check has been made to see if the spirit of the European recovery program is being carried out by our administration under Mr. Hoffman, and also by the British, in turn? I should like to know what is being done.

Mr. CONNALLY. I cannot give the Senator a detailed alphabetical list of all the products, but I can tell him that the ECA, the American State Department, and others interested are undertaking to keep a check on that very situation. If they should find that our concept of the program is being violated in spirit, they could take action through the ECA to correct the situation. That is the most I can say to the Senator at the moment.

Mr. WATKINS. Has the Foreign Relations Committee any information in its records, as brought out in the hearings, to indicate just what is being done, and what check is being made of the situation?

Mr. CONNALLY. It is very difficult to get behind the iron curtain.

Mr. WATKINS. I am speaking now about what is outside the iron curtain, as between Great Britain and Russia.

Mr. CONNALLY. I understand that we made protests against certain actions, and I think they were largely discontinued. However, I cannot at the moment give the Senator all the details.

We shall be glad to keep the suggestion in mind. We shall be glad to impress it upon the ECA and the State Department, with a view to discontinuing that sort of situation, if it exists.

Mr. WATKINS. I invite the Senator's attention to the trade treaty between Great Britain and Poland. It is well known that Poland is a satellite of Russia, and under the domination of Russia. It is much more recent than the treaty between Great Britain and Russia. In the trade treaty between Great Britain and Poland, Great Britain is to trade with Poland for certain Polish products a certain quantity of copper. I do not know how many pounds or tons. Of course, copper is a commodity which can be used to build up the war potential. Does the Foreign Relations Committee have any information as to what is happening under that trade treaty?

Mr. CONNALLY. I assume it is being carried out.

Mr. WATKINS. And Great Britain is actually turning over copper to Poland?

Mr. CONNALLY. If she has a treaty to that effect.

Mr. WATKINS. Would the Senator regard that as a violation of the spirit of the recovery program?

Mr. CONNALLY. I would prefer that such a situation should not exist; but I must say to the Senator from Utah that we cannot stop all trade in Europe between various nations. That is one thing we are trying to build up. We cannot simply issue an edict and shut it off. I suppose Great Britain, if she entered into such a treaty, was trying to get some commodities from Poland which she direly needed in her own economy. However, I shall be glad to have the subject investigated for the Senator. If he has any proof, we shall be glad to have him cooperate with us.

Mr. WATKINS. I understand that there is such a trade treaty. In fact, I have read what purports to be a copy of that trade treaty, furnished to me by the State Department itself. I am very much concerned as to what is going on under the European recovery program, and whether, as a matter of fact, the nations we are trying to help are actually observing the spirit of the program. For example, I have been told by travelers who have returned from Europe, people who have lived in Europe for many years and have recently returned home, that there is much more war talk in the United States than there is in Europe; that the people over there are not nearly so concerned as we are. I can see some indication that there may be some truth in that statement, if Great Britain feels that she can continue to ship copper to Poland and steel rails and locomotives to Russia. Probably Great Britain is not greatly concerned over whether or not she builds up the war potential of Russia.

It seems to me that we ought to have information on the subject. It ought to be before the Senate so that we can know whether or not we are actually receiving cooperation from the European powers we are trying to help. I know that that subject was discussed at great length before we voted a year ago. Per-



sonally I relied upon assurance from members of the Foreign Relations Committee that the situation would be watched, and that nothing of that kind would be permitted to occur.

I have already indicated that one member of the committee thought that anyone who would aid or encourage or permit such a situation to continue would be guilty of treason. I myself would not go that far; but I think it would be an inconsistent attitude to levy heavy taxes on our people to provide commodities, money, and means for European nations, and at the same time have them ship from their own stock piles, their own stores, or their own manufactures, to the countries which might ultimately be our enemies, countries against whom we are trying to win the cold war.

Mr. CONNALLY. The ECA, which makes bilateral agreements with other nations, assures us that the signatory nations are cooperating with the United States. That does not include Poland, because Poland is not within the scope of this act. However, we are assured that the United Kingdom and other countries signing bilateral agreements are cooperating with us and trying to go along with our views and desires. We always have the backlog of discontinuing this relief if we are led to believe that other nations are not living up to their contracts and obligations. That is about all I can say to the Senator at the moment. I wish to be courteous, but I do not care to yield all afternoon for speeches instead of questions.

Mr. WATKINS. I have taken about 7 minutes. I should like to ask if it is the attitude of the Foreign Relations Committee, particularly the chairman, that in the event we find such things are happening, and that the nations we are helping are actually shipping to Russia and her satellites material which could be used to build up their war potential, we ought to discontinue the program of helping those nations.

Mr. CONNALLY. No.

Mr. WATKINS. Or should we lay down such stringent rules that they can no longer do that sort of thing?

Mr. CONNALLY. My information is that they are not shipping any war materials as such. Any thing could be a war material. If a man were hungry, a pone of bread would be a war material if he wanted to fight. Any other economic aid of that kind might be a war material. However, let me say to the Senator that we can take up these questions through the ECA and the State Department. If other nations are not living up to their obligations, if they are not respecting the commitments they have made, we can bring the question to their attention and correct those things.

Mr. WATKINS. That is what I am trying to do now. This is the only opportunity I have, as one Senator, to check on the program; and I am relying on the Senator from Texas to help me.

Mr. CONNALLY. We are just as much interested in that question as is the Senator from Utah. I do not think it is the particular function of any one Senator to have a monopoly on patriotism and

public interest. I say that in all kindness.

Mr. WATKINS. Have I indicated that I claim a monopoly?

Mr. CONNALLY. Not at all; but I have some evidence along that line.

Mr. WATKINS. We shall get to that a little later, I hope, before we get through.

I wish to assure the Senator that I have supported this program. I supported the loans to Greece and Turkey, and the Marshall program for aid to Europe, with the hope that we could accomplish many of the things which we were told would be accomplished. I think it is my duty, as one Senator, to raise questions about this program, to see how we can make it most effective, and to learn whether or not it is actually the right program to go ahead with.

Mr. CONNALLY. I am glad to hear the Senator. We are all just as much concerned as he is. We are endeavoring to carry out the wishes of the Senate in our own national welfare and by our own patriotic endeavors. We are doing the best we can. Would the Senator wish to abolish this plan and turn the other nations loose so that they can trade in arms and war materials, and all that sort of thing?

Mr. WATKINS. I have not so indicated. I am trying to prevent such a thing.

Mr. CONNALLY. The Senator has indicated that if the European nations are doing these things, we might as well abolish the whole program.

Mr. WATKINS. No. I think we had better lay down rules, regulations, and policies which will make it impossible for them to do so.

Mr. CONNALLY. We already have rules and regulations, and we have the assurance that the countries which are within the scope of these contracts and agreements are undertaking to live up to their obligations.

Mr. WATKINS. That is the very thing I am trying to find out. Are they trying to live up to them?

Mr. CONNALLY. I cannot go over there personally and come back and report that I saw the Russians and the Poles. I do not know. We must rely on the people we have in Europe for this information. They assure us that they are not shipping war materials to Russia. They assure us that they are cooperating with our own people in an effort to stimulate trade in proper lines, but not in potentially dangerous war materials. That is all I can tell the Senator. He can ask me 50 questions, but I cannot answer any more than that at the moment.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. DONNELL. I should like to ask the Senator this question: If it be true that Great Britain is entering upon a policy of furnishing war matériel to Russia and is undertaking to pursue such a policy as was indicated by the dispatch read by the Senator from California, does not the Senator from Texas regard such action by Great Britain at this time as both inconsistent and unfortunate, in

view of the fact that in the North Atlantic Pact, which will soon be before the Senate, there is a sentence reading that—

They—

Meaning the signatories, of whom Great Britain is one—

will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

Mr. CONNALLY. I shall answer the Senator. Of course, if Great Britain is violating the agreement she has entered into with the United States, she ought to suffer the consequences. But, on the other hand, I am not assuming that she is doing that. I am not assuming to be true a newspaper article based on a statement by some United Kingdom politician, who probably was making a speech for political consumption by his own constituents. We have assurances that Britain is not shipping war materials to Russia. If anyone has any proof that she is doing so, let him bring it forward in the way of proof, but not simply in the way of an oratorical outburst.

Mr. DONNELL. My question was not particularly as regards whether any of the proposed signatories to the North Atlantic Pact are presently violating an obligation under ECA, but my question is this: If it be true that Great Britain is entering upon or is pursuing a policy of furnishing war matériel to Russia, does not the Senator from Texas think that such action on the part of Great Britain should be deferred, and no position to that effect should be taken by Great Britain, until after it shall have been determined whether the pact shall be entered into, particularly in view of the fact that the pact contains the sentence I have already quoted, namely:

They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

Mr. CONNALLY. I say to the Senator that of course I do not have any quarrel with that situation. Britain is going into the pact; Britain has signed the pact; and I cannot conceive of Britain's shipping war materials in the face of that situation; and, in fact, we have assurances that Britain is not shipping war materials. That is all I can say to the Senator.

Mr. DONNELL. I thank the Senator from Texas.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. JENNER. I wish to ask the distinguished Senator from Texas, the chairman of the Foreign Relations Committee, whether he thinks this whole matter might be clarified if we were to prescribe in this bill some definitions of war materials, so as to state what they are. As I understand the matter, the authorization act now contains no definition which would enable one to determine what a raw material is or what a war material is. If we are to have the spirit of the act lived up to, I think perhaps an amendment would be necessary, so as to indicate what are war materials.



The act does not contain a definition of them now, so a loaf of bread might be considered a war material, if one wished to interpret it as such.

My point is that if we are going to fight a cold war with Russia and if we are going to use the taxpayers' money to help European recovery, we must not permit the nations we help under the European recovery plan to ship to Russia materials which Russia could use against us. However, under the present act, inasmuch as it contains no definition of what is a raw material or what is a war material, all the countries participating in the European recovery plan are in a position to go ahead and trade with Russia, even in the most strategic supplies.

So does not the Senator from Texas think such an amendment is necessary if we are to win a cold war or to stop a cold war with Russia?

Mr. CONNALLY. We do not think it would be possible, by placing such an amendment in this bill—which is an action of the United States Government—to stop other governments from shipping materials as they pleased.

As I pointed out awhile ago, war materials really include practically everything; they include food and clothing and practically everything else.

The State Department largely controls and dominates the section of the Department of Commerce relating to export controls. They have already formulated a long list of articles of the kind the Senator has in mind; so no exports of those articles from this country are allowed. But it is so difficult to impose upon other governments a long list of articles which we might tell them they could not ship, that it is wholly impractical to do what the Senator from Indiana has suggested.

Mr. JENNER. Mr. President, it might be a little impractical, but it is not impossible, because in this country we already have authorized the stockpiling of certain strategic materials and metals which we shall need in the event of war. So I think it is unfair for the Marshall plan countries to use the benefits of the funds and taxes of this Nation which we are giving them in an effort to accomplish their own recovery, to ship the very materials we need to possible enemies of ours, or at any rate, to further strengthen the satellite countries and Russia. I think there should be some provision prohibiting the shipment to those countries of materials which we ourselves actually need.

Mr. CONNALLY. As I have said, I know of no way of doing so. Of course, if we have a contract with those countries and if they do not live up to the terms of the contract, we can cancel the contract. But my information is that they are living up to their contracts.

Mr. VANDENBERG rose.

Mr. CONNALLY. I yield to the Senator from Michigan, if he desires to have me yield to him.

Mr. VANDENBERG. Mr. President, I think the answer the Senator from Texas has given is correct. I should like to supplement it with his permission, first stating that I totally sympathize with the viewpoint of the able Senator from Utah

[Mr. WATKINS] and the able Senator from Indiana [Mr. JENNER] and the spirit in which they raise this question:

I believe it will be found that our export list in respect to war materials is substantially the key list which the beneficiary countries use as a basis for their identification of exports which are not eligible for shipment to the Soviets and their satellites. As the able Senator from Texas has said, inevitably there are borderline cases. Frequently it is impossible to determine whether a given commodity has a war potential which is not overcome to a substantial degree by the immediate peace potential which the shipment is to serve. I think it is perfectly clear from the record, insofar as I am familiar with it, that a good-faith effort is being made to conform to a common standard in this aspect, and one which reflects our own standard.

Of course, all of us are anxious to restore peacetime east-west trade, because except as that can be done sooner or later we shall be permanently saddled with the responsibilities which we have only temporarily assumed. Therefore, the restoration of east-west trade, short of war potentials, is an important matter.

I think I can testify, without having the specific facts before me, that a completely good faith effort is being made to confine exports from the beneficiary countries to the standards which we have substantially set for ourselves. I would expect, I may say to the Senator from Utah, that it would be quite possible to produce exhibits here and there which, in a controversy on the subject, might be temporary exceptions to the rule. But I believe an over-all test of the situation will conform with the result which the Senator from Texas has indicated, and which I have tried to indicate. I should like to say to the Senator from Missouri it is my understanding that in connection with the Atlantic Pact, if, as, and when it develops—I do not want to keep referring to that document, but I want to give the Senator this information at the moment—it is my understanding that there will be an official memorandum certifying the British information and attitude that its trade agreement with Russia does not in any way and will not be allowed in any way to again come into conflict with the obligations to which the Senator referred, in the prospective North Atlantic Pact.

Mr. DONNELL. Mr. President, will the Senator yield, to permit me to ask either of the two Senators who have just spoken a question?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Missouri for the purpose stated?

Mr. CONNALLY. I yield.

Mr. DONNELL. The Senator from Texas referred to the man who was quoted by the Senator from California as some newspaper man making a political speech. I call the attention of the Senator from Texas to the fact that the man who was quoted in the article read by the Senator from California is Harold Wilson, president of the board of trade. I observe from the World Almanac of 1949, the labor government of Great Britain, as of August 1, 1948, included the

Right Honorable Harold Wilson as a member of the Labor Cabinet, he being president of the board of trade. I infer from the dispatch which was read by the Senator from California that the interchange between Mr. Wilson and conservative John Langford Holt, at least in part, and I assume probably entirely, was in the House of Commons.

Mr. CONNALLY. I may say to the Senator I did not say anything about a newspaperman. I said some local politician in the United Kingdom. Evidently he is a politician, because he holds a cabinet job.

Mr. DONNELL. He is at any rate a member of the cabinet and occupies a very distinguished position, I should say, and the statement was made in the course of discussion in the House of Commons.

Mr. CONNALLY. Certainly he has a distinguished position. He is a member of the Cabinet. If he were not in line with the Labor Party he would not be a member of the Cabinet. The speeches which are made in the British Parliament frequently are made to bolster up support for the Labor Party. I thank the Senator from Michigan for his statement along that line.

Let me suggest to the Senator from Missouri that building up the east and west trade between the satellite countries, if necessary, and western Europe, is for the advantage of western Europe. We are not shipping, and our information is the western European nations are not shipping any war materials to countries behind the iron curtain. But to cut off all trade between western Europe and the satellite countries would impose upon the United States a greatly increased burden in carrying out the program. We would have to go deeper into the Treasury. We would have to get more of the people's money, about which Senators eloquently speak. So that is the reason we want, so far as possible, to have normal trade between western Europe and the satellite countries. Divert it from Russia. Get it away from Russia. Let Russia do business with the western European nations that are not sending war materials to the satellite states or to the Soviets.

Mr. GREEN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Rhode Island?

Mr. CONNALLY. I yield.

Mr. GREEN. I thank the Senator. I thought in reply to the suggestion of the Senator from Indiana that the definition of raw materials be included, that the term "war materials" is not used in the act in connection with the subject he was discussing. The language of the act is:

The Administrator is directed to refuse delivery insofar as practicable to participating countries of commodities which go into the production of any commodity for delivery to any nonparticipating European country which commodity would be refused export licenses to those countries by the United States in the interest of national security.

So there is the definition, if one is needed, of "war materials," although the term is not used. In other words, it



seems to me that is as definite as it could be.

Mr. JENNER. Mr. President, will the Senator yield? I should like to try to make my point clear.

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Indiana?

Mr. CONNALLY. I hope the Senator will be brief.

Mr. JENNER. I shall be.

Mr. CONNALLY. I want to get through. I want to conclude this discussion.

Mr. JENNER. It will not take more than half a minute.

Mr. CONNALLY. I have given the Senator an opportunity once to discuss it.

Mr. JENNER. It will not take more than half a minute.

Mr. CONNALLY. I yield. I reserve the right, however, to refuse to yield any further.

Mr. JENNER. I may say to the Senator from Rhode Island the country is very short of manganese. Our great supply of manganese comes from Russia. There should be some definition of a strategic material of that kind, prohibiting the countries we are helping through the European recovery plan from shipping manganese to the satellite countries. We need manganese. If they have any to ship, they surely should ship it to us in exchange for the assistance we are giving to them.

Mr. CONNALLY. We are receiving manganese from Russia now.

Mr. JENNER. I understand.

Mr. CONNALLY. Does the Senator wish to see that cut off?

Mr. JENNER. Of course not. But in all likelihood Russia herself will cut it off or greatly reduce it. Therefore, if England or France or any of the other countries we are aiding has manganese, rather than send it to Poland or Czechoslovakia, or some other place, let them send it to us. If that is unreasonable, I am crazy.

Mr. CONNALLY. Mr. President, I should like to continue with my remarks, if I may. I may say with regard to the interruptions, of course the Foreign Relations Committee and the chairman of the committee want to preserve the peace of the world. We do not want war materials to be shipped to Russia or to the satellite countries. Such materials are not now being shipped to those countries, according to the regulations of our Department. I thank the Senator from Rhode Island for making clear a portion of that matter. We do not need the definition. We are not setting ourselves up as a dictator. We do not profess power merely to put our finger on any country we want to, and say, "Now, do not do that, do not do this." We must act through normal channels.

Mr. President, the committee has approved the sum of \$1,150,000,000 to enable the program to continue for the 3 months' period from April 3 to June 30, 1949. Since substantially all the funds available to ECA will have been obligated by April 2, it is absolutely essential that the authorization be approved at an early date. I adverted to that a

little while ago, stating that although the money may not have been actually paid over, if it has been obligated, it is in effect already expended.

ECA's experience has demonstrated that, in order to handle procurement effectively, a substantial amount of funds should be available at least 2 months in advance. For this reason, the committee has approved a Reconstruction Finance Corporation advance of \$750,000,000. There must be no loss of momentum in the procurement program, no disruption in the stream of supplies. We must not lose ground.

The committee also authorized the sum of \$150,000,000 for forward contracting, so that equipment for vital long-term projects may be contracted for without falling excessively upon a country's allotment in any one year. It is important in launching such projects that some assurance be given to American contractors that they will receive payment for their equipment after 1950. No appropriation will be required for this purpose during the next fiscal year.

We looked carefully into the effect of lower prices upon both the program requirements and the dollar-earning capacity of the ERP countries because any price decline can cut at least two ways. A price decline may mean not only lower prices for the goods Europe buys, but also lower prices for the things it sells. It ought to be more feasible to foresee the price trend when the authorization comes to the attention of the Appropriations Committee.

To sum up, Mr. President, the committee examined the authorizations in the present bill with painstaking care. While we approved the full amount requested, I want to emphasize that the members of the committee are, of course, free to reconsider these figures when the final vote is taken on the appropriation.

In making this statement I do not want to detract one iota from the committee's endorsement of the full amount.

Mr. President, some doubt has been cast upon the validity of ECA's figures as a result of the speech recently made by Mr. Mayhew, British Parliamentary Under Secretary for Foreign Affairs.

I am sorry that the Senator from Missouri is not present at this moment to hear my discussion of the British statement which was made some time ago. I hope the Senator from Utah will remain.

Mr. WATKINS. I intend to remain.

Mr. CONNALLY. In that speech Mr. Mayhew indicated that Britain's recovery is now virtually complete. We all rejoice with them in the progress made. However, I think it can be expected, from time to time, that European officials will make optimistic speeches of a political nature especially designed to convince their constituents at home of the desirability of certain domestic policies and couched in such terms that Americans might question the need for further American aid.

Mr. Mayhew, as I recall, was making a speech defending his party and seeking justification for the action of his party in not going ahead with some of the na-

tionalistic plans and programs. So, as a matter of defense, he stated:

We do not need to use so much money in these enterprises. We have already largely recovered under the ECA program.

We were not satisfied with the newspaper reports. The committee's analysis left no doubt that, in spite of encouraging British internal recovery, she still is unable to earn all the dollars required for essential imports.

There is a difference between internal recovery and external recovery. We all know that the clamor has been for more dollars. Most of the European countries have large amounts of their own currency, but they want dollars, because dollars constitute the only kind of money that is accepted as being worth anything.

Since Mr. Mayhew's statement, this has been explicitly confirmed by Sir Stafford Cripps and other high British officials. Moreover, the committee recalled Mr. Hoffman and Mr. Finletter, chief of our ECA mission in London, and examined them very carefully on this point. We must conclude that any substantial cut in dollar aid to Britain would be a tragic mistake. It would seriously retard British and European recovery.

All of us know that the United Kingdom is the heart of the European situation. We know that she has dominated the economy of Europe in the past, so that anything that would seriously impair her recovery would react unfavorably upon the progress of Europe.

The estimated British requirements for dollar aid next year already represent a 24 percent cut over last year, compared with a 15 percent reduction for the ERP countries as a group.

We are making some progress. We are not giving Great Britain as much as was involved in the last bill. The cut in the amount allotted to the United Kingdom is greater than for all the rest of the ERP countries.

Clearly this is an excellent example of the principle that, with respect to European recovery, we cannot afford to be short-sighted. We must take a broad view of the entire program and never lose sight of its basic objectives.

Mr. President, let me summarize briefly some of the other amendments approved by the committee.

First. We have amended the preamble to the act to make clear that it is the policy of the people of the United States to encourage the unification of Europe.

That does not mean politically. The real impetus toward unification of course, must come from the people of Europe themselves. It is not the province of the United States to dictate to Europe. We can sympathize with her and be of aid to her, but she must dictate her own policies as to unity in the future.

Second. We have approved a higher status for the Deputy United States Representative in Europe and the chiefs of the ECA missions abroad. This we did because of the great importance of their work.

There is a slight improvement in salary and rank. When a man gets into foreign countries he must have rank, lots



of rank. The officials of foreign nations do not like to have to associate with anyone who is not on a very high level.

Third. We have changed the basic act to provide that 15 percent instead of 25 percent of all wheat shipped with ECA funds should be in the form of flour. We believe this amendment is desirable because of the changing supply situation.

We had very great pressure brought to bear on the committee to leave the figure at 25 percent. The millers were anxious to be able to make as much wheat into flour as was possible. The Senator from Kansas was very active. The committee heard him patiently, but, all things considered, the committee determined that 15 percent was a better ratio than was 25 percent.

I think, on the whole, it was acceptable to the milling interests.

Fourth. We have made it possible for the Administrator to continue to guarantee the convertibility into dollars of foreign currency secured from new American investments in the participating countries. Thus far progress in this direction has not been encouraging. It is expected, however, that under the stimulus of this guaranty, American capital will increasingly seek investment opportunities abroad as Europe recovers.

The House bill, in this respect, has much broader provisions than has the Senate bill. We simply provide that American interests can make investments abroad and we will guarantee the conversion of their foreign money into United States dollars, but we do not guarantee their profits or anything more than convertibility. We think that is a sound policy.

Fifth. We have clarified the 50-50 shipping provision by making it quite clear that 50 percent of ERP goods should be shipped in American vessels to the extent these are available at market rates for United States flag vessels.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. AIKEN. Does that provision mean 50 percent of the goods of each country, or of the nations as a whole?

Mr. CONNALLY. The nations as a whole.

Mr. AIKEN. That means Holland, of course; and Norway is one of the ECA countries, is it not?

Mr. CONNALLY. That is correct.

Mr. AIKEN. Norway can certainly not recover unless she is permitted to rebuild her shipping. We would not require Norway to accept half of the ECA goods in American bottoms.

Mr. CONNALLY. No; we give them 50 percent of the total, and we do that in order to help the maritime nations to continue in business. The business must be available at the same rates which American-flag vessels charge.

Since United States flag vessel market rates are often higher than world market rates, the amendment which I have been discussing provides additional protection for the American merchant marine.

Mr. AIKEN. Does that mean that no goods can be shipped at rates which exceed the American merchant marine rates?

Mr. CONNALLY. No; it means only the 50 percent.

Mr. AIKEN. But there are no countries where the shipping rates are higher than in our own merchant ships.

Mr. CONNALLY. I do not think there are. That is why it is necessary for us to look after this, in a way.

These higher freight costs, however, add not only to the dollar costs of the program but also to the prices paid by buyers in Europe in their own currencies. Thus the effect is inflationary on prices in Europe. This has been especially serious in the case of coal and, among other things, has caused the participating countries to pay higher prices for Polish coal than would otherwise have been necessary.

I am not quite sure as to how that can be explained, but I think it can be explained in this way: The cost of the freight has been added in the past to the price of the coal, so that when it reaches Europe, Poland, in order to compete, in order to get all the profit it can, added the freight to its cost, and sold its coal with the cost of the freight added, thereby getting a larger percentage of profit than it was really entitled to.

Mr. AIKEN. That situation has improved, has it not, to the extent that the ECA countries are getting into such a position that they are not dependent on either Poland or the United States?

Mr. CONNALLY. They are improving, but still they have to get a great deal of coal from Poland. Poland is a great producer of coal, and it was to take away some of their undue profits that this provision was drawn up.

The committee found that the effect on European prices could be overcome if the Administrator were authorized not to require the deposit of local currency counterpart funds to cover the increased costs of shipment in United States vessels. Accordingly, we provided that deposits should not be required in such cases. That was for the purpose of equalizing this situation.

Sixth. In the field of strategic and critical materials—I regret the Senator from Arkansas is not on the floor—we have reemphasized the position of ECA by directing that the Administrator should continue to make the fullest use of his bargaining power to help the United States acquire the materials it needs. With the approval of the Bureau of Federal Supply, and with funds available to other agencies for this purpose, the Administrator may enter into long-term purchase contracts for the United States. The committee action does not restrict other United States agencies from stimulating production or purchasing materials in other parts of the world.

In other words, we authorize the ECA to utilize its bargaining power in stimulating the production of these strategic materials, which we may need, but we use and employ for their purchase the funds of the particular department which desires to utilize them, for instance, Army, Navy, or the merchant marine. Their funds are what will be used for paying, but the ECA, because of its contacts abroad and its bargaining power, is authorized to carry on that sort of work. The Bureau of Federal Supply is the over-

all supply market, and we use their funds with which to purchase these materials.

Seventh. The committee decided not to continue the requirement of the present act that certain fixed amounts should be used only in the form of loans. Loans, however, can and should be used wherever they can be made on a sound basis.

The issue that probably exercised the committee most—the relationship of surplus commodities and United States business generally to the ECA program—resulted in no amendments basically altering the nature and purpose of the recovery program. Last year the ECA bill provided protection against inflation and serious shortages of certain types of commodities. It also required the Administrator to take account of agricultural surpluses under certain conditions consistent with the objective of promoting European recovery.

The committee agreed unanimously that the Administrator should give sympathetic consideration and attention to the use of United States surplus commodities and should not discriminate against the use of American services. On the other hand, the committee did not subscribe to the proposition that the Administrator should be compelled to use large quantities of surplus commodities which are not needed for European recovery. Nor should he be compelled to give preferential treatment to any particular segment of American business.

There was a good deal of pressure on the committee to set up devices by which the producers of certain commodities would have preferential shipment of their commodities to Europe. We founded our action upon the fundamental principles which I have undertaken to enunciate in the last few minutes.

It is true that various American businesses have experienced losses of foreign markets because of the acute dollar shortage. Yet without the ECA, and without the hope of general European recovery and consequent increased world trade, American business would face a host of economic barriers and even greater losses of markets.

The committee rejected an amendment which would have required the Administrator to cut off aid to any country which fails to comply with the orders or requests of the Security Council of the United Nations.

At this point I yield to the Senator from Michigan, if it is desired. I am getting down to the Indonesia project, if he cares to discuss that.

Mr. VANDENBERG. No; I suggest that we discuss Indonesia when the amendment is brought up.

Mr. WATKINS. Mr. President, I should like to indicate to the Senator from Texas that when he has finished his main presentation I have some questions I should like to ask him before he yields the floor, if he will be so gracious as to permit it.

Mr. CONNALLY. I shall examine the questions when they are propounded. I do not care to make any general promises. If the Senator is going to try to hijack me, I shall have to decline to yield further.

Mr. WATKINS. I said that when the Senator concluded his main speech I



wanted to ask him some questions. If he does not want me to ask them, he may so indicate.

Mr. CONNALLY. I shall wait and take the chance. The Senator has a very shrewd and aggressive mind, and I am sure his questions will be right to the point.

I remind the Senate that the imposition of sanctions is thoroughly covered in the Charter. That is a matter for the Security Council to determine. It would, therefore, be totally improper to use the ECA, an agency of the United States, to apply sanctions unilaterally in such a case.

I know that many Senators are disturbed lest our assistance to the Netherlands contribute toward that government's military operations in Indonesia. Let me review briefly the facts. Originally the ECA had allotted \$84,000,000 to the Netherlands Government for use in Indonesia. On December 22, 1948, however, that part of assistance to the Netherlands intended for Indonesia was cut off. That was our act. We cut it off. This was done because the outbreak of hostilities and the resultant disorder there made the further investment of ECA funds unjustifiable.

After a careful examination of the evidence, the committee was convinced that continued aid to the Netherlands will not contribute in any significant degree to the support of its operations in Indonesia. According to our information, the Dutch have not incurred heavy military expenditures, either in dollars or in other resources, in excess of their expenditures in that area prior to December 21. Moreover, it is reported that these operations are supported from local revenues and do not constitute a charge against the national budget of the Netherlands Government.

Under these circumstances it seems to the committee most unwise to cut off aid to the Netherlands and thus completely disrupt Dutch recovery and seriously impair the entire European recovery program.

I should like to remind the Senate that the Security Council is actively engaged in working out a solution of this entire Indonesian problem. It would, therefore, seem best to concentrate our efforts on assisting in reaching a collective answer in the Security Council, which might be complicated if we should now insist on taking unilateral action to deal with one segment of the problem. This course would be consistent with our policy of support for the United Nations.

I profoundly hope that a solution will soon be found, in view of the important contribution the production of a peaceful Indonesia can make to European recovery.

With respect to the timing of action on aid to China, it is believed appropriate that China should be dealt with separately in relation to the unique circumstances that exist in that country. That is also the attitude of the House of Representatives, in which a bill has been introduced on that subject, and which provides that it should not be involved with the general terms of the bill we are now considering. The highly fluid and un-

certain character of the Chinese situation, including the exact outcome of political negotiations now being attempted between the Chinese Government and the Chinese Communists, distinguishes sharply the problem of aid for China from the long-range reconstruction measures being undertaken for Europe. It was with similar considerations in mind that the Congress last year limited its concept of aid for China to 1 year rather than to 4 years as in the case of the European recovery program. It would be inappropriate and misleading at this juncture to act on the two situations simultaneously.

I am in complete agreement with the 50 Members of the Senate, who recently addressed a letter to the Committee on Foreign Relations that our policy toward China is of the utmost importance. The basic problem which confronts us is this: What is it feasible to do under existing circumstances?

I will say to the Senate that the Committee on Foreign Relations has been giving extensive attention to this question. Many men who are supposed to be acquainted with conditions in Asia have appeared before us. The matter is still before the committee, and may result in some action before the present bill is concluded.

Mr. AIKEN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Vermont?

Mr. CONNALLY. I yield.

Mr. AIKEN. As one Senator whose name appeared among the 50 signers of the letter, I should like to say to the Senator from Texas that it certainly was not my intention to ask the Foreign Relations Committee for aid to China. As I recall the letter, it asked the committee to consider a bill introduced by the Senator from Nevada. I was somewhat mystified to read the complete letter later, but I want to assure the Senator from Texas that, as 1 of the 50 Members of the Senate who signed the letter, it certainly was not my intention to ask for aid to China at this time.

Mr. CONNALLY. I thank the Senator from Vermont. We construed the letter as he says he intended it to be construed—not that the signers were committing themselves to any particular measure but that the signers of the letter were asking the Committee on Foreign Relations to give attention to the Chinese situation, and we have done so and are continuing to do so. Even today, all morning, we had a distinguished man before us who knows China, and who gave his testimony on the subject until noon.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I yield.

Mr. SALTONSTALL. If the question is not a proper one the Senator from Texas, of course, will not answer it. While it is going over the Chinese problems is the committee at the moment considering any concrete recommendation from the administration?

Mr. CONNALLY. Does the Senator mean the executive administration?

Mr. SALTONSTALL. Yes.

Mr. CONNALLY. Representatives of the executive department have appeared before us, but I am not at the moment prepared to divulge what they have had to say, because the proceedings have been held in executive session. I will say to the Senator from Massachusetts that we are giving consideration to all aspects of the Chinese problem with a hope that we can contribute something to its solution, although it has not gotten down to the point that the committee is prepared to recommend at the moment any particular action, except the committee will probably recommend—it has not done so yet, but I think it will—that the unexpended balance of from about \$56,000,000 to \$58,000,000 for the 3 months' period, allocated to China, may be extended and continued for another period, and that it may be expended. Further than that, though, we have not gone.

Mr. SALTONSTALL. Then, there is no public—and that is the only thing I am asking—no public recommendation from the executive department to the Congress, at the time, with relation to China?

Mr. CONNALLY. No. I will say to the Senator that Judge KEE, Representative from West Virginia, introduced a bill which represents, as I understand, the view of the ECA on the subject. The Senator can consult that bill.

While there is little we can do at this time to determine the course of events in China, it would be consistent with our traditional friendship for the Chinese people if, in the face of their adversity, the United States were to continue its economic relief until the next harvest in areas of China that remain free of Communist domination. I would, therefore, support an ECA request for congressional action to extend the authority of the China Aid Act of 1948 to permit commitment of unobligated appropriations for a limited period beyond April 2, 1949—that is the matter I discussed a moment ago—the present expiration date of the act, and to authorize the President to extend aid to such beneficiaries in China as he may determine. That is in order to give its operation some elasticity. Events in China are changing—they are fluid—and we do not want to be tied down to any particular course at the moment. Meanwhile, if the situation in China should clarify itself sufficiently, consideration could be given to such further measures as might be appropriate.

Before concluding my comments, let me dispel one doubt that may be lurking in many minds. A recent OEEC report indicated that, according to present calculations, the participating countries might still confront a balance of payments deficit in 1952 of some \$3,000,000,000. In some quarters this report has been interpreted to mean that western Europe cannot become self-supporting in 4 years and that we will be compelled to continue our assistance even after the program is over.

In my judgment, this is a complete misunderstanding of the OEEC report. The report merely states, with utter candor, that present program plans are



not entirely adequate to make western Europe self-supporting by the end of the program. It is not a request for more funds. Rather it is a warning that the participating countries must tighten their belts and make the necessary adjustments in their programs in order to avoid the deficit referred to.

It has been repeatedly emphasized and the participating countries are left in no doubt that they must put themselves in a position by mid-1952 to be independent of extraordinary American aid. We do not expect to continue this program beyond that time. We shall not continue this program beyond that time. Participating countries must understand that such is our position. It is contemplated that, just as the proposed appropriation for next year is considerably below that of the first year, so even larger reductions may be made as recovery proceeds, until the time when such aid is no longer required.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. KNOWLAND in the chair). Does the Senator from Texas yield to the Senator from Massachusetts?

Mr. SALTONSTALL. I wish to ask the Senator a question in relation to dollars and deficit dollars, and so on. Would the Senator prefer that I wait with my question?

Mr. CONNALLY. I should prefer to have the Senator wait, but I will yield now, if he so desires.

Mr. SALTONSTALL. The Senator has been talking about the deficit in dollars estimated for 1952. My question is with relation to the blocked-sterling countries, our ability to trade with those countries, and their general situation. Are they in a better position than they were a year ago or is their situation likely to continue beyond 1952?

Mr. CONNALLY. I think they are in a better condition because of the general improvement in trade and economics, but I cannot answer the latter half of the question.

Mr. SALTONSTALL. I bring that question up because, in order to make this program successful, the European countries which we are aiding must reduce their imports from us and increase their exports. That means we would have less opportunity to trade with those countries.

Mr. CONNALLY. That is true.

Mr. SALTONSTALL. If our domestic employment drops, we should be able to trade with other countries. It is my understanding that there are various other countries with which we cannot trade today because of the blocked-sterling condition. I wonder if the Senator would be willing to elaborate a little on the problem and state whether or not the situation is improving, so that our trade can go elsewhere if it cannot go to the European countries.

Mr. CONNALLY. I can make only a general statement. I think the last part of the Senator's statement is correct. There are other countries in which there can be an expansion, but at the moment I cannot go into detail as to the operations in the blocked-sterling countries.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. AIKEN. The Senator from Texas has indicated that he believes the United Kingdom will be much better off as regards the dollar shortage by the year 1952. Does the Senator from Texas base this opinion on the expectation that Great Britain will need less dollars by that time, or that her exports and trade with this country will have increased, so that she will have more dollars?

Mr. CONNALLY. I think I agree to both prongs of the Senator's question. I think her exports are going to increase and her general economic level will rise.

Mr. AIKEN. The Senator believes there will be some improvement in both respects?

Mr. CONNALLY. I think there will be some improvement in both respects.

Mr. AIKEN. I thank the Senator.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. ELLENDER. I must soon leave to attend an Appropriations Committee meeting and regret that I will not be able to hear the rest of the remarks of the able Senator on the important bill now pending. I should like to ask the Senator a question.

As I understand, when we provided European recovery funds last year there was a provision in the bill which stated that at least \$1,000,000,000 would be in the form of repayable loans.

Mr. CONNALLY. Not quite \$1,000,000,000. It was \$900,000,000.

Mr. ELLENDER. I understand that that provision has been stricken from the law by the amendment which appears in the measure now up for consideration. Is it the intention of the sponsors of this bill to make the entire amount of funds available to our friends in the form of gifts and grants?

Mr. CONNALLY. We did strike that provision.

Mr. ELLENDER. Is it the intention of the committee that the \$5,400,000,000 is to be in the nature of gifts, rather than a part of it in loans, as is provided for in the present law?

Mr. CONNALLY. A part of it will be grants, and a part of it will be loans.

Mr. ELLENDER. Who is to determine the extent to which a certain portion shall be grants, and how much shall be loans?

Mr. CONNALLY. Primarily the Administrator will determine that question.

Mr. ELLENDER. Can the Senator tell us who initiated such a plan?

Mr. CONNALLY. The Administrator is supposed to consult with the National Advisory Committee with regard to these loans.

What was the other question?

Mr. ELLENDER. Who initiated such a change in the law?

Mr. CONNALLY. I cannot state at the moment who initiated it.

Mr. ELLENDER. The Senator is chairman of the committee. I presume he should be in a position to say who brought it up.

Mr. CONNALLY. I do not have to know who wrote this paper, or on what

typewriter it was written. We have the plan before us. That is the important thing.

Mr. ELLENDER. Who suggested that the change be made from earmarking \$1,000,000,000 for loans and the rest by way of gifts, as is now provided by law?

Mr. CONNALLY. The Administrator.

Mr. ELLENDER. What was the reason he gave for such a change?

Mr. CONNALLY. I cannot tell the Senator all his reasons. The Senator asked me who did it. The Administrator did it.

Mr. ELLENDER. He must have advanced some very good reasons to change the mind of the Senator from Texas. I should like to know if the Senator can give us some of those reasons.

Mr. CONNALLY. He needed greater authority, greater discretion, and greater leeway. He did not want to be compelled to make the loans unless he felt that they were justified and should be made, and were sound.

Mr. ELLENDER. Does the record indicate that some of the urging for a change might have come from the recipients abroad?

Mr. CONNALLY. No.

Mr. VANDENBERG. Mr. President, will the Senator yield to me for a supplemental comment?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. The Administrator and the advisers behind him came to the conclusion, when they had almost reached the \$1,000,000,000 limit of loans under the old system, that they had exhausted the possibilities of making advances under the program which legitimately could be made in the form of loans. In other words, if it were done in the form of the loans beyond the limit already established by the \$1,000,000,000 limitation, in the first place the loans would not be honestly entitled to be called loans. They would really be camouflaged loans. Secondly, they would be a charge against the credit of the beneficiary country, in the form of a fixed charge which simply could not be liquidated in connection with the economic program. So, having exhausted the basis for the legitimate use of the loan device, it is my understanding that the Administrator wished to proceed not only with complete candor, but with the most advantageous economic effect of grants instead of loans from this point on, except in the cases of three or four, or perhaps five participating countries, which will never receive anything except loans.

Mr. ELLENDER. Mr. President, will the Senator yield for a further question?

Mr. CONNALLY. Just a moment. Let me say to the Senator from Michigan that I think he is correct in the main; but under this bill the Administrator will still have the power to make loans.

Mr. VANDENBERG. I have just said so.

Mr. CONNALLY. In the cases of countries which are good credit risks.

Mr. VANDENBERG. I have just said so.

Mr. LODGE. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.



Mr. LODGE. On page 18 of the committee report is a very concise statement which responds precisely to the question of the Senator from Louisiana. I should like to read it:

The committee heard testimony from the Administrator and the Secretary of the Treasury to the effect that it would be unwise in the coming year to stipulate a fixed amount for loans as had been done last year. It was pointed out that many of the participating countries are already heavily committed for the repayment of dollar loans and that such countries would need dollar-borrowing capacity to carry them after the end of the European recovery program. The witnesses recommended that the Administrator be given discretion in determining the amounts of loans to be made. He would, as required by the law, consult with the National Advisory Council on International Monetary and Financial Problems in making his decisions. Testimony indicated that the Administrator would plan to extend aid in the form of loans to certain countries which clearly would have the capacity to repay dollars without undermining their financial position after the end of the program. The committee was impressed with the validity of the consideration advanced and decided to require no fixed amount of the appropriation to be used in the form of loans. At the same time the committee clearly expressed its view that loans should continue to be an integral part of the program and should be used wherever they can be made on a sound basis.

Mr. CONNALLY. That is correct.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. ELLENDER. As I understand that language, it leaves it to the Administrator to determine the extent to which loans should be made, and to whom.

Mr. LODGE. After consultation.

Mr. ELLENDER. After a determination that the country would be able to repay after this program is at an end; is that correct?

Mr. LODGE. That is correct, with this additional statement, that the Administrator must consult with the National Advisory Council on International Monetary and Financial Problems. So he is not completely a free agent.

Mr. ELLENDER. Would not the Senator say that the Administrator has a free hand to make a loan, or to make a gift?

Mr. CONNALLY. No; I do not think so.

Mr. ELLENDER. What limitation is there?

Mr. CONNALLY. As pointed out by the Senator from Massachusetts, he must consult the National Advisory Council. This provision was inserted in order that he might use his discretion in passing upon the validity of a loan and the prospects of its being repaid, as well as the soundness of the financial condition of the country involved.

Mr. ELLENDER. All of that may be true, but there is no law providing for a portion of the amount appropriated to be insured by loans. I am not impressed with the reasons given by the Administrator. He states, in effect, that loans should not be made, because it might upset the economy of those countries; that

they might not be able to repay us. I wish that the same yardstick be used in determining our ability to advance these funds. I fear that with our enormous debt and with all of the things we are now being asked to do may seriously affect our ability to pay our own huge debt. What if we default? I do not like to contemplate the future should that occur.

In all events, my guess is that most of this money will be distributed in the shape of gifts, and that any loans as now contemplated by the existing law will be entirely abandoned.

Mr. CONNALLY. Of course, the Senator from Louisiana is entitled to his own views on that subject.

Mr. MCKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Does the Senator from Texas yield to the Senator from Tennessee?

Mr. CONNALLY. I yield.

Mr. MCKELLAR. I should like to know whether the Senator from Texas has the figure as to the number of loans actually made in the last year.

Mr. CONNALLY. Yes; approximately \$900,000,000 worth.

Mr. WATKINS. Mr. President, I should like to hear what is being said. I ask for order in the Chamber, please.

Mr. CONNALLY. Mr. President, we invite the Senator to move closer. My reply was, nearly \$900,000,000 in loans.

Mr. AIKEN. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I yield.

Mr. AIKEN. Suppose the Administrator finds, let us say that \$100,000,000 is necessary to carry out the purposes of the program in a certain country.

Mr. KEM. Mr. President, we cannot hear over here.

Mr. AIKEN. I said, suppose the Administrator determines that \$100,000,000 is necessary to carry out the purposes of the program in a certain country; and suppose that then the officials of that country say to the Administrator, "That is all well and good; but if we had \$30,000,000 more we could put ourselves in a still better position." Would the Administrator then have the right to lend that country \$30,000,000, in addition to the \$100,000,000 grant?

Mr. CONNALLY. Yes. Of course these programs are supposed to be processed first by the OEEC, and they make their recommendations. After that, if the Administrator wished to review the recommendations, and if he found affirmatively that the other \$30,000,000, in addition to what he had intended to allocate, would be repaid, and if he found that it would be a sound loan and, in the nature of things, would receive the approval of the National Advisory Council on International Monetary and Fiscal Affairs, he would make it.

Mr. AIKEN. Of course he might find that the repayment of the \$100,000,000 would work an insuperable hardship on that nation, but that the repayment of the \$30,000,000 would not.

Mr. CONNALLY. Of course the Administration might find that to take the

\$30,000,000 from the pot might result in taking that amount of money away from another country which was in as much need as was the country which was applying for that much additional aid.

Mr. AIKEN. I realize that.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. TAFT. I should like to know where I can find the figures for the requests for funds for both the whole year and the 3-month period between April 1 and July 1, 1949. In a rather hasty examination, I have not been able to find those figures.

Mr. CONNALLY. Let me say to the Senator that those figures are to be found in the report of the Committee on Foreign Relations, and also in the hearings. They appear on page 11 of the committee report, under the heading "European recovery program—United States aid, 1948-49 and 1949-50."

The figures are shown in millions of dollars.

Does that meet the Senator's request?

Mr. TAFT. No; I should also like to know where I can find a division of the \$1,150,000,000 requested for the next 3 months; I wish to know whether there are any such figures as to that sum.

Mr. CONNALLY. I do not know whether I can find that, but we shall make a search for it.

I have here a statement as to the \$1,150,000,000 from April 3, 1949, to June 30, 1949. I do not know that it has been printed, but I shall make it available to the Senator.

Mr. TAFT. I shall be glad to have it, if I may.

Mr. CONNALLY. Certainly.

Mr. TAFT. I thank the Senator.

Mr. CONNALLY. Mr. President, while considering this legislation, the Foreign Relations Committee was constantly aware of the fact that the European recovery program is only one of the assistance programs that the United States plans to undertake in the coming fiscal year. An estimated \$600,000,000 will be asked for aid to China and Korea—I do not know whether they will be granted, but it is requested—and for military aid to Greece and Turkey. Six hundred million dollars was supposed to cover all those items. Another \$1,000,000,000 will be spent for relief in the areas occupied by the United States Army. Through the International Refugee Organization and the displaced-persons program, the United States will be giving additional assistance for relief and rehabilitation purposes. According to the President's budget, the estimated expenditures for these assistance programs, including ECA, for fiscal 1950, will total a very substantial sum. The committee kept these figures constantly in mind to make certain that the United States does not exceed its resources.

I do not wish to pursue at the moment the details of the Atlantic Pact, the text of which has recently been released, and which will soon be before the Senate for its consideration. But, Mr. President, question has been raised as to whether the contemplated military-assistance



program will interfere with the execution of the recovery program by the diversion of European manpower and materials for defense purposes. Obviously, no categorical answer can be given to this question at this time, because the military-assistance program is still in the process of formulation.

As I understand it, preliminary estimates indicate that the military-assistance program will be well within the ability of the American economy to support it. Furthermore, any additional military efforts which the participating countries may undertake as their part of the program are not expected to constitute, in 1949-50, such a drain as to interfere with the progress of economic recovery. The Congress will have ample opportunity to look into this problem in detail when it is confronted with the text of the military-assistance bill.

For our part, I should like to make clear that the basic policy of the United States Government is to accord economic recovery a clear priority. It is our expectation that any possible additional military production by the European countries will be in such a manner as not to jeopardize economic recovery and the maintenance of financial stability. The military-assistance program should, in fact, have a beneficial effect on economic recovery by strengthening the feeling of confidence and security.

The United States is vitally concerned in the threat of totalitarian and tyrannical powers to overrun the entire world by infiltration, by political agitation, and by the stimulation of economic and political confusion. Their objective is to influence the democratic nations of the earth, to conquer them with their evil powers, and to bring them within the domain and control of the despotism which they promote. The United States is devoted to the preservation of freedom and democracy, a system under which the people of respective nations may institute and maintain systems of government and ways of life suited to their own concepts of liberty and to their own economic, social, and political needs. The poisonous doctrines of communism, directed by a strong and powerful state, have made repeated assaults upon the countries of western Europe in order to disturb and destroy their economic rehabilitation and the strength of their systems of government. One of the cardinal motives in establishing the economic-recovery program has been the desire of the United States to aid the countries of western Europe in resisting conquest by these false and noxious policies.

Even after the establishment of the ERP these influences have endeavored to wreck its operations and to discredit its activities. The underlying purpose of such attacks is to create confusion and uncertainty in the economic and political life of free democracies. Confusion and dissatisfaction are rich soil for the propagation and growth of communism and anarchy. The enemies of democracy, through infiltration and poisonous propaganda, hope to weaken and destroy real democracy, to substitute in its stead the tawdry theories of communism, and

to erect in its place a tyranny as galling and as heartless as any system in the history of the civilized world. Dominated by an oligarchy, small in numbers but wielding tremendous power, it hopes to centralize into one dictatorship all the powers of government, to destroy government under law and the liberties of mighty peoples, and to control all forms of economy and the activities of millions upon millions of human beings. Their future would depend upon the caprice and arbitrary action of a mighty group responding to no consideration except their own perverted and destructive will and their desire to enslave millions of people in obedience to that will.

Our European partners remain in the ranks of the democracies with growing vitality and faithful to free institutions and the goal of peace. They have resisted the corrosive, but cheap and ugly, doctrine of communism that destroys and corrupts, the doctrine that assails both the dignity of man and the morality of God.

Nothing must be left undone to protect the right of participating nations and America's right to live and work in peace, within the aspirations and obligations of the Charter of the United Nations. This is an objective calling for balanced statesmanship and high patriotism. Its achievement is of world significance.

The United States will not shirk its responsibility. It will give its influence, its resources and its strength to this lofty task.

Mr. WATKINS and Mr. KNOWLAND addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I may say to Senators I shall be glad to yield, but I am very tired. I have been on the floor now for more than 2 hours. I yield first to the Senator from Utah. He was on his feet several times, some time ago.

Mr. WATKINS. Mr. President, I may say to the distinguished chairman of the Foreign Relations Committee, I do not care to press my questions now, if he is weary. I shall take them up at some later time.

Mr. CONNALLY. Could the Senator not properly take them up when amendments are being considered? I do not want to decline to yield. I shall answer the Senator, but I am very tired.

Mr. WATKINS. I have a number of questions, probably 15 or 20, that I should like to propound.

Mr. CONNALLY. I hope the Senator will withhold them. If I were assailed with 15 questions at once, I should probably collapse.

Mr. WATKINS. In view of the statement of the distinguished chairman, I shall not submit them now, but I should like to propound them later.

Mr. CONNALLY. I shall be around and shall try to help the Senator. I always like to enlighten Senators who want information.

Mr. WATKINS. I need enlightenment, and I go to the source of information.

Mr. CONNALLY. I thank the Senator very much. I shall cooperate with him.

Mr. KNOWLAND. Mr. President, I may say to the Senator from Texas I have only one question, not fifteen or twenty. But I should like a slight clarification. I was presiding a short while ago when the Senator touched upon the subject of China, and I could not ask questions at that time. As I understand, in the bill passed last year, title IV, I believe it was, related to Chinese aid.

Mr. CONNALLY. That is correct.

Mr. KNOWLAND. I understood the Senator to say there was, either before the Foreign Relations Committee, or at that time, I thought, in the bill itself, some reference to China. Will the Senator repeat what he said a short time ago?

Mr. CONNALLY. I said that I personally would favor an amendment probably to the pending bill, before we get through with it, extend the authorization for the \$56,000,000 or \$58,000,000 contained in the original bill, which has not yet been expended, for the first 3 months, and providing for a continuation of the appropriation until it is exhausted. However, the House has a larger, more comprehensive, more extensive separate bill, which is before the House committee and which will be considered.

Mr. KNOWLAND. I understood the Senator to say there was a certain change in language to the effect that the amount should be allocated as the State Department might determine.

Mr. CONNALLY. No. It may be allocated by the President to anybody in China. The Senator can readily understand that conditions in the Far East are very fluid. We do not know when the Communists may sweep down and conquer the whole of China. Our purpose, however, was to limit aid to the non-Communist Chinese. We know no better way of doing it than to give the authority and discretion to the President to say for whom the money will be expended.

Mr. KNOWLAND. In other words, that might mean any non-Communist Chinese government that may be established in China, might it not?

Mr. CONNALLY. Any non-Communist government or non-Communist area or state. Does that answer the Senator?

Mr. KNOWLAND. That answers the question, though I may say, speaking solely on my own responsibility, I should prefer to have such an amendment to the pending bill, rather than to wait for subsequent legislation. I think it important, so far concerns the people of China, who are also having problems in keeping from being completely overrun and placed behind the iron curtain, to show at this time at least a gesture of interest on the part of the Government of the United States in the problems of the Far East.

Mr. CONNALLY. I may say to the Senator, I personally prefer to incorporate it in the pending bill as an amendment. But there are very strong reasons alleged by those who want a separate bill relating to China. I personally should favor a provision of that kind in the pending bill, which would not preclude a general bill at a later time if it were found desirable.



Mr. TAFT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Ohio?

Mr. CONNALLY. I yield.

Mr. TAFT. I should like to get certain information which I think may be useful during the course of the debate. Can the Senator tell me why, when we have appropriated \$5,000,000,000 which was to be used up by April 1, we, so far as I can ascertain have actually spent only \$2,900,000,000? In other words, according to the Treasury's daily report of March 22, the expenditures under the trust fund amount to \$2,160,000,000 on that day, and the expenditures through the Export-Import Bank amount to \$606,000,000; to which I add about \$150,000,000 spent prior to current fiscal year, prior to June 30, 1948, making, a total, according to my figures—and I want to know whether they are correct—of \$2,916,000,000 actually expended out of the Treasury on account of the first \$5,000,000,000 appropriation.

Mr. CONNALLY. I may say to the Senator, I have not seen his figures. I do not know what they are. I am referring the question to members of my staff, who will know.

Mr. TAFT. The figures are from the latest Treasury report, March 22.

Mr. CONNALLY. If the Senator will permit, I want to submit certain remarks at this point. The officials who are present with me advise that there is a lag of from 4 to 5 months between the time the obligation is incurred and the time payment is made, which accounts for a certain apparent lack of expenditure, when as a matter of fact there is no lack of expenditure, because the obligation stands, and must finally be met. But the actual payment is delayed some 4 or 5 months.

Mr. TAFT. Are not those payments made before the goods are actually shipped from this country? Does it not indicate that of the \$5,000,000,000 which may be obligated, only \$3,000,000,000 worth of goods have actually been shipped to Europe up to the present time?

Mr. CONNALLY. I am told that that is not correct.

Mr. TAFT. What is the fact? Surely the Government cannot buy wheat and not pay for it before it is shipped to Europe. I do not know as to manufactured goods.

Mr. CONNALLY. I will answer the Senator in this way: The fact that it is known that the goods are available makes it possible for credit to be extended on the strength of the fact that they will get the money in due time. Therefore it does not necessarily show up as a cash item.

Mr. TAFT. I still do not understand why, when we still have \$2,000,000,000 available, if we do not appropriate a cent until the 1st of July, it will go on just as it is going, and why we cannot begin cutting by the 1st of July while the present pipe lines are not only full but more than full, and why we would not be just as well off to wait until the 1st of July and not appropriate this sum for a 3 months' period.

Mr. CONNALLY. A pipe line must be fed from the other end, so there is a lag of 4 or 5 months between the time of incurring the obligation and the actual payment of the money.

Mr. TAFT. As a practical matter, we have talked about \$4,200,000,000, and that Great Britain was to receive \$940,000,000, but, as a matter of fact, Great Britain will get \$1,260,000,000, and it still has not received all the goods it was to receive under the last appropriation.

Mr. CONNALLY. That is for 15 months rather than for 12 months.

Mr. TAFT. The shipments under the last appropriation, so far as I can see, will continue up to the 1st of July, before all the goods are shipped. Is not that substantially true?

Mr. CONNALLY. Many things have actually been shipped which have not yet been paid for.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. CONNALLY. Mr. President, I yield the floor.

Mr. LODGE. Mr. President, I think we must bear in mind that this bill does not make appropriations. It is an authorization bill. By the time we get around to making appropriations we shall face two prospects which we do not face at this time. One is that a great deal more of the original appropriation, to which the Senator from Ohio has referred, will find its way to Europe, and the other is that we shall have a much more accurate idea of the cost. As I have said, this is an authorization bill and is, of course, not so precise as is an appropriation bill.

Mr. TAFT. Mr. President, do I correctly understand that the Senator from Texas has yielded the floor?

Mr. CONNALLY. I intended to yield it, but it did not stay yielded.

Mr. TAFT. I should like to raise another question—

Mr. CONNALLY. I want to answer the Senator, very briefly. The expenditures are running from \$400,000,000 to \$500,000,000 a month, so it does not take long to pile up quite a considerable sum.

I now yield.

Mr. TAFT. I understand that; but I still think we need not appropriate any more than \$4,280,000,000, and the pipe line would continue to be full all the time, from what I can judge from our past experience.

I should like to ask another question, because the point was raised by the Senator from Massachusetts.

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Ohio?

Mr. CONNALLY. I yield.

Mr. TAFT. The Senator from Massachusetts suggests that the amount can be revised in the Appropriations Committee. I want to ask the Senator whether he thinks it can be revised by the Appropriations Committee, or whether we will have the same difficulty we had last year. When the Appropriations Committee suggested it would cut a little off the appropriation the members were accused of being thieves and practically traitors to the country. It was stated that the original authorization was absolutely binding and that not a cent could

be cut off the appropriation. Will we be faced this year with the same situation, or does the Senator think that the Appropriations Committee really has a free hand in examining the amounts?

Mr. CONNALLY. I would say the committee has a free hand. It does not have to appropriate a nickel unless it wants to.

Mr. TAFT. I understand that; but I want to know if the distinguished chairman of the Foreign Relations Committee is going to take the position that the amount suggested is sacred, that it has been fixed by the authorization bill, and that the Appropriations Committee would be making a complete repudiation of the Foreign Relations Committee if it failed to appropriate the amount mentioned. That is what I want to find out.

Mr. CONNALLY. I would not go that far. I would wait until the time came and seek the information which would influence me in my action in the matter, and then do what I thought was right. I would not abuse the Appropriations Committee, as the Senator has insinuated. That is not a part of my technique.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Georgia.

Mr. GEORGE. Mr. President, I should like to call attention to page 13 of the report, and then I should like to make an explanatory statement. After having stated that the appropriations are not to exceed the amount specified in the bill, the report uses this language:

The committee recognized that the Appropriations Committee will have an opportunity to review these amounts at a later date and at that time the course of future prices may be more readily determined. It believes that the Appropriations Committee should carefully consider any changes in prices, both in imports to and exports from the participating countries, and the members of this committee are, of course, free to reconsider the authorized figures in voting on the appropriations. This statement should not be construed in any sense—

There follows an admonitory suggestion that this statement is not to be considered as in any way detracting from the committee's endorsement in general of the amount of funds requested, based on its own investigation. I should like to say to the Senator from Ohio that, among other Senators, I, as a member of the committee, insisted that I expressly reserved the right to support on the floor in this bill and, subsequently, in the appropriations bill, whatever amount I felt should be appropriated, and no more. We were told that all the estimates of the needs of the recipient countries were based upon the price level of November 30, last year. There has been some fluctuations in the price level since that time. That accounts for the use of the particular phrase, that the committee "believes that the Appropriations Committee should carefully consider any changes in prices," and so forth, when the final appropriation is made.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.



Mr. TAFT. The statement made by the Senator from Georgia, and the report itself, suggest to me this proposition, which the Foreign Relations Committee seems to be making, that this amount is the correct amount and that we should not criticize the Appropriations Committee if they reduce the appropriation only to the extent of reduction in prices of the goods.

Mr. CONNALLY. No.

Mr. TAFT. Is not that, in effect, what the Foreign Relations Committee is saying?

Mr. CONNALLY. No.

Mr. GEORGE. Mr. President, will the Senator yield further?

Mr. CONNALLY. I yield.

Mr. GEORGE. That was the view of of some members of the committee. I think some members took the view that unless there had been a substantial decline in the price level, the maximum appropriations called for should be made. But the Senator from Georgia did not take that view. I seriously reserved the right to consider other matters; in fact, there are other matters which I thought, all along, should have been considered.

I am now calling attention to the fact that we have tried to leave this matter open for the Committee on Appropriations in considering a substantial decline in price levels as against the price levels prevailing November 30 last on the goods or imports required by the recipient countries. We also tried to emphasize the fact that we were reserving the right to insist, at this time and subsequently when the Committee on Appropriations acts on what we believed to be justified by way of appropriations.

I call the Senator's attention to the fact, a fact he already knows, that we have not authorized flat appropriations. Each authorization in all the categories, for the 3 months and for the whole fiscal year, and for the contractual \$150,000,000 authorized, is not to exceed the amount stated. That of course is usual in connection with appropriation bills, and I confess that it oftentimes is meaningless, because when the Committee on Appropriations begins to consider the matter it can be easily pressed upon the committee and easily used by the committee as a more or less binding commitment. But in this case I think there is enough in the report to indicate that we were not undertaking to foreclose the Committee on Appropriations in respect to these amounts.

Mr. TAFT. Does the Senator from Texas agree with the position of the Senator from Georgia?

Mr. CONNALLY. There is in the report an explicit explanation that not only the members of the committee, but all the Members of the Senate, have a right to reconsider the matter when the appropriations come before the Senate. That is such a well-recognized principle that I am amazed at the Senator from Ohio doubting it.

Mr. TAFT. It is a principle which is not recognized by the newspapers of the country, and last year it was suggested,

in fact, it was in effect alleged, that anyone who attempted to take one cent off these appropriations below the amount authorized was repudiating a position which the committee had already taken. It is not understood by the people of the country. I am glad, however, to have it settled, at least by the leading members of the Committee on Foreign Relations.

Mr. CONNALLY. Of course, we are not responsible for what some blatherskite may say in a newspaper or out of a newspaper.

Mr. TAFT. I do not mean to imply that the editor of the New York Times or the editor of the New York Herald Tribune is a blatherskite, or that the editors of the other newspapers of the United States are. I am not accusing them. I am merely saying they do not understand the principle which the Senator is laying down, that the appropriations can be less than the authorizations.

Mr. CONNALLY. I was a Member of of the Senate, I think, when the principle of making authorizations was adopted. I do not know whether my service here runs back that far, but it has been clearly understood that an appropriation could not exceed an authorization. It has been likewise understood that an appropriation may be cut below the authorization. The Senate has complete freedom of action. It does not have to appropriate a nickel unless it wants to do so. I thoroughly agree with the statement that the committee report specifically recognizes that principle, and by inference, at least, recognizes it for other reasons besides the reason affecting changes in prices. Something might arise which would make it undesirable to adopt some of the provisions of the act, and it could be very easily accomplished by a refusal to appropriate to carry out some particular activity.

Mr. TAFT. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. TAFT. Does not the Senator agree that after hearing the testimony concerning the possible reduction in prices, as a matter of fact it is an ephemeral hope? Does he not agree that any reduction in prices of the things we ship is balanced by reduction of the prices of the exports which England and the other European countries are able to make, so that as a practical matter there is no hope in the theory of a reduction of prices?

Mr. CONNALLY. The committee report points that out, that the same forces which would lower the prices at one end would lower them at the other end also.

Mr. GEORGE. Mr. President, let me say again that that may be the view of the committee, but it never was my view. I am not undertaking to say that the full amount should not be appropriated, that is, "not to exceed" these maximum amounts, but the view stated was never my view. That was the view stressed by the Administrator himself, which

would have had some force, as I see it, if we had been dealing at arm's length in making advances to the European countries for the purpose of enabling them to build up their exports. But when we were giving them the money to build up their exports, then I do not see, and have never been able to see, that there was any moral or legal obligation that we ought to fix their prices for such exports as they might be able to send out.

Mr. TAFT. My suggestion was that a general reduction of prices, which necessarily would apply to our exports and make them cheaper, would indicate a general reduction of prices throughout the world, which would mean a reduction in the prices of the exports these countries had to make, and under a theory with which I do not agree, that we are supposed to make up a balance of exports for these different countries, their deficit would be increased, and therefore we would be correspondingly losing in that way. That is as I have read the statement in the report.

Mr. GREEN. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield to the Senator from Rhode Island.

Mr. GREEN. I should like to try to reply, in rough figures, to the question which the Senator from Ohio asked the Senator from Texas. The figures run something like this. At the end of February the relief amounted to \$2,600,000,000. The total appropriation was about \$5,000,000,000. The rate of expense runs from \$400,000,000 to \$500,000,000 a month. It is approaching the latter rather than the former. There are about 5 months to go, which would mean an expenditure of about \$2,400,000,000.

Mr. TAFT. I suggest the calculation would be correct as of the end of February.

Mr. GREEN. The lag is 4 or 5 months, and that would make about \$2,400,000,000. There would be a total of \$5,000,000,000.

We should not use up all the money which is needed for the lag because, as the Senator has said, there is a pipe line, to use his illustration. We have been feeding in at one end and drawing off from the other. Otherwise, we would have to stop and have to begin all over again, and it is very important there should be no interruption in the amount we must use for supplying these goods to Europe. If there should be a serious interruption, 4 months, it would be far more costly than the amount immediately involved in an arithmetical calculation.

Mr. CONNALLY. Mr. President, I yield the floor.

Mr. VANDENBERG obtained the floor.

Mr. SALTONSTALL. Mr. President, will the Senator yield to me so that I may suggest the absence of a quorum?

Mr. VANDENBERG. I yield for that purpose.

Mr. SALTONSTALL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.



The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Holland	Mundt
Anderson	Humphrey	Murray
Baldwin	Hunt	Myers
Brewster	Ives	Neely
Bricker	Jenner	O'Connor
Bridges	Johnson, Colo.	O'Mahoney
Butler	Johnson, Tex.	Pepper
Byrd	Johnston, S. C.	Reed
Capehart	Kefauver	Robertson
Chapman	Kem	Russell
Chavez	Kerr	Saltonstall
Connally	Kilgore	Schoeppel
Cordon	Knowland	Smith, Maine
Donnell	Langer	Smith, N. J.
Douglas	Lodge	Sparkman
Downey	Long	Stennis
Ecton	Lucas	Taft
Ellender	McCarran	Taylor
Ferguson	McCarthy	Thomas, Okla.
Flanders	McClellan	Thomas, Utah
Frear	McFarland	Tobey
Fulbright	McGrath	Tydings
George	McKellar	Vandenberg
Gillette	McMahon	Watkins
Green	Magnuson	Wiley
Gurney	Malone	Williams
Hayden	Martin	Withers
Hendrickson	Maybank	Young
Hill	Miller	
Hoey	Millikin	

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present.

The Chair recognizes the Senator from Michigan.

#### ILLEGAL SHOOTING OF DUCKS AND GEESE

Mr. VANDENBERG. Mr. President, the Senator from Virginia [Mr. ROBERTSON] is anxious to be recognized for a couple of minutes to make a statement, and I should be very glad to have the Chair recognize the Senator from Virginia for that purpose.

The PRESIDING OFFICER. The Senator from Michigan has yielded to the Senator from Virginia for the purpose of making a brief statement.

Mr. ROBERTSON. Mr. President, I appreciate very much the kindness of my good friend the Senator from Michigan, who has given me this opportunity to make a statement in the midst of National Wildlife Week concerning a very serious wildlife problem.

Mr. President, 2 years ago the supply of ducks and geese had reached such an alarmingly low stage that drastic curtailment was made in the length of season, bag, and possession limits. Duck hunters and conservationists generally were encouraged to learn that the 1949 spring census of the Fish and Wildlife Service indicated the 1948 supply of ducks and geese was approximately 12 percent larger than for the previous year.

Reports I have just received from the head of the law-enforcement division of the Fish and Wildlife Service indicate, however, that unless steps are taken to stop current illegal shooting of these birds it will not only wipe out the increase referred to but will so deplete the brood stock returning to the nesting areas that the shortage next fall may be the most critical in our history.

The past season was characterized by the most flagrant violation of shooting regulations in recent years. For example, in a prosecution against three men in California, one of the defendants told agents another of the defendants had killed 50,000 ducks for him. All legal shooting in the United States

ended January 9, or prior to that date, but I am informed by enforcement agents of the Government that shooting in States along the lower Mississippi River has continued unabated. The States of Georgia, Mississippi, Louisiana, and Florida have been cooperating with Federal agents to break up this illegal destruction of a great natural resource but confess their inability to handle it. Federal agents now have pending in the lower Mississippi area 600 cases of flagrant violation and feel they have merely scratched the surface. There have been an average of 20 enforcement agents operating in that area since the legal season closed but the chief of that unit informs me at least 75 are needed, along with more active cooperation on the part of individual States.

Last year I introduced and the Senate passed a bill to increase the price of the duck stamp from \$1 to \$2, which would have given the Fish and Wildlife Service adequate funds for law enforcement in the 1948-49 shooting season, but that bill did not reach the House in time for action to be completed on that side. A bill similar to the one passed by the Senate last year has been offered this year by the Senator from Colorado [Mr. JOHNSON], chairman of the committee to which it was referred, but unless State conservation departments and sportsmen and conservationists of the Nation can agree on the provisions of that bill, efforts to safeguard this resource may again fail.

In the meantime, I most urgently appeal to all sportsmen, nature lovers, and law-abiding citizens in those States where our inadequate supply of ducks and geese is being decimated voluntarily to come to the help of Federal and State wardens to end this disgraceful slaughter. And, I appeal to all the United States district judges before whom cases are pending to recognize the gravity of this offense and to impose a punishment calculated to deter it.

#### APPOINTMENTS AND PROMOTIONS IN THE ARMED SERVICES

Mr. TYDINGS. Mr. President, as in executive session, I ask unanimous consent that numerous routine appointments and promotions in the Military Establishment be confirmed and the President immediately notified. These nominations come from the Committee on Armed Services unanimously, as the acting Republican leader, the Senator from Massachusetts [Mr. SALTONSTALL], knows. No objections have been filed in any of the cases, and for the most part they are in the lower promotional grades. I know these young men would like to have their promotions come through quickly.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Is there objection to the request of the Senator from Maryland? The Chair hears none, the nominations are confirmed en bloc, and the President will be notified forthwith.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. VANDENBERG. Mr. President, after the very thorough review submitted by the able Senator from Texas [Mr. CONNALLY], chairman of the Foreign Relations Committee, I certainly do not intend to belabor the subject in any great detail, because I think the general basis has been laid for the Senate to proceed to the actual consideration of the bill.

It seems to me that the facts of life so plainly recommend this second year's authorization that argument is scarcely necessary to defend this action on the part of the Senate.

When we passed the original act 1 year ago we settled the question whether it is wise, as a matter of intelligent American self-interest and within our resources, to seek to help western Europe to help itself to stand upon its own feet and thus to sustain the independence, the ethics, and the solvent economy of free peoples and free States. To that question we answered "yes."

Nothing has happened in the historic interim to change this basic decision except by way of cumulative support. It is clearer than ever that western civilization stands or falls together if and when it confronts conspiracies of aggression against democracy and freedom. It is clearer than ever that economic salvation is one of the major bastions against spiritual disintegration. It is clearer than ever that ECA serves indispensable objectives for us as well as others.

But when we passed the original act 1 year ago, we frankly recognized that we were launching a gigantic speculation in which we must neither overstrain ourselves nor overpromise others. We frankly took a calculated risk. Advance assurance of success was impossible. Literally we faced imponderables. Only time and experience could tell whether the economy—and then the independent stamina—of western Europe would respond to this unprecedented stimulus or whether these cooperating countries would adequately apply the individual and collective self-disciplines essential to success.

We said in effect at that time that we would act on the basis of courageous faith; that we would postpone both our hopes and fears until experience could audit the record 1 year hence; and that the subsequent continuity of our own aid would depend upon a realistic appraisal in 1949. That is the precise process in which we are now engaged. That is where we stand today. That is the question before the Senate. Does the record recommend that we carry on?

The first test I wish to apply is a domestic one. Congress plainly indicated that it felt the success of the adventure would largely depend, in the first instance, upon economic efficiency and competence in the general management of ECA and upon the effective independence of an adequate administrator.

I believe it is well-nigh universal judgment that the answer to this first question is totally affirmative. Administrator Paul Hoffman, facing one of the most complex and baffling responsibilities of modern times, has done a masterful job under difficult circumstances. He has mobilized one of the finest teams of competent aides that ever served a public



trust. Their impressive testimony before the Senate Foreign Relations Committee leaves no room for doubt that the congressional purpose could not have been more faithfully pursued and implemented and that successful end results could not have been more ably sought. In a problem of this ramifying magnitude, with no precedents for guidance, it is inevitable that there should have been mistakes—as Mr. Hoffman and his associates would be the first to disclose. Earnest microscopes will not be disappointed in their search for flaws—and the flaws need searching. But it seems to me that the over-all verdict must be, all things considered, that the organization and management of ECA is a phenomenal success.

Therefore, since that was the point at which Congress 1 year ago asserted its greatest interest and its greatest purpose of reliance, it seems to me that the record clearly indicates that the test upon that score for the first year of ECA clearly justifies the adventure up to date, and clearly warrants a continuation of the confidence which Mr. Hoffman as Administrator and his group of assistants have richly earned and will continue to deserve.

The second test must prove that the general impact of ECA has been to encourage the self-confidence of western Europe to resist conspiracies of disintegration engineered by Communist aggression from within and without. Can there be any doubt upon this score?

These are the tests which we said 1 year ago should determine our answer today, as we legislate in respect to a second year of ECA.

Moscow drew the naked issue when it declined its chance to join this great drive for postwar rehabilitation; instructed its reluctant satellites to boycott their own best hopes for recovery; and ordered unlimited sabotage to destroy the so-called Marshall plan before it should relieve the western European hopelessness which Communist conquest requires for success.

What happened? The Soviet conspiracy was all but stopped in its tracks. The tonic effect of ECA was apparent even before it shipped a dollar's worth of goods. It was a veritable shot in the arm for western European freedoms. The people of Italy chose a democratic government. Communist strength in France receded; and a deliberate campaign of Red strikes, though doing France grave damage, succeeded chiefly in rallying Frenchmen to their government and to their democratic unions. The same rebirth of resistance to infiltrating Communist sabotage was obvious everywhere in greater or less degree. Current Soviet hysteria against the so-called Marshall plan is the most eloquent possible testimony to its success.

The relationship between cause and effect cannot possibly be mistaken. ECA was fresh air in the lungs of liberty. It drove despair from the souls of men. Self-help and mutual cooperation moved forward in great strides, as I shall presently indicate in other aspects, and as the able Senator from Texas has so clearly

demonstrated. The results are obvious. If a reasonable sense of physical security can now add its incentive for long-range planning, this particular battle in the cold war is won. When it is won for western Europe, it is won for us and for the world. The Kremlin knew exactly what it feared in respect to the Marshall plan. Its fears are being realized. Conversely, so are our hopes. Therefore, this second test of ECA strongly argues for the extension of this great adventure for another year.

Now, Mr. President, the test questions become more specific. ECA is not only a direct design for providing the credit and the commodities necessary to establish a self-supporting commercial economy in each participating country by 1952. It also is inevitably a device which requires these countries to set their own governments in order so as to initiate those individual and collective governmental reforms without which the other stabilities are impossible. So, before we move into direct examination of ECA itself, let me briefly touch these latter tests, as did the Senator from Texas.

What are these governments doing in respect to this great fundamental purpose which underlies this entire vision? Administrator Hoffman says: "In the important area of financial stabilization, the participating countries with few exceptions have made real progress." For example, the United Kingdom, living in heroic austerity, has been notably successful in checking inflationary pressures and in providing a budgetary surplus. In harassed Italy, the lira grows in confidence. It has remained stable throughout the last 12 critical months, to all intents and purposes. France, despite her heavy and complex difficulties, levied the highest taxes in its history in 1948—with still higher rates in 1949—and, we are told, with greater percentages of collection. Several other of the participating countries already are on such a sound basis that no aid grants at all are now required.

The ECA cannot and should not attempt to run these governments. But, Mr. President, many of these results, present and prospective, are direct by-products of ECA because the ECA contractual requirements for self-help can only be met by the rigorous attention of participating governments to budgets and currencies and generally sound public housekeeping. Indeed, it is highly significant and encouraging that the joint council of economists, representing the 16 countries participating in ECA, has bluntly notified their own governments, on their own responsibilities, that the year 1949 should be the year of financial and fiscal stabilization in Europe, and that this requires increased and more effective taxes, balanced budgets, and stabilized currencies. Precisely as the able Senator from Texas has indicated, this is the hard, harsh rule of conduct which they themselves have laid down for themselves in order to meet the self-help tests upon which ECA rests.

This sort of thing gives proof, Mr. President, of self-determination to meet the specifications which the Congress

set down in the ECA Act in respect to self-help. Of course, good intentions alone are not enough. We—and they—must see competent results. The results today are still far short of the goal. But the warnings which must constantly be uttered on this score may well include a word of commendation and encouragement to our western European friends that they see the goal for themselves and propose to reach it. The progress to date, in my view, certainly, under this particular test, warrants our carrying on with ECA another year.

I have just referred to the joint council of economists representing the 16 participating countries. They constitute what is familiarly known as OEEC, to which the Senator from Texas has repeatedly referred—the Organization for European Economic Cooperation. It was established 9 months ago as a clearing house—or, shall we say, a welding shop—to serve essential ECA unitary functions among the participating countries. It is unique in European history. It is an omen of vast possibilities for western Europe's confederated future. It is a vivid break from Europe's century-old tradition of many compartmentalized and jealously segregated sovereignties. Thus, I may say in passing, the ECA shadow is a lengthening one across the years ahead—a happy and a hopeful shadow.

But this is my immediate point: OEEC, including representatives of western Germany and Trieste, brought all of these participating countries together at one conference table where, for the first time in history, they revealed to each other their trade figures which once were top state secrets. They criticized each other's plans for gearing in with ECA. They sought and reached agreement as to how maximum advantage could accrue to all concerned. They established an intercountry payments plan, under ECA, to thaw out frozen lines of inter-European trade—a plan which already has produced immense results. They demonstrated that individual and separate recovery programs will fall short of the 1952 objective; but they demonstrated it, Mr. President, not for the purpose of asking more aid, but for the purpose of demanding more self-help and mutual aid within themselves.

They spelled this out. Here is what they said to their multinational countrymen: "You must increase exports by increasing productivity per man-hour, by lowering prices and by improving market techniques. You must make greater efforts to develop at home, in overseas territories, and in other countries, new sources of supply for those imports which Europe will not be able to afford to buy in dollars. You must make a much greater effort to develop intra-European trade."

Remember, Mr. President, these are the economic leaders of the beneficiary countries themselves, speaking to themselves in terms of economic austerity: "You must agree on plans to break down tariff barriers, to build customs unions, and to modify immigration barriers to permit the sensible deployment of labor. You must exchange full information con-



cerning your respective investment plans and needs, so that investors, whether private or governmental, may be able to make their investment decisions in the light of all the facts, and thus reduce the misdirection of resources. You must seek increased and ever more effective taxes. You must balance budgets."

I submit, Mr. President, that this is encouraging evidence of a will to win the ultimate objectives to which the Congress gave its faith when it established ECA. These things are not just an illusory prospectus. Some are going on right now. Others are in the works. Let us remember that ECA is not yet 1 year old. I wonder if we can show any faster progress with some of our own far less complicated problems than has been shown by these beneficiary countries under the ECA aegis and cooperation. I wonder if we can claim as good a record at home as they can claim in response to the self-help and mutual aid which we have required as the price of the continuation of ECA. Let us by all means continue to make it grimly plain, as written in the law, that the continuity of our cooperation from year to year until 1952 is entirely contingent upon the continuity of self-help and mutual aid—and that we shall require not promise but performance. But let us say, wholeheartedly, that here is another test of the record which justifies our favorable attitude for 1949, always remembering that we have a great stake in the success of ECA as well as they.

In this basic field of more intimate intercountry integration—the massing of common efforts for the common good—western Europe has taken other great strides away from the prewar pattern of acute and rival nationalisms. Thus they serve not only their own best destiny but also our best hopes for them—and peace.

Mr. President, I feel that this phase of the matter cannot be overemphasized, because the entire national security program, the entire international security program, within and without the United Nations, is based upon the concept that there must be a new community of defense among western Europeans themselves if there is to be any defensive hope on a defensive basis in the future. When ECA can demonstrate that it has made this great fundamental contribution to the impulse in this direction, I submit it is living up to every expectation we assigned to it.

This is what I mean. Plans for customs and economic unions have far advanced among the Benelux countries—Belgium, Holland, and Luxembourg—in one group, among the Scandinavian countries in another group, and between France and Italy in a third group. The signatories of the Brussels Pact have announced that they will form a permanent council through which they can put their common problems in common gear. The International Council of the European Movement met in Brussels only a few weeks ago. Premier Spaak, of Belgium, opened the meeting with the assertion that Europe must be united—that there is no other choice in the matter—and Mr. Churchill, reiterating his favorite theme, said: "This is the hour for another prac-

tical, positive, forward step toward the structure of a united Europe."

This drive for self-help and mutual aid is not only economic. Already it envisions cooperation for security, and it is political in its ultimate aspiration. Here stems the ultimate United States of Europe or its effective equivalent. I am addressing myself with a smile to the distinguished Senator from Arkansas [Mr. FULBRIGHT], who has so long and so ably insisted upon that great ultimate objective in behalf of a united Europe. I am saying that the objective in some form is on the way, with substantial advantage from the operations of ECA.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Arkansas?

Mr. VANDENBERG. I yield.

Mr. FULBRIGHT. I am very much interested in the Senator's last statement, as he very well knows. I note, however, the Senator quoted Mr. Churchill. We all know what Mr. Churchill's views have been on the matter. I do not think the Senator has seen any quotation from the Government of Great Britain to the same effect. I agree entirely with what the Senator has said, except I am unable to see the real acceptance of this goal particularly by the British Government, and that it is actually making progress. I think the only real difference I have had with either the State Department or the Senator from Michigan is, I still want to be convinced that they have accepted political unity as the objective.

Mr. VANDENBERG. I have undertaken of course to make no such assignment to their purposes, but I am sure the Senator from Arkansas will agree with me that more progress has been made in the past 12 or 15 months in the general direction of a cooperative unity, which is the germ from which political unity ultimately must flow, than has occurred in many decades heretofore.

Mr. FULBRIGHT. Mr. President, will the Senator yield to me for a question in the political field?

The PRESIDING OFFICER. Does the Senator from Michigan yield further to the Senator from Arkansas?

Mr. VANDENBERG. If the Senator will permit me, I do not want to branch off into a debate on the United States of Europe. I am very familiar with the ability and genius of the Senator from Arkansas to keep me on that subject from now to midnight, if I allow him to do so.

Mr. FULBRIGHT. I shall not interrupt now, but at a later time, when the Senator has finished his statement, I should like to have a more thorough discussion.

Mr. VANDENBERG. The Senator is not in disagreement with me, that the trends are in the direction I have indicated.

Mr. FULBRIGHT. Perhaps it is a difference of emphasis or degree. I think that may perhaps be a better way of stating it. I shall try to state it more specifically later on.

Mr. VANDENBERG. I am asserting, Mr. President, that, beyond peradventure or denial, there are cooperations at work

at the present time in western Europe, the like of which has never occurred in European history. I am saying that these are taking place within the framework of the ECA countries, and it cannot be gainsaid that without ECA there would be little realistic likelihood that the movements could have the heart and spirit to succeed.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Arkansas?

Mr. VANDENBERG. I yield.

Mr. FULBRIGHT. I want to emphasize, with respect to the Senator's last statement, I agree that this is necessary in order that the opportunity may be availed of; but my point is they have not taken full advantage of the opportunity.

Mr. VANDENBERG. I think the Senator and I are in substantial agreement.

Mr. President, the lifeblood doctrine of our own American States, "United we stand, divided we fall," is vigorously taking hold, at least in the economic life of western Europe. It is one of the great encouragements for the future. It is the great promise that western Europe will be ready to stand on its own feet as a self-reliant bulwark of the Atlantic community by 1952, when ECA, in any event, will have ended its mission.

Mr. PEPPER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Florida?

Mr. VANDENBERG. I yield.

Mr. PEPPER. I am merely curious to know the opinion of the able and informed Senator from Michigan as to whether that principle of cohesion is likely to persist, when the external pressures that American aid has brought about are removed, as we expect they will be in 1952.

Mr. VANDENBERG. My answer to the able Senator from Florida is that I should expect the self-disclosed advantages of cooperation by that time would have substituted an impulse even greater than the present pressures brought about by American aid.

Mr. PEPPER. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Florida for a further question?

Mr. VANDENBERG. I yield.

Mr. PEPPER. Then, if the example of aid is so persuasive, may we not devoutly hope that that example will make such an impression upon all the nations and peoples of the world that and through some kind of international organization we may have such world cooperation?

Mr. VANDENBERG. Oh, I entirely agree with the Senator, or I would not have given what I hope has been such devoted service to the United Nations.

I am basing my entire argument today—and I want to conclude as rapidly as possible—upon the premise that 1 year ago we had to take the ECA on faith. I said at that time, when I was pleading with the Senate and the Congress to take it on faith, "You have got a right to



apply cold-blooded tests 1 year from today to the prospectus, because then you will have experience to deal with instead of mere guesswork." It is these tests, Mr. President, which I am now applying, and I believe justly and accurately, to the first year's record, to see whether the second year's rebirth and continuation is justified.

Mr. THOMAS of Utah. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. THOMAS of Utah. The Senator has spoken concerning the apparent unity which is becoming evident in Europe, of which we all approve, and which we hope will come to full realization. I wish the Senator would speak for a moment regarding the import- and export-license technique which is developing among the nations of Europe and which may destroy not only any hope of ultimate political unity, but all hope of economic unity, because it involves individual rivalry, is used only for the advantage of individual nations, and ultimately will react not only against their neighbors but actually against themselves.

Mr. VANDENBERG. I agree with the Senator.

Now, Mr. President, the next test question is whether the ECA countries are making real and actual progress toward the economic objectives upon which a continuation of this plan depends, under the very terms of the law creating it. Again I am sure we are all happy to acknowledge the degree of indisputable progress that has been made and that Administrator Hoffman has reported to the Senate Foreign Relations Committee. I observe, in passing, it is somewhat ironical that the persuasive degree of this success is sometimes used as an argument against the necessity for the full continuation of ECA—just as any comparable degree of reported failure would have been used as an argument against its continuation. We must protect our decision against the hazard of this paradox. The economic impulse we have generated is a reason to carry on rather than to turn back.

The total output of factories and mines in the participating countries during 1948 was 14 percent above that of 1947, and about equal to prewar. Excluding western Germany, steel output is currently at a rate exceeding the prewar high of 1937, and 25 percent above that of 1947. Total output of electric power in 1948 was 65 percent higher than it was before the war, and 10 percent above 1947 levels. Railway freight traffic is one-third greater than it was before the war, despite a shortage of equipment and arrears of maintenance and repairs. Gross investment in all countries for which estimates are available is expected to total, roughly, the equivalent of \$30,000,000,000 in this fiscal year—six of seven times the dollars provided by ECA. This means that gross investment would approximate 20 percent of the gross national product. Meanwhile, in agriculture, the 1948 crop in bread grains was 41 percent larger than that of the previous year; and the production of fertilizer in the participat-

ing countries was about 25 percent greater.

I do not want to weary the Senate with figures. In an enterprise of this magnitude and complexity figures can confuse quite as easily as they may illuminate. Yet some basic, over-all yardsticks are authentically and intelligibly available. Reflecting the rises in industrial and agricultural output, exports for the ECA countries, excluding western Germany, were up 20 percent in 1948 above 1947. For example, the exports from the United Kingdom were one-quarter higher. In Italy they were up almost 50 percent. In the Benelux countries they were up about 30 percent. Speaking generally these are the types of achievement which ECA was created to serve; and this proof of progress in these directions is the vindication of ECA for 1948 and its justification for 1949.

At this point, Mr. President, I think it is important that we take good care not to draw erroneous conclusions from this sort of arithmetic. Comforting and encouraging as it is, it must not be confused with the over-all balance-of-payments problems—which is to say, the dollar shortage in these ECA countries when they confront their unavoidable necessities for dollar imports from the United States and the dollar area.

It must be remembered that the restoration of exports from the ECA countries to a prewar level or even substantially higher by no means indicates the restoration of the over-all economies of these countries to anything like a prewar level. In prewar days, these countries had large earnings from abroad on their foreign investments, from shipping, insurance, and banking, from tourists, and from other so-called invisible earnings. All of these latter sources of dollar earnings have largely disappeared. It will take years to restore them. Meanwhile, these latter deficits must be made up from heavily increased and improved production for export to close the gap. Furthermore the gap is widened, in making prewar comparisons, by war damage and by increased population.

I submit one quick example to illustrate my point.

What I am trying to make plain, Mr. President, is that when someone enthusiastically says British trade is rapidly returning to better than a prewar basis, in justifiable pride for the effort Britain is making in these directions, and often with entire truth in the specific figure, the thing to remember is that it is not enough for the British to restore their export trade to prewar levels in order to balance their international payments, because they must depend almost exclusively upon exports, whereas heretofore they could depend upon all the invisible revenues from overseas dividends, shipping, tourists, and so forth, which are factors in their balance sheet, but which are now all but totally lacking. Therefore the recovery toward which they are aiming, and upon which ECA puts all of its emphasis, requires infinitely increased exports rather than simply a balance of exports with prewar exports, because the

new total exports must take care of almost the entire balance sheet.

Now, Mr. President, I want briefly to speak about the price tag, and then I think I shall be through.

Last year ECA asked—and I wish the Senators would follow me—\$6,800,000,000 for 15 months, and received \$5,000,000,000 for 12 months, in net result. The pending authorization is for 15 months, in order to put the procedure on a fiscal-year basis. ECA now asks \$1,150,000,000 for the last quarter of the current fiscal year, as compared with \$1,500,000,000 originally sought for this quarter. ECA asks \$4,280,000,000 for the subsequent 12 months as compared with \$5,300,000,000 which was asked for the first 12 months. In other words—and this is the computation I want Senators to have particularly in mind—the authorization for the next 3 months carried in the pending bill is a reduction of \$350,000,000 for the last quarter of the current fiscal year, a reduction of \$1,000,000,000 from the request for the first 12 months, and a reduction of \$720,000,000 from the actual appropriations for the first 12 months. In other words, the trend is substantially downward.

Administrator Hoffman asserts to our committee that these figures have been scrupulously screened down to an absolute minimum to accomplish the ECA purpose. He says that if they erred it was on the conservative side. His figures are supported by a wealth of statistical material which is available to all Senators in the printed hearings and in the collateral reports.

This brings us finally, Mr. President, to the problem of appropriations, and at that point, as indicated by the able Senator from Georgia [Mr. GEORGE] in reading specifically from the report of the committee in response to an inquiry by the Senator from Ohio [Mr. TAFT], the Senate Committee on Foreign Relations frankly invites the Senate Committee on Appropriations to apply its scrutiny to this authorization when the proper time comes, and to bring us its best judgment at that time.

The Senator from Ohio wished to know whether the authorization would not be urged this year as a commitment which could not be reduced. For myself, I should like personally to be very frank about that matter, as other members of the committee have indicated they are. So far as I am concerned, I think the price-level factor is an important one in figuring the second year's appropriation for ECA. The authorization in the pending bill is based on the price index of November 30, 1948, except that the price index for certain bread grains was projected into the early spring as a basis for computation. I assume that it will probably be May, perhaps June, before this appropriation finally comes before the Senate for action. Certainly world trade is in great flux, certainly the price index is in great flux, and I would expect, among other things, the Committee on Appropriations to apply a new price index, both in and out, in respect to imports and exports under this program, to see if that does not automatically produce for the same given amount of com-



modities a lower required appropriation than the authorization would indicate.

The Senator from Ohio wanted to know if that was the only basis of economy which the members of the committee would acknowledge as justified. The able Senator from Georgia indicated, as did the Senator from Texas, that the subject is wide open.

Mr. President, I do not want to be misunderstood at this point. I think the figures which have been submitted are gathered, screened, and recommended, on the most expert basis of information to which we can possibly have access, and I think the figures as requested have a distinct relationship to the figures which should ultimately result, except as there is a difference in the factors used in figuring the requirements. In other words, I do not believe in any mere abstract or horizontal reductions in the authorization, horizontal reductions which are unrelated to a specific reason for them, and I shall not support such reductions when the time comes for action. When that time comes I shall argue with my able friend from Ohio about his pipe-line theory. I disagree with him. I touch upon this only briefly in his absence. I think that if the appropriations for the next 3 months were suspended at the end of the 3 months, the pipe line would be empty, and it could not be renewed for another 3 months, because the orders and commitments would not have been made during the second 3 months when the appropriation would have been denied. We will meet that issue when the amendment is brought up.

What I am trying to say is that I think it is the sense of the Senate Committee on Foreign Relations that in this particular instance it is honestly anxious to have the Senate Committee on Appropriations screen the authorization, and submit to the Senate its best judgment based upon realities, and, so far as I am concerned, I am prepared to consider it in good faith on that basis.

Mr. SALTONSTALL. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. As a member of the Committee on Appropriations I should like to ask the distinguished Senator a question. Would he be willing to add, or does he think it is fair to add, one more factor which the Committee on Appropriations could consider; that is, the time factor? As I understand, the Committee on Foreign Relations considered this matter in January and February, and the price indexes were based on November. It will be pretty nearly 6 months later when the Committee on Appropriations considers the matter, and would not the time factor also be a fair one to add?

Mr. VANDENBERG. I think so. Any honest factors which are linked with realities, and not merely based upon arbitrary attack, are factors which I am perfectly willing to consider.

Mr. President, I think I have said all I wish to say at the moment on this subject.

Mr. KEM. Mr. President, I should like to ask the distinguished Senator from Michigan a question or two.

Mr. VANDENBERG. I yield.

Mr. KEM. With his usual gift for accurate expression, the Senator has called the European recovery program a shot in the arm. As I understand, after a shot in the arm has been had there is an inevitable reaction. The Senator will recall that we first had the UNRRA—

Mr. VANDENBERG. I am sorry already I used the expression, because I can see what is coming.

Mr. KEM. The Senator will recall that we had the UNRRA, and we were given some assurance then that that would be the extent of the demand on the American people for European recovery.

Then we had the loan to Britain, and we were given a similar assurance so far as Great Britain was concerned.

Then we had the Bretton Woods agreement, and the very large commitments we made as a result of that, and, as I recall, the assurance again was the same.

What I should like to ask the Senator from Michigan, who I know has given this matter the most careful consideration, is whether he believes the American people can have a reasonable assurance that when they have completed the payments under the present program the job will be done?

Mr. VANDENBERG. Will the Senator define the word "job" in his final question?

Mr. KEM. That there will be such a recovery in Europe that no further payments from the United States will be reasonably required.

Mr. VANDENBERG. Mr. President, I should like to give the Senator that assurance, and in my optimism about this program I might be almost lured into doing it, but if I did, it would not be worth the breath it took to utter it, because the world is in a state of such utter flux that I do not believe it is humanly possible for anyone to do other than rely upon his best judgment in respect to maximum contributions which he believes we can make to the economic recovery. I think that, if it is possible to anticipate the result desired, this is the way to do it.

Mr. KEM. Is not the Congress of the United States entitled to some assurance from those presenting the plan that in their opinion that result will follow?

Mr. VANDENBERG. I do not know how the Senator can expect the President, or the chairman of the Senate Foreign Relations Committee, to give any assurances as to what history is going to write in respect to world relationships between now and 1953, but I think the Senator is entitled to ask whether or not those who have put this plan together feel that they have a legitimate justification for anticipating its success, given a peaceful world. Now, I think the answer to that question is "Yes."

Mr. KEM. Another very felicitous expression the Senator has given us during the course of his discussion of this matter, is that it is a calculated risk. I will ask the Senator: If it is a calculated risk, does he not mean by that that we have a reason to expect that having

risked our money we will have a favorable result?

Mr. VANDENBERG. Yes, I think so. I thank the Senator for the compliment he pays me by referring to that phrase. It is two speeches ago that I used it. I have not used it today. So, I thank the Senator for his compliment of remembering my use of the expression.

Mr. KEM. The Senator's language lingers in the memory.

Mr. VANDENBERG. I thank the Senator.

Mr. KEM. I should like to ask the Senator one or two further questions. I do not want to tire him.

Mr. VANDENBERG. The Senator is quite welcome. I will not guarantee to answer him, but I will do my best.

Mr. KEM. The Senator referred to the recovery that has taken place in these European countries. Is it not reasonable to expect that there would be a recovery in each of these countries following the greatest war in history?

Mr. VANDENBERG. If there was any change it would have to be in the direction of a recovery.

Mr. KEM. It would have to be for the better?

Mr. VANDENBERG. Yes.

Mr. KEM. And is it not a matter of history that economic and social recovery have followed every war in the history of the world?

Mr. VANDENBERG. I suppose so, although I doubt whether there are any precedents for the situation following the last war, because I doubt whether there has ever been such utter destruction and devastation of the means for creating recuperation.

Mr. KEM. Since the dawn of history western Europe has been the cockpit of the world, has it not?

Mr. VANDENBERG. It certainly has been.

Mr. KEM. There has been great devastation over long periods, such as occurred during the Thirty Years' War.

Mr. VANDENBERG. Yes, of course, but nothing like this.

Mr. KEM. And following each war there has been normal recovery?

Mr. VANDENBERG. Sooner or later.

Mr. KEM. So we cannot fairly say that the recovery which has taken place in this case is due entirely to ERP?

Mr. VANDENBERG. Oh, I would not say that at all.

Mr. KEM. And we cannot exactly determine to what extent it is due to ERP.

Mr. VANDENBERG. Certainly not. But I think I can be dogmatic about the statement, that I do not believe the recovery could have occurred to the degree it has occurred, nor could the stabilities have been created which have been created, not only economically but politically, without ERP.

Mr. KEM. Is it not true that most of the countries, or let us say many of them, to which we have been extending aid, have launched themselves in experiments in socialism to a greater or less degree? Is that not true?

Mr. VANDENBERG. Oh, I think so, yes. Of course it is necessary to define



"socialism." I know what the Senator wants.

Mr. KEM. Let us take England as a typical example.

Mr. VANDENBERG. Yes.

Mr. KEM. I should like to ask the Senator to what extent he thinks the aid we have extended to England has been used for the purpose of financing and implementing experiments in socialism in that country?

Mr. VANDENBERG. I think that under some previous grants there may have been an indirect diversion to the objective to which the Senator refers. So far as the experience under ECA is concerned I have no doubt in the world that it is of substantial assistance to the labor government to be able to demonstrate that it has a recovery economy as a result of ECA, although that would not be the reason which they would give as the basis of the recovery. I have no doubt that without ECA the labor government in Britain would be having far more to explain to its people than it may be having to explain at the present time. So if that is what the Senator means, there is an impact, of course. But if the Senator will permit me, so far as our interest is concerned, so long as Britain is a free and independent people making free and independent decisions regarding a type of economy under which they want to operate, I do not believe it is any of our business. I do not believe it is any of our business to try to interrupt or interfere with that free choice of a method, and so far as our economic aid is concerned, if under whatever method they elect to pursue they can get the result we seek in the balance sheet, I think that is the end of our right of interest.

Mr. IVES. Mr. President, will the Senator yield on that point?

Mr. VANDENBERG. I yield to the Senator from New York.

Mr. IVES. I should like to raise this question: Is it not true, sir, that without ECA the chances are that in France and Italy at least there would be a much worse type of government than socialism to deal with at the present time?

Mr. VANDENBERG. I think that is an axiom.

Mr. KEM. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Missouri.

Mr. KEM. If I understand the point made by the Senator from New York it is that we have by the use of our money influenced the elections in those countries?

Mr. VANDENBERG. By the use of our money we have created conditions under which free peoples can seek to sustain independent government as a result of some degree of economic stability.

Mr. KEM. To refer again to the Senator's phrase, is that not a very dangerous shot in the arm for us to resort to?

Mr. VANDENBERG. I would not think so.

Mr. BALDWIN. Mr. President, will the Senator yield at that point?

Mr. KEM. Mr. President, I should like to continue my questions. The Senator referred to the experiments, or I referred to the experiments, in socialism

which have been carried on in England. I had in mind the use of money for social purposes, which has undoubtedly been of great benefit to the existing government there, but I have also had in mind the economic effects of the program the English people have launched upon. For instance, it is understood now that the next step will be the nationalization of the iron and steel industry. Does the Senator think that the funds of the American people should be used directly or indirectly for that purpose?

Mr. VANDENBERG. I certainly do not, if that is the equation to which the Senator's question can be confined. I do not think, on the other hand, that it is any of our business what the British conclude to do in respect to the nationalization of anything, so long as their right of decision is free, so long as the government which exercises the decision is free, and so long as the net result which is unrelated to the nationalization of these enterprises produces the international balance sheet which we seek as the justification for ECA.

Mr. KEM. May it not be a very important thing to the American people if in the post-ERP world we find ourselves competing with a socialized industry in England, a great national cartel set up and organized by the use of our own money?

Mr. VANDENBERG. If we confront cartels around the world, we shall have to fight the devil with fire, and we shall not be able to live up to very many of the very lovely aspirations of the ITO, and if there is to be that kind of a trade war, events will have to dictate our reprisals.

Mr. KEM. Would not the Senator agree that we have a real interest in seeing that that condition does not develop in a post-ERP world?

Mr. VANDENBERG. Yes; I think so.

Mr. KEM. Have we any assurance that our money is not being used for that purpose?

Mr. VANDENBERG. I do not believe that question can be answered. I doubt whether assurances are possible with respect to an indirect impact of that character across the years.

Mr. KEM. I do not mean that the Senator should give the American people a personal indemnity bond to that effect. What I mean is, Have we reason to believe that our money is not being used for that purpose?

Mr. VANDENBERG. I can only answer the Senator in the affirmative, that it seems to me that the proofs are conclusive that, perhaps with the exception of a fringe of debatable boundaries—because it is impossible to be totally specific—our money is being used for purposes which have the approval of the representatives of the Government of the United States in respect to specific objectives which are not the objectives which the Senator describes. The indirect result, I suppose, is perfectly inevitable in the direction to which the Senator refers.

Mr. KEM. In referring to representatives of the Government of the United States, does the Senator have in mind representatives other than the Congress of the United States?

Mr. VANDENBERG. I am speaking about ECA, and the National Advisory Council.

Mr. KEM. In the exercise of its constitutional function should not the Congress determine to what use these funds should be put, and should not Members of the Senate and Members of the House interest themselves in the exact and specific uses to which the funds of the American people are being put?

Mr. VANDENBERG. I would have to agree with the Senator 1,000 percent, that the function and responsibility of a Senator or a Representative is to seek maximum information upon this or any other subject.

Mr. KEM. Based upon the record, the hearings before the committee, and on the report, does the Senator feel that we have sufficient definite and specific information to justify our feeling that the money of the American people is being put to a proper use in each of those countries?

Mr. VANDENBERG. My answer to the Senator is yes, and I want to tell him why it is yes. It is not yes because I can prove that it is yes in each instance, but it is yes because I believe that Administrator Hoffman has demonstrated to our committee that he has put together an organization of rugged American administrators which is just about the best organization I ever saw in my life. If I must rely upon delegated decisions—and that is what most of us have to do—I am happy to rely upon the Hoffman organization for my answer to the Senator's question, rather than upon any organization I can think of in my 31 years in public life.

Mr. KEM. Have not our friends in England, in their own rugged individualism, made it abundantly clear to us that they are not going to permit us in any respect to interfere with any use to which they put any public funds; that they retain the right to carry on after ERP and during ERP exactly as if no such grants or aids were being given?

Mr. VANDENBERG. I think that after ERP is finished they will have a right to carry on as they please.

Mr. KEM. How about during that period?

Mr. VANDENBERG. It is a matter of cooperation; and the programs are screened mutually. I know of no other way in which it can be done.

Mr. BALDWIN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BALDWIN. One of the earlier questions of the Senator from Missouri addressed to the Senator from Michigan prompts me to ask this question: The Senator from Missouri seemed to indicate that after other European wars there was, without our help, a recovery in Europe. Would the Senator say that the situation following World War II in Europe could in any way be compared with the situation following prior European wars?

Mr. VANDENBERG. No. That is what I tried to indicate to the Senator from Missouri.

Mr. BALDWIN. In other words, we have a factor this time, namely, a threat from the East, which makes this an en-



tirely different situation, and one which involves our interest most intimately.

Mr. VANDENBERG. Furthermore, we have a degree of total destruction in respect to the instrumentalities of recuperation which could not possibly have existed prior to the days of mass destruction.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. JENNER. As the Senator from Michigan knows, I have never looked upon the European recovery program with much hope or satisfaction.

Mr. VANDENBERG. I am well aware of that fact.

Mr. JENNER. I ask this question in the light of our general situation at home. We are faced with many problems as to the cost of government. This year it seems that we are to be committed to spend about \$45,000,000,000. There are many Members of the Senate, and Members of the House, who advocate further expenditures, as suggested by the Fair Deal. There is every expectation that some of those measures will pass, which will possibly add many more billions of dollars to the cost of government. Then we have this program, involving an expenditure of several billion dollars. The cost of local governments in our cities, counties, and states is going up by the billions of dollars. This year the cost will be approximately \$15,000,000,000.

Following the European recovery program comes the North Atlantic Pact, which is a pact within itself, but when we put the price tag on it, no one knows what the cost will be. It has been estimated at \$1,200,000,000 the first year, and, according to the statements of many authorities, could easily be projected into a program of \$5,000,000,000, \$10,000,000,000, or \$12,000,000,000 a year.

In the past few days there has been a concentrated effort, coming from Secretary Acheson, concerning the Middle East. So it looks as though the next step will probably be a Middle East pact. That will require more dollars.

We have a problem in China. I notice that our good English friends are already saying that it is absolutely necessary to have a Pacific pact.

What is bothering me—and I am sincere about it—is the question. How far can 6 percent of the world's population, which we are, and 7 percent of the world's area, which we are, go in doing all these things for ourselves and for other nations all over the world before we kill the goose that laid the golden egg?

Mr. VANDENBERG. I think the Senator's very excellent statement is totally persuasive in its warning to every Member of the Congress that there is a limit to American resources, and that it is impossible for us to take on unlimited responsibilities and obligations. I remind the able Senator from Indiana that before ECA was ever projected, I happened to be chairman of the Foreign Relations Committee, and I declined even to touch it until the President of the United States had appointed a special commission, representing the highest type of economic brains in the United States, to report

upon what we could "wisely and safely"—those are the two quoted words—do in respect to a European recovery program, in view of the necessity for consulting our own permanent solvency.

As a result, the so-called Harriman Commission was appointed. Its voluminous reports and its highly useful advice became a source of great consolation to me when the first year's program was approved.

What I am indicating to the Senator is that I have the same fundamental feeling he has, but we must wisely and safely remember our own limitations as we proceed to these enterprises. We must also remember the alternatives when we are undertaking to decide whether we can afford a given commitment. We cannot overlook the fact that we have become the greatest power in the world. We cannot overlook the fact that if there is ever another world war, it will be aimed at us, willy-nilly, as the ultimate target. We cannot overlook the fact that the price of avoiding that final calamity in the life of civilization cannot even remotely be as great as the price of not preventing it if we can and then paying for the consequences.

The best we can do is to take a balanced judgment in the presence of our dilemma. We want peace above everything else in this world. We have no aspiration on earth except peace. Those who charge us with selfish imperialism in our international attitudes are guilty of the grossest libel since time began. We want nothing but a chance to create a free world of freemen, in which we can live and let live. We are bound, by a moral as well as a physical leadership in the world, to recognize the fact that we cannot escape a responsibility not only for our own peace, but for the peace of lesser powers, lesser peoples in terms of physical power, who share our spiritual love of free institutions and free life.

Mr. President, I beg the pardon of the Senator from Indiana. I have been describing what I believe to be a thing so utterly valuable, so utterly indispensable if Christianity and civilization are to maintain themselves. I have been speaking of it because it is not possible for me to consider the question of what we can afford to do, solely in terms of what we have to spend, solely in terms of what we might save if we did not make some specific current expenditure, such as a billion dollars' worth of ECA or a billion dollars' worth of North Atlantic Pact, because I am plagued by the price of the alternative if we should not go to the maximum in undertaking to give our people and the people in the rest of the world, who believe with us, in free governments, a leadership in the direction of peaceful stability.

I beg the Senator's pardon, I repeat, for going into a sermon on the subject; when when he asks me, "What can we afford?"—and I have to agree with him that there are things we cannot afford; I have to agree with him that this should be a time when we should undertake to cut every expenditure that can possibly be cut in the Government of the United States, for the sake of our own economy—yet even under the pressure of that necessity, and I think it is a very great

necessity at the present time, I doubt whether it is economy to economize in what I believe, speaking for myself, is the best possible bargain for the next 10 years in terms of peace for America and the rest of the world.

Mr. JENNER. Mr. President, if the Senator will permit me to interrupt at this point, let me say that I agree with what he says, and I clearly see his point of view. I do not think my point of view is at all different, except that we have different roads by which we approach the same objective.

So, on the same basis, I reason the matter this way: We cannot dissociate the Marshall plan from the North Atlantic Pact and from the other projected pacts, because all of them involve a cost, and the cost will lie against the Treasury of the United States. When we were debating the Marshall plan, I said on the floor of the Senate that if any Senator could assure me that our great country would not be thrown by it into another depression which would last for 10 years, during which from 10,000,000 to 15,000,000 of our people would be jobless and hungry, and during which, for 10 years, we would not be able to answer our own immediate problems here at home—and, Mr. President, in the past it was answered only by a great world war in which some 465,000 of our boys were killed and approximately 750,000 of them were crippled—then I would be willing to go along with that answer to the question.

Mr. President, if we make these commitments, for instance, the commitments under the Marshall plan and under the North Atlantic Pact, running for 10 or 20 years, commitments by which we shall promise not only to aid these foreign countries now, but to secure them for the next 20 years—and we have made such commitments; we are even pledged, under a moral commitment, to continue to give them Marshall plan aid—in addition to the great strains to which we already are subjected under our programs here at home, whereby we now are obligating approximately one-third of our national income in Government expenditures and taxes; if under such pledges and programs to aid foreign peoples, as well as under our own domestic program, we spend all our people's means, and leave them without further means, without an oar with which to aid themselves, then the very thing we are afraid of in Europe may, because of an economic debacle in this country, strike into the very midst of us and destroy the very things we are trying to preserve.

That is my line of reasoning. I want peace, but I think one of the best ways to have peace is to see to it that our Nation remains strong; and I do not believe we can remain strong when our people—6 percent of the people of the world—have to dig from the bowels of the earth their natural wealth and ship it to the four corners of the world. I do not think we can do that. That is where the Senator from Michigan and I differ as to the best way to reach the ultimate end.

Mr. VANDENBERG. Mr. President, strange to say, the difference between



the Senator from Indiana and myself is very small. Despite everything I have said in this colloquy, I would start with the proposition that an insolvent America would be the greatest disservice which we could render to the hopes of humankind for 20 centuries to come.

Mr. JENNER. We would lose the whole ball of wax.

Mr. VANDENBERG. Therefore, I agree that we are called upon to exercise a calculated judgment as to what risk we can afford to take by way of investment in these programs. Any Senator who thinks that the risk of the investment proposed in a given program is greater than the risk of not proceeding with that program, should oppose the program.

Mr. JENNER. Then, on that premise, we get into other specific points, for example, the point raised by the Senator from Utah [Mr. WATKINS] awhile ago, when the Senator from Texas [Mr. CONNALLY], the chairman of the Foreign Relations Committee, had the floor. How can we justify taking money out of the pockets of the people of our country and using it to go to the aid of the people of western Europe, when they have entered into trade pacts with Russia and with satellite countries of Russia and are selling to them strategic materials which we ourselves are short of, which the Congress has authorized and directed that purchases be made on the markets, in order to accumulate stock piles?

Mr. President, the dollar-shortage argument does not impress me, because certainly there is a dollar shortage here in the United States. Labor says it has a dollar shortage, and labor wants an increase in wages. I myself have a little trouble with my dollar shortage, at times.

Then we consider the other specific proposition raised by the Senator from Missouri [Mr. KEM], namely, how can we justify the expenditure of the money of our people for the socialization program of England? Winston Churchill was described in an editorial in the Washington Times-Herald on yesterday as probably one of the greatest living men and probably one of the greatest living Englishmen of all time, because, so it was said in the editorial, he is for Britain first. Yet when an American Senator rises on the floor of the Senate and sensibly presents the problems that represent his country's interests as they do, he is immediately branded as an isolationist, a reactionary, and a know-nothing.

Mr. VANDENBERG. The Senator is not talking to me at that point.

Mr. JENNER. No, no.

Mr. VANDENBERG. I have a complete respect for the right of every man to have the widest latitude in this world in determining these questions.

Mr. JENNER. On a specific proposition—socialism, for example—Winston Churchill only the other day said the socialization program in England has been moving along all right. Why? In substance he said, "Thanks to our good American friends." That is the same as saying to me they could not furnish \$50 toupes free to baldheaded Englishmen,

if we were not suckers enough to be sponsors of such a damned-fool program.

I do not think we can justify all these things. I know what the Senator's ideas are; I admire them. Mine are just as sincere. But I am afraid we are going to break the camel's back, and when we do—cold war, hot war, come what may—we shall have lost everything we are trying to preserve. The only hope for the peace of this world now and in the future is for the American Nation to remain strong and free.

Mr. VANDENBERG. Mr. President, will the Senator from Indiana let me yield the floor, so that he may continue his address? I do not believe he needs me here.

Mr. JENNER. I will make an address on this subject at some other time. I am full of it; I am sincere about it. I think the American people have had only a one-sided picture. I think they certainly are entitled to the other side of the picture. I believe that when they understand it they, too, will realize that there is a limit to the bottom of the well of America's wealth and economic health.

Mr. VANDENBERG. I underwrite that conclusion myself.

Mr. DONNELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Missouri?

Mr. VANDENBERG. I yield to the Senator from Missouri.

Mr. DONNELL. Mr. President, does the Senator intend to yield the floor? I wish to obtain the floor in my own right.

Mr. VANDENBERG. I do.

Mr. SALTONSTALL and Mr. TAFT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Michigan yield; and if so, to whom?

Mr. SALTONSTALL. Mr. President, may I ask the Senator a question before he yields the floor?

Mr. VANDENBERG. I should a little prefer to resume the floor tomorrow. I confess I have some engagements I must keep. But, no, I will stay here a minute, because I do not want anybody to think I am evading questions.

Mr. SALTONSTALL. I should like to have the Senator answer for me one question, which is of importance to many people in my section of the country. We are sending this money abroad now to help certain nations to help themselves. They are cutting down on their imports, building up their exports. Would the Senator care to comment on whether he believes that through the aid we are giving them to build up their industries, while we are having to restrict our exports to them because they will not buy them—probably quite correctly—we are building up competitors to our own export trade in the years to come.

Mr. VANDENBERG. I may give the Senator an answer from an authority whose opinion is far more reliable than anything the Senator from Michigan might be able to say on the subject of import-export trade. I may say to the

Senator from Massachusetts, Administrator Hoffman was asked that question time and again in one form or another in the course of the hearing. The Senator from Massachusetts is familiar with the fact that Mr. Hoffman is one of the greatest and most successful industrial managers and operators of the country. He is at the head of the great Studebaker enterprise. His constant answer was that America need fear no competition in sales, if America can find enough people with money to buy things. He said further time and again, that whatever we lose by way of some slight competitive advantage in western Europe at the moment will be offset a hundredfold by the advantages which our export trade will enjoy as a result of putting western Europe on such a basis that it has a widely increased standard of living, therefore standard of buying, therefore standard of market available for us to enter.

Mr. SALTONSTALL. I thank the Senator.

Mr. DONNELL and Mr. KEM addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Michigan yield; if so, to whom?

Mr. KEM. I should like to ask the Senator from Michigan a further question.

Mr. DONNELL. Mr. President, has the Senator from Michigan yielded the floor?

The PRESIDING OFFICER. Has the Senator from Michigan yielded the floor?

Mr. VANDENBERG. I was about to. The Senator's colleague has a question.

Mr. KEM. Mr. President, I should like to ask a question following the question of the Senator from Massachusetts. I ask that I be permitted to pursue the point a little further. In the State from which I come we have a considerable gas industry, a considerable glass industry. It is one of the principal industries of an important community in our State.

Mr. VANDENBERG. I am not clear whether the Senator misspoke himself.

Mr. KEM. We have both. The gas is used in the manufacture of the glass, which may account for my perhaps confusing statement. I have recently been told by responsible persons engaged in the glass business that under the administration of ECA a great glass factory has been erected in Belgium equipped with the latest American machinery. The Senator will agree that a competitor who has no capital investment is a pretty dangerous competitor, I assume. I want to ask the Senator whether he does not think an American industry, such as the glass industry in my State, may well look forward with considerable trepidation to the years ahead, when they will be competing with plants built in Europe with American money, equipped with the latest American machinery, at no cost to those countries or to their citizens?

Mr. VANDENBERG. The Senator's premise, I respectfully submit is erroneous. It is not true that any contribution from America to the glass operation is without local capital investment. What-



ever aid the Belgian industrialist receives in setting up the glass factory he must pay for in the currency of his own country. It is just as great a capital expenditure so far as he is concerned as is the relative investment in American dollars by his competitor in the United States.

Mr. KEM. The currency of his own country in terms of world commerce is relatively worthless. Much of it is not worth enough to paper the walls of his office with it.

Mr. VANDENBERG. That is not true of the Belgian gentleman of whom the Senator speaks.

Mr. KEM. No; but it is true of the currencies of other countries.

Mr. VANDENBERG. It may be true of some of them.

Mr. KEM. I do not think the Belgian instance is unique by any means. But to sum it up, does the Senator feel that American industry has nothing to fear from competition of the character I have just outlined?

Mr. VANDENBERG. Did the Senator hear my reply to the Senator from Massachusetts?

Mr. KEM. I did.

Mr. VANDENBERG. That really is my reply to the Senator from Missouri. It seems to me the Senate Foreign Relations Committee could not possibly have had a greater expert witness on the subject than the distinguished head of the Studebaker Corp., Mr. Hoffman himself, because certainly he has demonstrated that he knows how to face extreme industrial difficulties and to rise above them and reach a highly advantageous and profitable result. His statement to our committee, time and again, was that, whatever incidental competitive disadvantage might result in line with the example submitted to me by my able friend from Missouri, is offset a hundredfold by the advantage to the American export trade as a whole through having a vigorously healthy western Europe on a basis of higher living standards, higher wage standards, and general expansion of purchasing power.

Mr. KEM. Mr. President, will the Senator agree that the manufacturer or the community that happens to be made a guinea pig under such circumstances is in rather an unfortunate position?

Mr. VANDENBERG. I would have to agree with that.

Mr. DONNELL obtained the floor.

Mr. LUCAS. Mr. President, will the Senator yield to me for a moment?

Mr. DONNELL. I yield.

Mr. LUCAS. Mr. President, the hour is near 5 o'clock, and I have agreed with a number of Senators to move to take a recess until tomorrow, if the Senator from Missouri may have the floor tomorrow morning. I ask unanimous consent that the Chair recognize the Senator from Missouri when the Senate convenes tomorrow morning.

The PRESIDING OFFICER. Without objection, that will be done.

Mr. DONNELL. Mr. President, that is quite satisfactory to me; and I thank the Senator from Illinois for his courtesy.

Mr. MAGNUSON. Mr. President, I should like to ask the Senator from Illi-

nois if it is the intention to try to finish debate on Senate bill 1209 tomorrow?

Mr. LUCAS. I made such a statement at the opening of the Senate session today. I said that we would remain here tomorrow until we finished the bill, even though it required a night session. I shall, in a few moments, move to take a recess until 11 o'clock tomorrow morning.

Mr. MAGNUSON. I thank the Senator.

#### EXECUTIVE SESSION

Mr. LUCAS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

#### EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MILLER in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

#### INTERIOR DEPARTMENT—NOMINATION PASSED OVER

The Chief Clerk read the nomination of John R. Nichols, of New Mexico, to be Commissioner of Indian Affairs.

Mr. SALTONSTALL. Mr. President, the Senator from North Dakota [Mr. LANGER] is not present, and I have not heard from him. In his absence I hope that the majority leader will allow that nomination to be passed over.

Mr. LUCAS. I shall comply with the request of the Senator from Massachusetts, with this observation, that on Monday next, when the Executive Calendar is called, I shall be compelled to move to take up the nomination of Mr. Nichols to be Commissioner of Indian Affairs, if objection is made to it.

Mr. SALTONSTALL. I shall communicate with the Senator from North Dakota and give him that information.

The PRESIDING OFFICER. The nomination will be passed over until next Monday.

#### COAST AND GEODETIC SURVEY

The Chief Clerk proceeded to read sundry nominations in the Coast and Geodetic Survey.

Mr. LUCAS. Mr. President, I ask that the nominations in the Coast and Geodetic Survey be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

#### POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. LUCAS. Mr. President, I ask that the nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc; and, without objection, the President will be immediately notified of all confirmations this day made.

#### RECESS

Mr. LUCAS. I move that the Senate now stand in recess until tomorrow morning at 11 o'clock.

The motion was agreed to; and (at 4 o'clock and 54 minutes p. m.) the Senate took a recess until tomorrow, Friday, March 25, 1949, at 11 o'clock a. m.

#### NOMINATIONS

Executive nominations received by the Senate March 24 (legislative day of March 18), 1949:

##### APPOINTMENTS IN THE REGULAR ARMY

The following-named persons for appointment in the Medical, Dental, Medical Service, and Judge Advocate General's Corps, Regular Army of the United States, in the grade and corps specified, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.) and title II of the act of August 5, 1947 (Public Law 365, 80th Cong.):

##### To be lieutenant colonels

Sterrett E. Dietrich, MC, O261907.  
Harvey G. Taylor, MC, O1683642.

##### To be majors

Laurence A. Bilotta, MC, O328854.  
William R. Haas, MC, O375414.  
Bernard J. Moore, MC, O301378.  
Orville H. Tackett, MC, O378418.  
Herman E. Wilkinson, MC, O282080.

##### To be captains

John R. Altmeyer, MC, O1724896.  
Irving H. Canfield, MC, O474732.  
Henry M. Cook, Jr., MC, O1766851.  
Philip A. Cox, MC, O407311.  
Allan C. Evans, MC, O547444.  
John R. Fair, MC, O423656.  
Warren H. Kimsey, MC, O440243.  
Thurman A. Larson, MC, O1685483.  
Hugh B. McManus, Jr., MC, O1774912.  
Oscar W. Miller, MC, O465709.  
Spurgeon H. Neel, Jr., MC, O435322.  
John E. Pleasants, DC, O464390.  
Samuel D. Salem, MC.  
Frank E. Schwartz, MC.  
Joseph C. Stroud, Jr., MC, O1775494.

##### To be first lieutenants

John H. Angell, MC.  
Angel A. Arce, MC, O935465.  
Roberto E. Benitez, MC, O1718388.  
William W. Bindeman, MC.  
Hu A. Blake, MC, O1736671.  
Don G. Bock, MC.  
Robert H. Bowden, MC.  
Arnold J. Capute, MC.  
Robert J. Carpenter, Jr., MC, O1705307.  
Thomas P. Clarke III, MC.  
George A. Colom, MC.  
Robert M. Counts, MC.  
George W. Curd, Jr., MC, O964816.  
Leslie E. Dixon, JAGC, O411977.  
Samuel L. Dunalf, MC.  
Frank L. Dunn, MC.  
Williford Eppes, MC.  
John H. Fisher, MC, O1756604.  
Barney L. Friedman, Jr., MC, O1736605.  
Robert C. Garner, MC.  
Jack E. Geist, MC.  
Irving Gray, MSC, O408411.  
James W. Grey, Jr., DC.  
Robert R. Hahn, MC.  
David A. Hamburg, MC.  
William F. Hughes, Jr., MC.  
Edward E. Mercier, MC.  
William H. Morse, MC.  
Arthur D. Porcella, JAGC, O1548530.  
Joseph C. Rogers, DC, O938691.  
James D. Roorda, MC.  
Robert M. Senty, MC.  
Paul E. Sieber, MC, O1726349.  
John Q. Thompson, MC.  
Kent P. Upchurch, MC, O1736385.  
John H. Webb, Jr., MC.



Vaughn W. Westermeyer, MC, O1787131.  
Robert H. Wildhack, MC.  
Lawrence H. Williams, JAGC, O698501.  
David C. Wilson, Jr., MC.  
Willard W. Young, JAGC, O523322.

The following-named persons for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.):

James L. Clark, O450826.  
Ernest M. Kelly, Jr., O947405.  
Melvyn A. Sandier.

The following-named persons for appointment in the Army Nurse Corps, Regular Army of the United States, in the grade of second lieutenant, under the provisions of Public Law 36, Eightieth Congress:

Kathryne I. Hudson, N797475.  
Olga Luckton, N794793.  
Margaret P. Phillips, N795112.

#### IN THE ARMY

##### APPOINTMENTS IN THE REGULAR ARMY

The following-named officers for appointment, by transfer, in the Regular Army of the United States without specification of branch, arm, or service:

Capt. Francis John Kelly, O37505, Medical Service Corps, United States Army.  
Capt. Ernest Harry Wallace, O37552, Medical Service Corps, United States Army.

##### PROMOTIONS IN THE REGULAR ARMY

The following-named officers for promotion in the Regular Army of the United States, under the provisions of section 107 of the Army-Navy Nurses Act of 1947:

##### *To be captains, Army Nurse Corps*

Phyllis W. Adams, N1019.  
Gertrude Florence Allen, N251.  
Katherine Virginia Allen, N282.  
Rena L. Andersen, N984.  
Edith Ansley, N724.  
Ruby Wilkes Archer, N1634.  
Leona Arend, N871.  
Audray E. Arnold, N1084.  
Nelna M. Arp, N1051.  
Agnes M. Arrington, N1326.  
Elizabeth Artz, N264.  
Lillian Vaughn Avery, N1037.  
Caroline E. Avila, N846.  
Mary Celestine Axmann, N478.  
Alberta Mary Bachman, N841.  
Agnes Baciorek, N1530.  
Rosalie Baciorek, N229.  
Mary Edna Baggett, N413.  
Rosalie F. Bailen, N646.  
Doris Lillian Bailey, N1246.  
Louise Bainbridge, N192.  
Julia Whitette Baker, N1043.  
Adele Margaret Ball, N1199.  
Katherine Ball, N358.  
Katherine E. Baltz, N688.  
Wilma R. Barney, N1363.  
Frances M. Barrett, N730.  
Anne E. Batho, N1075.  
Anna N. Bauer, N872.  
Evelyn M. Bedard, N1314.  
Georgia V. Beidle, N1282.  
Mattie Agnes Bell, N694.  
Margaret Ellen Bellue, N1668.  
Maude B. Benedict, N197.  
Clara Rose Bentley, N1313.  
Anne A. Benton, N227.  
Bonnie Jane Best, N489.  
Loretta Margaret Bevins, N1280.  
Margaret N. Bishop, N186.  
Minnie L. Bitros, N691.  
Louise Frederica Bitter, N1358.  
Dollie Mae Blake, N680.  
Ruby J. Blasingame, N1064.  
Clarice Helen Blegen, N685.  
Edith Isabel Blennerhassett, N215.  
Inez Henrietta Blossman, N1273.  
Irene C. Bofenkamp, N1644.  
Catherine Grace Boles, N365.  
Mary R. Bonner, N378.  
Ada E. Boone, N1301.  
Ann Bosshard, N1081.

Mathilda E. Bott, N823.  
Myfanwy Mayme Bowden, N1018.  
Patricia Ida Boyle, N993.  
Betsy Bradford, N327.  
Marcella V. Brandyberry, N618.  
Edna R. Brauning, N818.  
Lucy P. Brazeal, N842.  
Ruth Elva Breneman, N1328.  
Dorothy P. Briggs, N1651.  
Winifred M. Briggs, N992.  
Aileen Elizabeth Brimmer, N291.  
Mattie C. Britton, N845.  
Donna D. Bromerski, N658.  
Juanita M. Bronson, N299.  
Edith E. Brown, N1052.  
Faunetta Lucille Brown, N1574.  
Margaret Ann Brown, N1034.  
Marjorie T. Brown, N1269.  
Frances Lucia Bryant, N284.  
Muriel Burchfield, N276.  
Lottie B. Burk, N405.  
Menla Burke, N648.  
Barbara P. Burnham, N487.  
Marguerite Marcia Burns, N613.  
Grace I. Burrus, N317.  
Ethel Burton, N207.  
Vera N. Bush, N849.  
Sara Christine Butts, N297.  
Laura Pauline Byrne, N366.  
Virginia Frances Cahill, N711.  
Elizabeth M. Cale, N1046.  
Lilah M. Cameron, N308.  
Violet Ruth Campbell, N222.  
Margaret H. Cannoles, N1211.  
Peggy G. Carbaugh, N363.  
Martha Carle, N1575.  
Eva Lea M. Carter, N265.  
Dorothy Helene Cartwright, N654.  
Mary Anne Casserly, N1572.  
Eleanor Cassidy, N328.  
Mercedes A. Castille, N1641.  
Constance Genevieve Catalano, N1372.  
Jennie L. Caylor, N1290.  
Hazel Christine Chadwick, N1289.  
Rebecca Chamberlin, N400.  
Eva Elizabeth Cheeseman, N632.  
Christine Marie Chesnik, N1196.  
Katherine Elizabeth Chickering, N1544.  
Grace H. Chism, N706.  
Annabel M. Christiansen, N596.  
Bessie Charlotte Christie, N622.  
Ruth E. Church, N455.  
Jeannette Churchill, N1336.  
Alta Ruth Clark, N670.  
Leota H. Clark, N1227.  
Mary Elizabeth Clark, N1295.  
Mary S. Clark, N1213.  
Mildred Irene Clark, N608.  
Margaret Geneva Clarke, N745.  
Barbara Allen Clymer, N409.  
Louise M. Coard, N1577.  
Mary Margaret Coffey, N868.  
Dorothy Ellen Coleman, N725.  
Christine Coletti, N1642.  
Betty Lorraine Colyer, N1206.  
Florence Barbara Combs, N345.  
Florence Therese Connell, N337.  
Rita V. Connors, N980.  
Margaret Elizabeth Connor, N387.  
Hazel Versie Cooley, N334.  
Dora Mary Coover, N1344.  
Gladys R. Corey, N1559.  
Helen Rose Cosma, N599.  
Dorcas E. Coulter, N1540.  
Catherine V. Coyne, N312.  
Mary Jean Craig, N862.  
Edna Frances Crandall, N1549.  
Ellen Gladys Crigler, N246.  
Aileen Cronkite, N865.  
Margaret Evangeline Croskery, N1055.  
Catherine Lois Crotty, N662.  
Lillie Udine Crow, N254.  
Aller Mae Crowell, N65.  
Ruth L. Crowell, N490.  
Lois B. Cullmann, N404.  
Irene Elizabeth Cully, N614.  
Virginia E. Cundiff, N850.  
Helen F. Custer, N697.  
Virginia B. Dailey, N1003.  
Elizabeth Ann Darden, N202.  
Margaret Rosalie Dardis, N645.

Alice Bissell Davidson, N1240.  
Gertrude G. Davidson, N451.  
Robertine Eldrydd Davies, N1263.  
Anna L. Davis, N732.  
Kathleen E. Davis, N476.  
Margaret Elizabeth Davis, N1011.  
Harriet Alice Dawley, N644.  
Marjorie May Dawson, N866.  
Bernice Y. Deason, N318.  
Kathryn Knapp DeBoard, N1042.  
Georgia D. De Frane, N701.  
Dorothy May DeHart, N1312.  
Grace Delaney, N454.  
Helen C. Dembeck, N1222.  
Janet Lucile Demy, N1355.  
Jewell Dennis, N1022.  
Jewell Derryberry, N214.  
Lucretia M. deSchweinitz, N464.  
Ada Wilson Desprez, N1556.  
Helen T. Devine, N1078.  
Grova-Nelle Dickson, N484.  
Helen Frances Dietsche, N665.  
Rachel Emma Dilleuth, N1576.  
Lois Rhodema Dimmerling, N933.  
Flora Jane Ditchfield, N1053.  
Louise E. Dittmar, N272.  
Helen Louise Doll, N210.  
Lydia Miriam Domert, N901.  
Rhoda E. Donahoe, N364.  
Dorothy M. Donahue, N621.  
Madelyn Florence Donnelly, N1220.  
Rose A. Donoghue, N877.  
Doris Margaret Donovan, N870.  
Mary E. Donovan, N301.  
Kathryn Mary Doody, N338.  
Annie May Dorset, N225.  
Anna J. Dorsey, N223.  
Helen Doviak, N900.  
Myrtle Drake, N837.  
Magdalene Drozd, N257.  
Jane M. Duey, N1031.  
Clara M. Duley, N1637.  
Rita R. Dulisse, N1334.  
Mamie Dumas, N286.  
Hazel Bernard Duncan, N1013.  
Elizabeth MacArthur Dunsmore, N1655.  
Colatine Dyas, N1260.  
Dorcas Elizabeth Easterling, N1635.  
Hilda Reber Echols, N883.  
Sammie Edenfield, N740.  
Claire Patricia Egan, N395.  
Evelyn Carlin Ekstrom, N1714.  
Virginia Monica Elder, N1718.  
Lillian M. Emmons, N824.  
Ruth Lake Engle, N737.  
Anna M. Evans, N1371.  
Bessie Facuna, N342.  
Anna Elizabeth Fairley, N1304.  
Gueda N. Falcone, N838.  
Eleanor H. Faulk, N458.  
Nellie Irene Feagans, N1547.  
Mary Fedor, N1000.  
Daria Fedoronko, N666.  
Wanda Irene Fill, N1238.  
Ruth A. Fisher, N350.  
Edythe M. Fleck, N1291.  
Margaret H. Flook, N702.  
Mary M. Foley, N1054.  
Dolores Ann Foltz, N682.  
Hallie Eloise Fondren, N277.  
Virginia Ellen Fobr, N735.  
Anne R. Foster, N656.  
Marguerite Wilson Foster, N1248.  
Edith H. Fowler, N1663.  
Lucille I. Fowler, N633.  
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Irma J. French, N1009.  
Marie Emma Frese, N200.  
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Miriam E. Fuller, N1202.  
Jeanne Theresa Fullerton, N674.  
Ruth Elizabeth Fussell, N1318.  
Marie C. Gaddis, N383.  
Mabel Galvin, N268.  
Helen Marguerite Garrison, N221.  
Edythe C. Garst, N1069.  
Margaret Louise Gattis, N1245.  
Sara Jane Gephart, N1259.  
Lois Alma Giebler, N1076.  
Nancy Gertrude Gillahan, N611.



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 24 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

---

## AMENDMENT

Intended to be proposed by Mr. GILLETTE to the bill (S. 1209)  
to amend the Economic Cooperation Act of 1948, viz:

1       On page 4, line 22, strike out the period and insert a  
2 semicolon and the following: "and by adding at the end  
3 thereof the following new sentence: 'The amounts of corn  
4 and corn grits, corn meal, and corn flour produced in the  
5 United States to be transferred by grant to the participating  
6 countries shall be so determined that the total quantity of  
7 United States corn used to produce the corn grits, corn  
8 meal, and corn flour procured in the United States for  
9 transfer by grant to such countries under this title shall not  
10 be less than 15 per centum of the aggregate of the un-  
11 processed corn and corn in the form of corn grits, corn  
12 meal, and corn flour procured in the United States for trans-  
13 fer by grant to such countries under this title.'"

81ST CONGRESS  
1ST SESSION

# S. 1209

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## AMENDMENT

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Intended to be proposed by Mr. GILLETTE to  
the bill (S. 1209) to amend the Economic  
Cooperation Act of 1948.

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MARCH 24 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed

# S. 1209

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IN THE SENATE OF THE UNITED STATES

MARCH 24 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

---

## AMENDMENTS

Intended to be proposed by Mr. CAPEHART to the bill (S. 1209)  
to amend the Economic Cooperation Act of 1948, viz:

1       On page 5, lines 14 and 15, strike out the figure  
2   “\$1,150,000,000” and insert in lieu thereof the figure  
3   “\$750,000,000”.

4       On page 5, line 16, strike out the figure “\$4,280,-  
5   000,000” and insert in lieu thereof the figure “\$2,250,-  
6   000,000”.



81ST CONGRESS  
1ST SESSION

## S. 1209

### AMENDMENTS

Intended to be proposed by Mr. CARENANT to  
the bill (S. 1209) to amend the Economic  
Cooperation Act of 1948.

MARCH 24 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed

# S. 1209

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IN THE SENATE OF THE UNITED STATES

MARCH 24 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. CAPEHART to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz:

- 1       On page 5, line 16, strike out the figure "\$4,280,-
- 2   000,000" and insert in lieu thereof the figure "\$1,850,-
- 3   000,000".

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## AMENDMENT

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Intended to be proposed by Mr. CAPENHART to the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

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MARCH 24 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed







EXTENSION OF THE  
EUROPEAN RECOVERY PROGRAM

---

REPORT  
OF THE  
COMMITTEE ON FOREIGN AFFAIRS  
ON

H. R. 3748  
A BILL TO AMEND THE ECONOMIC  
COOPERATION ACT OF 1948



MARCH 25, 1949.—Committed to the Committee of the Whole House  
on the State of the Union and ordered to be printed

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UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1949





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## EXTENSION OF THE EUROPEAN RECOVERY PROGRAM

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MARCH 25, 1949.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. KEE, from the Committee on Foreign Affairs, submitted the following

### REPORT

[To accompany H. R. 3748]

The Committee on Foreign Affairs, to whom was referred the bill (H. R. 3748) to amend the Economic Cooperation Act of 1948, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### I. THE OCCASION FOR THE LEGISLATION

*Purpose of the bill.*—The bill amends the Economic Cooperation Act of 1948 (title I of Public Law 472, 80th Cong.) so as to extend the European recovery program an additional 15 months. It authorizes in section 8 (a) appropriation of \$1,100,000,000 for the period April 3 to June 30, 1949, and \$4,280,000,000 for the fiscal year 1950. These authorizations are discussed on pages 14–19 of this report. It also authorizes in section 6 (c) a public-debt transaction of \$273,300,000 to be available for guaranties of American investment in projects helpful to the European recovery program. This is discussed on page 21 of this report. Other principal items, their location in the bill, and the pages on which they are discussed in this report, are as follows:

An expanded program for investment guaranties (sec. 6 (b) (1), (4), and (5); see pp. 20–22 below).

Extension and modification of guaranties of informational media (sec. 6 (b) (2) and (3); see p. 22 below).

Authorization for interim advances by the Reconstruction Finance Corporation (sec. 8 (b); see p. 22 below).

Extension of availability of unobligated and deobligated funds beyond April 3, 1949 (sec. 8 (a) (1); see p. 22 below).

Inclusion of unification and federation of Europe in the basic policy of the bill (sec. 1; see pp. 10–12 below).

Modification of counterpart fund requirements to permit exceptions in certain cases and to reserve a portion thereof for the United States (sec. 9 (a) and (b); see pp. 23-25 below).

Clarification of requirements for shipment of a portion of cargo in United States flag vessels (sec. 6 (a); see pp. 25-26 below).

Clarification of transportation subsidy for relief shipments by voluntary agencies (sec. 9 (b); see p. 26 below).

Repeal of the requirement for shipping in the form of flour 25 percent of grant-financed wheat exports (sec. 7 (a); see pp. 26-27 below).

Requirement for getting advance procurement information to the trade (sec. 7 (c); see p. 28 below).

Requirement for policing prices on commodity transactions (sec. 7 (d); see p. 28 below).

Charter of 10 United States ships to help Italian emigration (sec. 10 (c); see p. 29 below).

Wider participation of the Administrator in strategic materials programs (sec. 9 (b); see p. 29 below).

Salary adjustments and raising of status of certain administrative officials (secs. 2, 4, and 5; see pp. 31-32 below).

A section-by-section analysis of the bill is included as appendix III of this report (pp. 55-59); compliance with the Ranseyer rule is included as appendix IV (pp. 59-73).

*The necessity of a reappraisal.*—A synopsis of events in the development and execution of the European recovery program is included in appendix I for the benefit of those who wish a complete recital. Here it is necessary only to recall that in reporting to the House in the Eightieth Congress the legislation establishing the European recovery program, this committee commented:

\* \* \* A program lasting through June 30, 1952, is envisaged. This does not represent a commitment. This Congress does not attempt to bind future Congresses. The program represents rather an objective whose realization will be contingent upon the practical results achieved by the participating nations. \* \* \*

Accordingly the authorization was at that time limited to 1 year, so that the Congress might reappraise the broad policies of the program and measure the concrete accomplishments before deciding whether to go on with it.

*Introduction of bill and study by the committee.*—H. R. 2362, a bill amending the Economic Cooperation Act of 1948 and extending the authorization, was introduced in the House of Representatives by the Honorable Sol Bloom, late chairman of this committee, on February 7, 1949, and hearings began the next day. The committee closed the taking of testimony on March 14 but continued to obtain further information during executive session meetings which were closed on March 22. A fuller account of the length and scope of the hearings by the Committee on Foreign Affairs is contained in appendix II. These hearings and executive session meetings lasted through 26 days. The Secretary of State, the Secretary of the Treasury, and the Secretary of Agriculture were heard on the relation of the program to broad aspects of United States policy. The Administrator for Economic Cooperation and his principal subordinates covered the accomplishments, problems, and outlook of the program as a whole. The United States Special Representative in Europe and the mission chiefs representing

the Economic Cooperation Administration in six of the principal participating countries presented a detailed consideration of the developments in the participating areas. In addition some dozens of leaders of American industry and commerce, civic leaders, and representatives of particular interest groups discussed the objectives of the program and its impact on particular sectors of the domestic economy and its relation to particular problems of foreign policy. The committee was benefited also by a thorough documentation of progress, problems, programs, and prospects of the European recovery effort prepared by the Economic Cooperation Administration, notably its Report on Recovery Progress and United States Aid; by the reports of the Organization for European Economic Cooperation; and by various published studies of the Joint Committee on Foreign Economic Cooperation in pursuance of its mandate under section 124 of the Economic Cooperation Act.

*The committee's decision.*—The committee considered the legislation in 18 executive session meetings before determining upon approval. It was decided to bring it before the House in the form of a new bill, which was accordingly introduced March 23. The committee voted to report this bill (H. R. 3748), on March 24, by a unanimous vote.

*The divisions of the subject.*—The material of the hearings and studies, and the substance of the bill itself, may be considered conveniently under four headings:

Extension of the program.

Clarification of objectives.

The financing of the program.

Modification of operations and administration.

The issues are discussed below in that order.

## II. EXTENSION OF THE PROGRAM

### A. THE BASIS OF JUDGMENT

*The aim of the program.*—The Economic Cooperation Act as now in force is the product of a long, thorough, and mature effort in which the executive and the legislative branches of this Government, the American public, and various governments of Europe collaborated. Its objective is the restoration of the free nations of Europe to that self-sustaining basis which alone can insure the continuance of their independence and the freedom of their domestic institutions.

*The basis of United States aid.*—In seeking to insure the freedom of peoples by strengthening their economic base, the Economic Cooperation Act envisages a broad effort of economic collaboration and self-help among the nations of Europe qualifying as participants. It envisages that for 4 years those nations may call upon the United States for extraordinary assistance to redress the gap between their needs and their capability to provide for themselves, if they are to attain a self-sustaining basis. The recovery program consists of what the participating nations do for and among themselves and of United States assistance under the Economic Cooperation Act to serve and stimulate that effort. United States assistance comprises at most only about one-thirtieth of the income of the participating nations. Its importance lies in the quality rather than the quantity of the things it affords. It makes available to the economies of the participants

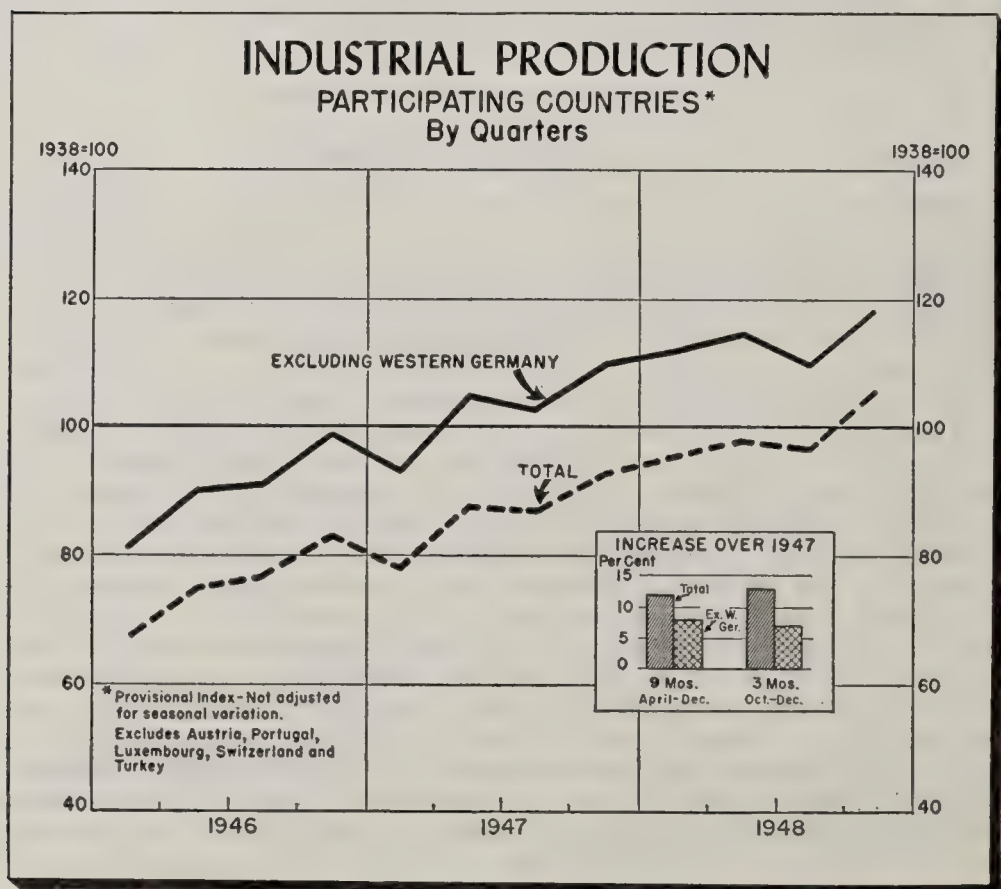


commodities of which they would otherwise be deprived because of shortage of foreign exchange to buy things that only dollars can buy, and which are essential to their effort to regain a self-sustaining basis.

*The criteria for appraising the program.*—The committee's consideration of the proposal to extend the authorization to the midpoint of the program period has centered on two questions: Has the program fulfilled its hopes up to now? Does the rate of headway justify a further investment in the future of Europe? The committee has not sought new paths into which to guide the program. It has sought rather to improve it on the basis of a candid appraisal of the progress made along the specific avenues to the goal as laid out in the Economic Cooperation Act: Increase of production; financial, monetary, and economic stabilization; and expansion of trade. After mature study, the committee is confident that the facts support the conclusions that production is rising significantly; that the participating nations have progressed substantially toward stabilization and have laid the ground work for still further accomplishments in this regard during the coming year; and that the participants have made a start toward developing mutual trade as a principal avenue to the solution of their common economic problems. The accomplishments of the program are given in full detail in the record of the hearings. Here they can be recounted only in summary.

#### B. THE PRODUCTION RECORD

*The rise in industrial output.*—The conclusion is justified that the expectations of the program were confirmed by Europe's production



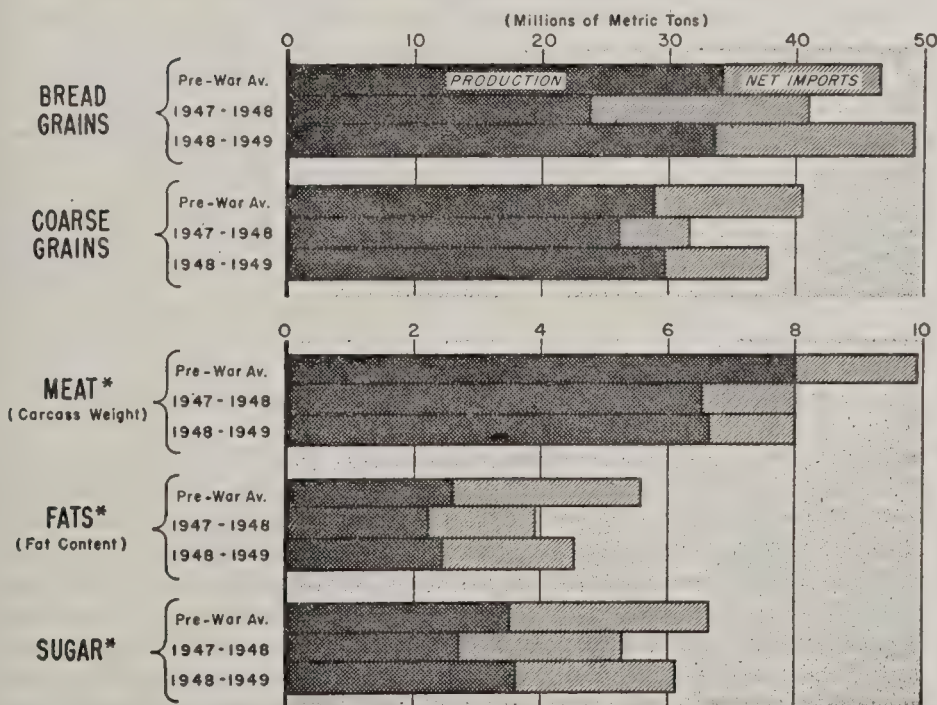
record in the first year. The total output of factories and mines in the participating countries during the calendar year 1948 was 14 percent above that of 1947, and about equal to prewar. Excluding western Germany, steel output is currently at a rate exceeding the prewar high of 1937 and 25 percent above that of 1947. The coal shortage has eased; although tonnage in the bizon and the United Kingdom remained below that of prewar, production in all other important coal fields in western Europe increased almost to prewar levels. An accompanying chart presents the general picture.

*Power and transportation.*—Rapid recovery in railway transportation and electric-power output has assisted materially in the expansion of production. Total electric-power production in 1948 was 65 percent higher than before the war, and 10 percent above 1947 levels. Railway traffic is one-third greater than before the war, notwithstanding a shortage of equipment and arrears of maintenance and repairs.

*The investment record.*—The investment record justifies the conclusion that economic improvement in Europe is not transitory but permanent. The European recovery program is not a relief program but a recovery program; the record demonstrates also that American assistance has renewed the confidence of western Europe in its own future. Gross investment in all countries for which estimates are available is expected to total roughly the equivalent of \$30,000,000,000 in the fiscal year 1948-49—six to seven times the dollars provided by the Economic Cooperation Act. This means that gross investment

## SUPPLIES OF AGRICULTURAL COMMODITIES

Totals for Participating Countries



\*Excludes Turkey



would approximate 20 percent of the gross national product. This is about equivalent in proportion to the investment rate in the United States in the four highest years in the period from 1921 to 1939—namely, 1923, 1925, 1926, and 1929. It is approximately three times the rate of investment of 1932 in the United States, the lowest year of the period referred to.

*Progress in agriculture.*—Crops in general in 1948 were one-fifth larger than in 1947—admittedly a bad year. The increase in bread grains is particularly striking. The 1948 crop was 41 percent larger than that of the year before, though still below the prewar level. Production of fertilizer in the participating countries was about 25 percent greater in 1948 than it was in 1947. An accompanying chart presents the picture on agricultural production.

*Increasing productivity.*—Before leaving the subject of production, it should be emphasized that a significant development, just getting under way and not yet reflected in the data, is a new attitude in both management and labor—a consciousness that productivity, as distinguished from production itself—is a huge factor in prosperity. It is probable that no single measure will be as helpful to the goal of higher industrial production in western Europe as the improvement of productivity—output per man-hour—of its industries. The productivity of western European workers, once the highest in the world and still much greater than that of most other areas, is nevertheless relatively low in comparison with the standards prevailing in the United States. This disparity, which is due to technological lag, is one of the roots of Europe's economic difficulties. The problems of increasing industrial and agricultural productivity, through greater mechanization—increasing the amount of energy available to each worker—and modernization of management methods and plant administration, are being attacked through a number of technical assistance projects of the Economic Cooperation Administration. Notable among these is the Anglo-American Council on Productivity, created in the fall of 1948 to consider an exchange of technical knowledge and methods and, in particular, ways in which United States industry could cooperatively assist British efforts to increase industrial productivity. It is hoped that in the stages of the program ahead increasing emphasis will be put on this type of endeavor, both by the Administration and by the participating countries. It is undoubtedly the key to greater progress both in industry and in agriculture in Europe.

#### C. FINANCIAL, MONETARY, AND ECONOMIC STABILIZATION

*Progress toward stability.*—The testimony before the Committee demonstrated that the participating countries, with few exceptions, have made real progress toward attaining internal financial stability. The upward pressure on prices which had been general in 1947 abated somewhat in these countries during 1948. As a result, many practices adopted by these governments to counteract inflationary pressures, such as rationing, allocation, and price controls, could be relaxed. This has been accomplished not solely through increased production. It has been the result also of wise, and in most cases, difficult fiscal policy decisions.



*The contribution of the program.*—The European recovery program made decisive contribution to the control of inflation in western Europe. The Economic Cooperation Administration and the Organization for European Economic Cooperation have exerted continuous influence in that direction. In addition to the increased productivity and other stabilizing factors attributable to the dollar aid extended under the European recovery program, an important factor in the progress toward stability has been the so-called counterpart funds accumulated in connection with grants made to the participating countries.

*The role of the counterpart funds.*—The Economic Cooperation Act wisely provides that the government of each participating country must deposit in a special account amounts of its own currency commensurate with the value of goods and services financed by grants. When such goods arrive in the receiving country, they are sold through normal trade channels and the proceeds of these sales are the main source of the local currency funds deposited in the special account. The operation of this machinery accomplishes two valuable results. In the first place, the people of western Europe, as private individuals, have to pay for the goods provided by United States aid. Businessmen do not receive capital goods or raw materials, and consumers do not receive food or fuel, as gifts. In the second place, amounts of money commensurate with the value of the goods are withdrawn from circulation and held in the special account instead of being automatically paid out again as income. Thus these counterpart funds, so-called because they are the counterparts of the grants, constitute a budget asset and their accumulation has the same deflationary effect that a true budget surplus would have.

*Illustrations of progress.*—The full country-by-country story on stabilization is told in the hearings. A few salient points should be noted here. Great Britain's achievements are notable in checking inflationary pressures and providing a budgetary surplus—the keystone to recovery in that kingdom. France has made an encouraging start toward combating inflation, which has plagued the country's efforts toward recovery since the close of World War II. Despite the serious set-back due to the Communist-inspired coal strike of last fall, the Government of M. Henri Queuille has dealt courageously and effectively with this problem. In 1948 France levied the highest taxes in its history, and tax rates will be higher in 1949. The French Government has successfully floated an internal loan of 100,000,000,000 francs (roughly \$310,000,000)—the first loan, not a forced loan, successfully floated in France since 1944. Italy has had notable success during 1948 in maintaining the stability of its economy, first achieved in the fall of 1947, after a long inflationary trend, through the courageous adoption of a rigorous deflationary program by the Italian Government. In the United States-United Kingdom occupied areas of western Germany a currency reform was introduced on June 20, 1948, by the military governors which canceled 93½ percent of outstanding reichsmarks. This reform was referred to in testimony as "the greatest single factor influencing the sharp recovery last year" in the Bizone.

*The need of further action.*—The above references illustrate but do not exhaust the story of the progress that has been achieved. Never-

theless, performance among the participating nations remains uneven. Signs are encouraging but success is yet to be reached. The participating nations are themselves aware of this. The committee was reassured by this implicit pledge of further action to come in the Interim Report of the Organization for European Economic Cooperation:

\* \* \* In order to achieve both the objectives of transferability and of maximum practicable freedom of trade, the participating countries must therefore address themselves to the following problems:

(i) They must make a determined effort to suppress inflation and to attain internal equilibrium.

(ii) They must cooperate in establishing stable monetary relationships and a price structure which will allow trade to move.

The committee noted also this language from the same source:

\* \* \* Throughout this report, the need to bring under control the inflation existing in many of the participating countries has been stressed. It threatens the production and investment programs; it generates a demand for imports that wastes resources, including American aid; it hampers the export drive; it makes impossible that reasonable equilibrium in western Europe which must precede greater liberalization of intra-European trade and payments. The things that have to be done during the next 3½ years need time. Yet many can hardly be begun at all until inflationary pressures are under control.

Proposals were made before the committee for writing into the terms of the basic agreements of this program pledges to take specific lines of action toward stabilization. It laid aside these proposals in view of the impossibility of attempting to lay down a rigid pattern of action in a set of dynamic situations. The task is one for the participating governments themselves, but the Administrator for Economic Cooperation, the Special Representative in Europe, and the country mission chiefs should be watchful of every opportunity to press for further progress.

#### D. EXPANSION OF TRADE

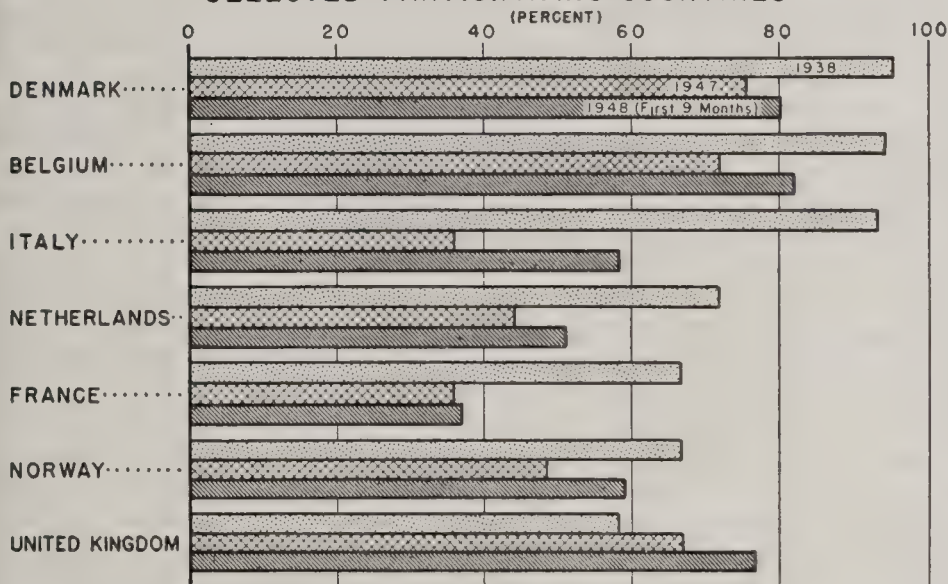
*Increase in exports.*—As a result of increasing output and stronger fiscal and trade policies, the volume of exports from the participating countries rose and their ability to pay for essential imports improved considerably during 1948. Over-all exports, for the countries taken as a group, excluding western Germany, were up 20 percent above the 1947 level. For the United Kingdom, exports in 1948 were one-quarter again higher than in 1947. In Italy, exports in 1948 were up almost 50 percent from 1947 levels; in the Benelux countries about 30 percent. In this current fiscal year, the earnings of the ERP countries on exports and "invisibles such as income from the tourist trade" will probably pay for a little more than half of the imports they need from the outside world. In the calendar year 1947 these earnings paid for only 40 percent of imports from the outside. As European production and exports have gone up, Europe's degree of dependence on the United States for assistance has diminished. Accompanying charts illustrate this development.

*Narrowing the trade deficit.*—As European production and exports have gone up, the large trade deficit of the participating countries with the United States has narrowed. During the first 11 months of 1948, imports from the United States declined by \$1,000,000,000 as compared with 1947, while exports to the United States increased by \$223,000,000. The improvement of Europe's external position



## PERCENTAGE OF COMMODITY IMPORTS PAID FOR BY EXPORTS

### SELECTED PARTICIPATING COUNTRIES



has thus been substantial. The total deficit on both capital and current accounts amounted to \$7,800,000,000 in 1947, whereas the figure for 1948-49 is expected to be \$5,500,000,000. While a heavy drain on European reserves of \$2,100,000,000 took place in 1947, the 1948-49 deficit will be met almost entirely from funds under this program and those spent by the Army for civilian relief.

*Use of assets in the United States.*—There will, nevertheless, be a small but manageable drain on gold and dollar resources. Also, during 1948, the participating countries continued to liquidate dollar investments in the United States. Securities worth about \$200,000,000, primarily from France and the Netherlands, were sold during the first 9 months of the year. In accordance with the terms of the Foreign Assistance Act of 1948 and the bilateral agreements, the participating nations have accepted the obligation to take measures, so far as is practicable, to locate, identify, and put to appropriate use assets and earnings therefrom which belong to their citizens and which are situated within the United States. The information resulting from the United States Treasury's census of blocked assets, taken as of June 1, 1948, has been given to the participating nations. The Economic Cooperation Administration missions have been instructed to take up with the governments of the participating countries the problems involved in mobilizing and utilizing these assets. However, existing gold and dollar balances of the participating nations are believed to be no greater than necessary to meet minimum needs, and the long-term investments of these countries in the United States are a vital factor in recovery objectives. It is not the policy of the



United States Government to force further liquidation of necessary gold and dollar balances, or to force the sale or hypothecation of security holdings.

*The intra-European payments plan.*—In early 1948 intra-European trade threatened to contract sharply as the result of the exhaustion of gold and dollar reserves and of credits which had been extended on a bilateral basis among the participants at the end of the war. In an effort to find a practicable alternative to strict bilateral balancing of trade at a very reduced level, an intra-European payments plan was established by the Organization for European Economic Cooperation. Under this plan, part of the dollars received from the ECA by any country which is a creditor in its trade with other participants has to be fully matched by grants extended by the creditor in its own currency to the debtor countries.

*The importance of intra-European trade.*—The expansion of intra-European trade is of great importance to European recovery. Trade among the participating countries has amounted in the postwar period to between 45 and 48 percent of their total exports and to between 29 and 31 percent of their imports. Before the war, imports of participating countries from each other were almost four times as large as their purchases from the United States. With the striking increase in importance of the United States as a European supplier, imports of American origin almost equaled intra-European trade in 1947. During the first 6 months of 1948, however, the European recovery area outranked the United States as a source of supply for the individual countries by approximately 50 percent. It is evident that the development in this respect envisaged by this program is now well under way.

### III. CLARIFICATION OF AIMS

#### A. OBJECTIVES REGARDING EUROPE

*Politics and economics.*—No apology needs to be made for the European recovery program. It is working. The aims that the Congress had in mind when it passed the Economic Cooperation Act a year ago are in the course of realization. Just as the basic act recognizes at many junctures the interrelationship of economics and politics, so have the achievements in production, finance, and trade reflected themselves in political amelioration. Western Europe, striving to overcome the depletion left by one struggle against totalitarianism, has been steadfast in the face of a new totalitarian threat arising from another direction. At the same time the participating nations have moved toward stronger and wider cooperation. The only question in the committee's mind was this: Is the rate of development rapid enough?

*The question of political conditions.*—In this year's appraisal of the program, just as in last year's hearings preceding its establishment, the committee gave earnest attention to the question whether specific political steps should be included in the conditions of assistance. The following colloquy between the Honorable John Vorys, of the committee, and Ambassador W. Averell Harriman, special representative in Europe of the Economic Cooperation Administration, is typical

of many in the record of the hearings and illustrates the issue regarding the inclusion of political steps as conditions for aid:

Mr. VORYS. Mr. Harriman, Mr. Hoffman this morning said this: "Europe must break away from its traditional and now inadequate ways of paying its way in the world."

Then he said this: "The material well-being of the people of Europe cannot be obtained if each country tries to work out its own salvation along separate, nationalistic lines. The effective reconstruction of the economy of Europe cannot be achieved through attempts to restore the prewar pattern."

Do you agree with that?

Mr. HARRIMAN. Yes, sir; and so do all the participating nations.

Mr. VORYS. Now, I have heard from, not official representatives, but just citizens of participating nations, that they agree there is no chance, unless they get together. Now, what I wonder is: If that is the case, why we should not put that in the law? I suggest, because it has been suggested to me and many others by informed people from the United States and from these countries, that such a requirement appropriately worded, such a pressure, would be helpful in getting them together.

Mr. HARRIMAN. \* \* \* If you refer to conditions, I think you are treading in a very dangerous field. These are mature and sovereign nations with widely different types of organization, economic organizations, and systems, and I do not believe we could accomplish what ought to be accomplished if there are any conditions to our aid in this field. Suggestions, advice; yes. Discussions and arguments, yes; but not conditions. There must be a will on the part of the nations and the people of the nations, and progress must be based on conviction that each step that they take is wise and sound.

*Unification and federation of Europe as objectives (sec. 1 of the bill).—* While foregoing the opportunity to expand the conditions laid down in the Economic Cooperation Act, the committee decided to make explicit reference in the statement of policy to the encouragement of unification and federation of Europe as an objective of American policy. In reporting the basic legislation to the House a year ago, this committee said of its political implications:

\* \* \* The union of Europe is a consummation devoutly to be wished. But the impulse must come from the participants. It is inherent in the entire European recovery program that it is a gesture of encouragement to such an end. \* \* \*

The language in section 1 of the bill simply makes the same idea explicit in the statute. The committee trusts that the inclusion of the new language may serve as an added stimulus to the nations of western Europe to pursue a fundamental solution in the political as well as the economic sphere.

*Appraisal of accomplishments.*—This should be taken as in no sense a depreciation of what has been accomplished. The Brussels Pact, the establishment of the Organization for European Economic Cooperation, and the Council for Europe deserve high acclaim. Taken together, they present a record of a year's achievement that should encourage free men throughout the world. Here it is appropriate to speak in appreciation of the work of the Organization for European Economic Cooperation. The committee noted particularly these words of Administrator Hoffman:

\* \* \* I rather think that the results have been fairly good up to date because starting in, as I say, a year ago, with a very high degree of isolationism, we have now the OEEC, which is the organization that is functioning directly with ECA to carry out the European recovery program, and I think they have gone a long way in a short time in becoming a compact, efficient body.

You know that they developed during their first year and did reconcile the first year programs of all of the 19 nations. They did introduce an intra-European



payments plan. They did come out and succeeded in getting 19 long-range programs which they are now engaged in studying with the intention of going back and suggesting to each country those changes in this program which would result in an integration of the 19 programs that makes some sense.

I honestly feel that more has been accomplished than almost could have been reasonably hoped for. The Secretary-General of the OEEC said something to me which I thought was quite colorful and quite significant. He said, "You know, Mr. Hoffman, for the first time in a long time there is a group of us who are now thinking as Europeans, and that is something new in Europe."

They are now thinking as Europeans, thinking in terms of bringing back western Europe as an entity, economically.

*Quality of the OEEC report.*—The committee was impressed directly in examining the Interim Report of the Organization for European Economic Cooperation. It is a candid and courageous document. It never attempts to conceal the difficulties that lie ahead. It points honestly to the weaknesses in the planning of the Europeans' recovery effort. It illuminates the obscure assumptions in the European program. It uncovers the duplications in the various national plans for expansion of production and commerce. So far as honesty and realism in economic planning can help them on the way the Organization is to be congratulated on the start it has made.

*The need for a more fundamental approach.*—To quote again from the testimony of Administrator Hoffman:

Through the ERP \* \* \* our attention is focused on economic problems. The attack on those problems already has called for some highly practical forms of cooperation among the countries of Europe. If cooperation can succeed in this field, it can succeed in others. It may well be that the measures of cooperation necessary to achieve economic recovery will form the foundation for a far grander structure—the permanent close association of the free nations of Europe.

If the free peoples are united, they can flourish in security. \* \* \*

The crux, in the committee's view, however, is whether political combination is not essential to economic recovery. This is indeed suggested by the Interim Report of the Organization for European Economic Cooperation. The implicit conclusion is that the great frontier of development for Europe is within Europe itself. This is the thought behind the inclusion of unification and federation in the statement of policy of the Economic Cooperation Act. What has been accomplished so far is praiseworthy. It is only a fraction of what must be accomplished, however, and the people and the Government of the United States must lose no opportunity to encourage and assist the nations within this program to think and act beyond the limits of their existing national sovereignties.

*The OEEC as the first, not the final, step.*—The legislation passed a year ago sought to encourage the countries of Europe to act jointly in quest of economic recovery as a means to peace and prosperity. That first step has been taken. It must be regarded as a first, not a final, step—as an opportunity, not a goal. Time presses. The problems are exigent. The new language recommended by the committee urges the nations of the Organization for European Economic Cooperation "to achieve speedily" the economic cooperation indispensable to the realization of the world's best hopes—and to work on from these to a solution on the political level as well.

*Question of Ireland.*—Testimony was presented to the committee by representatives of the American League for an Undivided Ireland, advocating that in taking steps to encourage the unification and federation of Europe, action be taken to urge the union of northern and



southern Ireland. The committee, after due consideration, without passing on the merits, concluded that this was not within the purview of the bill.

#### B. ISSUES RELATING TO WITHDRAWAL AND EXTENSION OF AID

*The problem relating to Indonesia.*—Another matter relevant to those implications of the European recovery program going beyond its economic aspects concerns its relation to this Government's obligations under the United Nations Charter. Current difficulties between the Netherlands Government and Indonesia were discussed repeatedly in the testimony before the committee. The committee was informed that, following Netherlands military action in Indonesia, the Economic Cooperation Administration, after consultation with the Department of State, suspended assistance to be applied by the Netherlands to Indonesia. This action was taken on the ground that conditions favorable to the continuance of an effective aid program no longer existed and that until conditions favorable to a sound recovery of Indonesia develop, further expenditure of Economic Cooperation Administration funds would be unjustified.

*Proposals and action.*—Proposals in varied forms but with a single intent were laid before the committee, calling for the Administrator to be required to withhold aid from any nation in default on a decision or recommendation of the Security Council or the General Assembly of the United Nations. It should be kept in mind that the United Nations Charter is already part of the supreme law of the land. The attainment of its objectives is included in section 102 (a) of the act, dealing with findings and declaration of policy. Section 104 (a) of the act subjects the Administrator for Economic Cooperation to the control of the President. Section 105 (b) enjoins the closest collaboration between the Administrator and the Secretary of State and authorizes the Secretary's interposition and reference to the President in event of any inconsistency between the operation of the program and the foreign policy objectives of this country. Section 118 of the act instructs the Administrator to terminate aid to a country whenever "because of changed conditions, assistance is no longer consistent with the national interest of the United States." In the committee's view, the act already contains all that needs to be said about the relationship of the program to the United Nations, and the inclusion of language to make the program a possible instrumentality of sanctions would be redundant.

*The question of including Liberia.*—Another topic taken up by the committee relating to broad objectives concerns possible extension of the limits of the program so as to include the Republic of Liberia. It was argued that this west African Republic, with which the United States has long been joined in reciprocal friendship, is surrounded by colonial areas which draw substance from this program through ties to the mother countries. The argument of contiguity alone, in the committee's view, is not sufficient to warrant inclusion of another nation in this program, for on that premise the frontiers of the undertaking might be pushed onward to encompass three continents. It seems better to let this remain a European recovery program, based upon the efforts in concert of the economies governed by European nations.

## IV. FINANCING THE PROGRAM

## A. THE AMOUNT OF THE AUTHORIZATION

*The committee's approach to the question.*—The continuation of the program having been approved, and the question of objectives having been clarified, there remains the question: How much? The committee gave the most scrupulous attention to this question, approaching it with a combined sense of the importance of maintaining the program at a level of performance sufficient to insure its goals and at the same time taking care that no unnecessary burdens be imposed upon the American taxpayer. No essential must be cut. No non-essential must be permitted.

*The formulation of estimates last year.*—A year ago the Congress had before it estimates prepared in the first instance by the prospective participating countries. No permanent joint European organization for central scrutiny of the data and objectives had yet come into being. The Economic Cooperation Administration had not yet been established as a central controlling agency in this Government with branches in each of the participating countries and a central office in Europe working in rapport with the joint organization of participating nations. The data prepared by the prospective participants were evaluated and altered a year ago by various committees of the executive establishment, which examined them in relation to broad requirements and to American capabilities.

*The method this year.*—This year it is different. In laying out the various national programs the mission chiefs of the Economic Cooperation Administration worked in constant collaboration with the respective governments to which they were accredited. In questioning the various mission chiefs who appeared in the hearings, the committee was satisfied that they knew with minute intimacy the various national recovery programs and that the American point of view had been reflected in the formulation. Next the collected national programs were screened by the Organization for European Economic Cooperation. The Special Representative in Europe and his subordinates advised in the deliberations at this level. Finally, the program was subjected in turn to painstaking examination and correction by the responsible agencies of this Government, notably the domestic organization of the Economic Cooperation Administration and the National Advisory Council on International Monetary and Financial Problems.

*Examination by the committee.*—In sum, the program, as it was submitted to the Congress, was the result of an effort in which responsible officials of this Government had participated at every step. The formula was precisely that which was envisaged by the Congress a year ago in legislating this program; the mandate of the Congress has been executed. The committee felt constrained, nevertheless, to exercise its independent judgment rather than take this program on faith. It closely questioned the Administrator and his principal subordinates in charge of over-all planning and of particular commodity requirements. It likewise examined the special representative in Europe and the principal mission chiefs. It developed confidence in the figures not only because of the manner of preparation but also through specific knowledge of their content. In standing behind the data in their



essentials the committee accepts them not in the sense that they once were unsound and have now been corrected. It does so in the sense that the formula was right, and that the data were essentially right, from the start.

*Shift to a fiscal-year basis.*—It should be pointed out that the authorized year in the Economic Cooperation Act does not now coincide with the fiscal year. The Foreign Aid Appropriation Act, 1949, attempted to bring the first period of operation into line with the fiscal year by having the appropriated funds do for the authorized 12 months plus three additional months through June 1949, unless the President, upon recommendation of the Administrator, should find it necessary to obligate the appropriated funds in a year rather than 15 months. The President so found and authorized the Administrator to schedule expenditures accordingly on November 26, 1948. The shift to a regular fiscal period remains a desideratum. In the words of the Administrator:

The ECA has found it desirable to estimate needs and organize its operations on a fiscal-year basis for several reasons: The fiscal year accords with normal Government budget practices; it is the year that the OEEC has used in its programming activities; it is a natural economic year in the sense that crop yields can best be estimated in the summer. \* \* \*

Accordingly, section 6 of the present bill contains two authorizations, one for the quarter from April 3 to June 30, 1949, and the other for the fiscal year 1950.

*The question of the British position.*—In considering the requirements for the program in the periods under review, the committee gave particular attention to questions raised by a speech delivered in the fourth week of February by Mr. Christopher Mayhew, delegate of the United Kingdom to the Economic and Social Council of the United Nations. The gist of the speech as widely reported was that the United Kingdom had virtually completed the process of recovery. This led to queries from many quarters as to whether United States aid was any longer necessary. Mr. Mayhew, however, was speaking of something quite distinct from the United Kingdom's further requirements of United States aid. He was discussing Britain's overall trade position as determined by its import requirements and its exports. The United Kingdom has made great gains in exports to soft currency areas. These gains are not correspondingly reflected in the United Kingdom's dollar account. In large part, Britain's vital needs can be met only in the dollar area. United States aid continues to be needed to sustain it on the road to recovery. The advances cited by Mr. Mayhew evidence significant accomplishments by the British along that road. They do not mean that Britain has yet reached the end of the road so far as dependence on United States aid is concerned.

*The factor of recent price changes.*—The committee gave close attention also to the impact of price changes on dollar needs. In general, the Economic Cooperation Administration used November 1948 prices in calculating the cost of European imports for the periods under review. Sizeable price changes have occurred since November. It was pointed out to the committee that the sum of money needed to carry out the recovery program depends, of course, both on the amount of money that the Europeans must spend for essential imports



and upon the amount that they earn through the sale abroad of their exports. The effect of recent price changes relating to goods shipped to Europe clearly is thus offset in part by changes in the prices received for European exports to the dollar areas. Thus, while the estimate of the total cost of goods to be shipped to Europe from the dollar areas in 1949-50 might be reduced by about \$35,000,000, the estimate of European earnings through exports to the Western Hemisphere would have to be reduced by at least \$25,000,000 to \$30,000,000. The possible reduction in the estimate of the net aid figure would be only a fraction of the total aid so small as to be well within the margin of error inherent in such calculations. The committee was convinced also that the Economic Cooperation Administration's original figures had taken into account the chief savings in prospect from declines in prices of agricultural staples. Since the estimates were made, there has been no general downward movement in the prices of manufactured goods of a magnitude sufficient to result in appreciable savings in the program. The evidence does not, therefore, justify any significant change in the figures originally presented.

*The problem of wheat prices.*—The committee also took cognizance of the circumstance that about 40 nations are currently negotiating an international wheat agreement to become effective August 1, 1949, and that they have tentatively agreed that the maximum price under such agreement shall be \$1.80 a bushel, in store, Fort William, which would, in turn, establish an export price for No. 2 Hard Winter wheat of about \$1.65 a bushel in Kansas City. The estimates in question, however, assumed a price of \$2.25 a bushel in Kansas City which, in turn, reflects the mandatory 90-percent support price that will be in effect for 1949-50 fiscal year. The difference between the two prices is 60 cents a bushel. The quantity of wheat which the United States might be expected to supply to participating countries under the proposed wheat agreement is about 110,000,000 bushels. In addition, the countries in the recovery program, other than the United Kingdom which has a special agreement with Canada covering the 1949-50 crop year, might be expected to get 10,000,000 bushels from Canada at the wheat-agreement price. Thus, the potential saving to the program might be 60 cents a bushel on 120,000,000 bushels, or \$72,000,000.

*Future appropriation action.*—The wheat agreement is still only a prospect, however. It must be approved by representatives of the governments participating in the negotiations. Then it must be submitted to the Congress for approval and, finally, funds would need to be appropriated by the Congress to pay the difference between the mandatory support price (\$2.25 a bushel in Kansas City) and the proposed export price under the wheat agreement (\$1.65 a bushel in Kansas City). Until affirmative action has been taken on all three of these steps, there is no assurance that a saving of \$72,000,000 can be made in purchases of wheat for this program in the 1949-50 fiscal year. Only when and if the Congress appropriates funds necessary to pay the export subsidy under an approved wheat agreement can the Economic Cooperation Administration count upon saving an estimated \$72,000,000 of its 1949-50-fiscal year funds. This committee believes that the House must base its authorizations upon the present facts, not upon future hypotheses. The contingency in

regard to wheat prices is noted, however, so that appropriate account may be taken of them in future actions by the Committee on Appropriations in regard to the possible wheat export subsidy.

*The question of Middle East oil prices.*—The committee took note of testimony to the effect that petroleum from Middle Eastern sources had been sold in the United States market at prices materially below the price at which it has been procured in the Middle East for delivery in Europe under Economic Cooperation Administration procurement authorizations. The committee was informed, however, by the Administrator that the prescribed policy of the Administration is that competitive market conditions must be reflected in prices paid for petroleum under the program. It was advised that the Middle East oil price discrepancies appeared to arise from exceptional and temporary circumstances and that the whole matter was undergoing thorough study by a special committee appointed by the Administrator. This study should be completed before the House will have acted on the appropriations authorized by this bill. The appropriation bill will afford an opportunity for a more complete review of petroleum prices than is now possible.

*The request and the committee's action thereon (sec. 8 (a) of the bill).*—The original request of the Economic Cooperation Administration was for \$1,150,000,000 for the period April 3 to June 30, 1949; \$4,280,000,000 for the fiscal year ending June 30, 1950; and authorization for forward contracting to the extent of \$150,000,000 in the fiscal year 1950. The committee now forwards these figures to the House with the following modifications: (a) The authorization for the next 3 months is cut by \$50,000,000; (b) the forward contracting authority is eliminated; (c) authorization for public credit transactions in support of a broadened policy of investment guaranties is included, in the sum of \$300,000,000 subject to reduction commensurate with the amounts in which funds have been already allocated for guaranty of convertibility of currency realized on investments in the participating countries. The authorization for the coming fiscal year is left intact.

*Proposed division of aid.*—An accompanying table presents the proposed division of American aid for the current and the next fiscal year. The figure \$4,823,500,000 at the bottom of the third column of the table represents the Economic Cooperation Administration's estimates of the requirements of the recovery program during the current fiscal year. Against these requirements the Administration has allocated \$3,673,500,000 from the initial appropriation for the program, the balance of the appropriation having been allocated to the requirements for the period April 3 to June 30, 1948. Consequently the requirements for the period April 3 to June 30, 1949, for which the Administration has asked appropriations, are \$1,150,000,000—the difference between the total for the current fiscal year and what has been allocated already.

*The cut for the current year.*—The committee came to the conclusion that the estimated unobligated balance of funds already appropriated will be sufficient to justify an over-all cut of \$50,000,000 for the remainder of this fiscal year.



*European recovery program—United States aid, 1948-49 and 1949-50*

[In millions of dollars]

	1948-49			1949-50	
	Requested by national governments	Recommended by OEEC	ECA proposed allotments	Requested by national governments	ECA illustrative allotments
Austria.....	339.3	217.0	215.2	217.0	197.0
Belgium—Luxemburg and Belgium dependencies and overseas territories.....	358.2	250.0	247.9	250.0	200.0
Denmark.....	149.9	110.0	109.1	110.0	109.0
Free Territory of Trieste.....	22.0	18.0	17.8	12.8	12.0
France and dependencies and overseas territories.....	1,114.9	989.0	980.9	890.0	875.0
Germany: Bizone—					
Total aid.....	1,083.0	1,051.0	984.0	912.1	880.6
Less GARIOA.....	-637.0	-637.0	-573.4	-539.7	-476.6
ECA aid.....	446.0	414.0	410.6	372.4	404.0
Germany: French zone.....	100.0	100.0	99.2	100.0	115.0
Greece.....	211.0	146.0	144.8	198.1	170.0
Iceland.....	11.0	11.0	5.2	10.0	7.0
Ireland.....	111.0	79.0	78.3	75.4	64.0
Italy.....	799.5	601.0	555.5	610.1	555.0
Netherlands and dependencies and overseas territories.....	657.0	496.0	469.6	507.0	355.0
Norway.....	104.0	84.0	83.3	131.8	105.0
Portugal.....	0.0	0.0	0.0	100.6	10.0
Sweden.....	109.0	47.0	46.6	70.7	54.0
Turkey.....	85.3	50.0	39.7	94.2	30.0
United Kingdom.....	1,271.0	1,263.0	1,239.0	940.0	940.0
Commodity reserve <sup>1</sup> .....			13.5		
Aid allotment, total.....	5,889.1	4,875.0	4,756.2	4,690.1	<sup>3</sup> 4,202.0
Administrative and other nonaid expenditures <sup>2</sup> .....			67.3		80.0
Grand total.....	5,889.1	4,875.0	4,823.5	4,690.0	4,280.0

<sup>1</sup> Represents purchase price of goods procured or to be procured by U. S. Government agencies, but not yet authorized for procurement by participating countries.

<sup>2</sup> Consists of dollar costs of strategic materials, ocean freight on relief packages, technical assistance, investment guaranties, administrative expenses, and confidential fund.

<sup>3</sup> Rounded downward to \$4,200,000,000 in total request.

*Comparison of authorization for fiscal year 1950 with current funds.*—Along with its recommendation that the request for fiscal year 1950 be left intact, the committee stresses that the figure represents a reduction from the current year's funds. A year ago the executive branch requested \$6,800,000,000 for the 15-month period April 3, 1948, to June 30, 1949: \$5,300,000,000 for the first 12 months and \$1,500,000,000 for the last 3 months of the current fiscal year. The Congress made available \$5,010,000,000, which the Economic Cooperation Administration used during the first 12 months of the program. The \$1,100,000,000 now sought for the last 3 months of the current fiscal year is \$400,000,000 less than the amount sought for the same period a year ago. The \$4,280,000,000 now sought for the coming fiscal year is \$1,020,000,000 less than the amount requested for the first 12 months of the program a year ago and \$730,000,000 less than the amount which the Congress actually made available for the first 12-month period.

*Relation of the estimates for fiscal year 1950 to other foreign requirements.*—In passing judgment on this authorization for the next fiscal year the committee believes the House will wish to know its place in the perspective of the general requirements for United States expenditures on undertakings abroad in the same period. Accordingly, these



data are included on an accompanying chart from the President's budget:

*Budget statement on international affairs and finance*

[Fiscal years, in millions of dollars]

	Expenditures			1950 net new appropriations
	1948, actual	1949, estimated	1950, estimated	
Reconstruction and military aid:				
Economic Cooperation Act—European recovery program (existing and proposed legislation).....	154	4, 600	4, 500	4, 300
Other proposed aid legislation.....			355	600
Greek-Turkish aid (acts of 1947 and 1948).....	186	285	136	
Export-Import Bank loans.....	460	0	146	
Treasury loan to the United Kingdom.....	1, 700			
Reconstruction Finance Corporation.....	4	—31	—35	
Foreign relief:				
Army (occupied areas).....	965	1, 265	1, 030	1, 000
Assistance to China (act of 1948).....	1	350	49	
Other (mainly under Foreign Aid Act, UNRRA and post- UNRRA).....	1, 027	185	7	
Palestinian refugee program (proposed legislation).....		16		
Displaced Persons Commission.....		1	2	5
Foreign relations:				
Department of State:				
Present programs.....	144	171	171	160
Proposed legislation (mainly war damage claims).....		17	1	2
Other.....	5	7	4	1
Philippine war damage and rehabilitation:				
War damage claims (Philippine War Damage Commission).....	23	171	165	165
Rehabilitation program.....	25	51	46	4
Interest on deposits (Treasury).....	2	4	3	3
Participation in international organizations:				
International Refugee Organization.....	69	73	70	70
Other present programs.....	18	53	57	31
FAO building loan and ITO (proposed legislation).....			2	8
Total.....	4, 782	7, 219	6, 709	<sup>1</sup> 6, 349

<sup>1</sup> In addition, this budget includes \$17,000,000 of appropriations recommended to liquidate prior year contract authorizations.

## B. THE FUNCTION OF LOANS AND GRANTS

*Departure from present act.*—The House should note that, in contrast to the program laid before it a year ago, the present undertaking does not contain any provision tying loans to public-debt transactions. In the original act \$1,000,000,000 is reserved solely for lending and for making guaranties of convertibility of returns on American investments. It was hoped that both of these avenues of financing would prove of benefit in reducing the financial burden upon the American people. Both of these hopes have been disappointed in some measure.

*Change in the outlook for loans.*—Loans have been made in the first year of the program to the full extent contemplated. It is anticipated, however, that the percentage of loans will fall off sharply in the periods covered in this bill. The participating nations are, in the main, at or near the point in their loan commitments where it might actually retard the achievement of the purposes of the program if further loans were undertaken. This was the unanimous testimony of the financial authorities of the Government testifying before the committee. They represented the view taken by the National Advisory Council on International Monetary and Financial Problems—a view based upon exhaustive studies carried on in pursuance of the mandate laid down in section 111 (c) (1) of the Economic Cooperation Act.

*Loans and recovery.*—The point that many of the participating nations are at or near the saturation point on loans should not, however, be interpreted as indicating that their recovery is illusory. In terms of this program, the process of recovery involves essentially the closing of the dollar gap in the balance-of-payments of the participating countries. Insofar as loans impose upon the recipients the obligation of interest and eventually of amortization, they tend to postpone the day on which it can be said that the recipients of aid have achieved recovery in the sense of having closed the dollar gap and of becoming self-sustaining. The objective of this program is to get the participating countries to a position where they will be economically and financially on their own feet—and to do this by 1952. The critical point is their credit position then—not now. For this reason the critical consideration is the total amount of loans made during the entire recovery period. The allocation of loans to any particular segment of the program is a secondary consideration. The Committee therefore concurs in the judgment of the National Advisory Council that the Administrator be given discretion to determine as between loans and grants, under guidance of the Council, rather than that Congress should attempt to foreclose the matter by segregation of funds.

*The place of loans in the program authorized.*—The above should not be taken as indicating there will be no loans. To the contrary, the Administrator has assured the committee that some of the participants would probably receive aid only in the form of loans and that certain others would receive aid in part in loans and in part in grants. It is impossible, however, to predict the ratio of loans and grants.

#### D. THE GUARANTY PROVISION

*The record to date.*—As to performance under the guaranty provision of the existing act, the committee took note that existing convertibility guaranties include \$2,625,000 for four industrial undertakings and approximately \$965,000 for informational media. There are prospects that the guaranties on information media may rise to some \$6,000,000 to \$8,000,000 by June 30, 1949. Active applications for industrial guaranties total approximately \$4,500,000. These figures fall far short of the expectations of the Congress in originally legislating the convertibility guaranty provision.

*Broadening the guaranties.*—After extensive study, the committee came to the conclusion that broadening the scope of the guaranties was the key to more significant use of them in this program. Many Government witnesses stressed the view that the obstacle to expanded investment in western Europe lies primarily in the uncertain political and economic conditions and the lack of opportunity to make a greater profit than can be made, with less risk, in the United States. That continued progress in over-all recovery will make Europe more attractive to investors is true obviously. The view of the committee, however, is that something should be done to stimulate investment as a means of bringing about that recovery. The committee believes that a broadened guaranty program must be undertaken forthwith to tap the resources of American business for helping the European



recovery program. These are the resources that must be used in trans-Atlantic economic cooperation when extraordinary assistance as provided by this program draws to a close. It is time to get started now.

*The new provisions (sec. 6 (b) (1), and (5) of the bill).*—The committee studied various proposals concerning suitable guaranty coverage. The relevant provisions of the present bill, in sections 6 (b) and (c), represent the committee's best judgment as to the risks the Government may properly assume as a stimulus to investment. The Administrator will develop this program through regulations in the spirit and within the limits of the policy prescribed by the Congress. These provisions amend the act in the particulars noted below:

(a) By stating that projects in connection with which the Administrator may guarantee investments shall include "expansion, modernization, or development of existing enterprises"—which items are covered in the Economic Cooperation Administration's present practice regarding convertibility guaranties.

(b) By broadening the scope of the guaranty of convertibility of returns to include not only the dollar value of the original investment but also actual earnings to the extent provided by the contract of guaranty—the limitations to be determined within the Administrator's responsibility and discretion to place suitable limitations on the amount of profits or earnings which the investor will be allowed to convert into dollars under this guaranty.

(c) By extending guaranty coverages to include not only convertibility of currency on realized investment but also losses on the investment resulting from seizure, confiscation, or expropriation; destruction by riot, revolution, or war; any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion of the Administrator prevents the further transaction of the business for which the guaranty was issued.

*Relation of guaranties to rest of program (sec. 6 (b) (6) and 6 (c) of the bill).*—The present ceiling of \$300,000,000 for guaranties is retained in the bill. Under the present act guaranties may be made only from the \$1,000,000,000 in public debt funds. Of this amount the sum of \$27,700,000 has been allocated for guaranties made or in prospect. The new authorization is for \$300,000,000 minus such sum. It is entirely distinct from the authorization for loans and grants. The committee believed it to be of extreme importance to have a segregated fund available only for the financing of guaranties. To attempt to finance grants and guaranties from the same funds would, for obvious reasons, inhibit the use of guaranties. The revised guaranty provision is intended to supplement, not to substitute for, funds authorized for loans and grants. The guaranty undertaking is an experiment in drawing out the resources of American capital to aid Europe. Its potential has not yet been determined. Its impact will be felt only after an interval for development. The needs of the program under grants and loans in the next year, however, are definite. Fulfilling them cannot be made contingent upon an as yet unascertained willingness of American business to respond to this new guaranty undertaking. It should be pointed out in this connection that funds provided under this authorization will be lost to the



Government only when and if it has to discharge liabilities incurred—and only to the extent of such discharge of liabilities.

*Relation of guaranties to long-term projects (sec. 6 (b) (4) of the bill).—*Besides broadening the guaranty coverage of ordinary investments in the participating countries, the relevant provisions are designed to enable the Economic Cooperation Administration to assist in financing acquisition of long-lead items. It is intended thus to serve the same purpose as was intended by forward-contracting authorization contained in section 6 (a) of H. R. 2362. The relevant provision in H. R. 2362 was to be limited to June 30, 1950, to an over-all sum of \$150,000,000, and to contracts to finance transfers of capital-goods items or commodities or services related to projects. In the committee's view such authority or its equivalent is essential to long-term undertakings to enlarge industrial facilities. Development of plant in the steel, petroleum-refining, power, coal, fertilizer, and agricultural-machinery industries is a most important part of the European recovery effort. Much must be contemplated or undertaken in the next fiscal year which cannot be completed until subsequent years. United States industry can be expected to undertake the production of the heavy equipment necessary for such long-range developments only upon assurance that contract payments will be made in dollars when due. To meet this purpose the committee expanded the definition of investment, for purposes of the guaranty provision, to include "the furnishing of capital-goods items and related services, for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950."

*Provisions as to guaranties of informational media (sec. 6 (b) (2) and (3) of the bill).—*The changed provisions generally relevant to guaranties apply also to informational media. The committee extends the guaranties for information media, with a \$15,000,000 limit, as in the present act. It set aside the proposed reduction of the ceiling to \$10,000,000, as contained in H. R. 2362 and in the Foreign Aid Appropriation Act, 1949. The committee has added the qualification that media coming under guaranties shall be consonant with the national interests of the United States. It is the intention that the Administrator should exercise his judgment to insure that media assisted under this provision shall reflect the best elements in American life and shall not be such as to bring discredit upon this Nation in the eyes of other nations.

#### D. OTHER PROVISIONS RELATED TO FINANCING OF THE PROGRAM

*Advances by Reconstruction Finance Corporation (sec. 8 (b) of the bill).—*Section 8 (b) of the bill proposes a new subsection (h) to section 114 of the Economic Cooperation Act authorizing the Reconstruction Finance Corporation to advance \$1,000,000,000 to the Economic Cooperation Administration pending the enactment of an appropriation act. This is similar to section 114 (a) under which the program was financed by public credit in its initial stages in 1948. This provision is considered necessary in order to avoid a break in the pipe line of assistance. A hiatus causing harmful effects on the program would

occur if the Economic Cooperation Administration were forced to defer the issuance of new procurement authorizations until the appropriations process had been completed.

*Use of unobligated and deobligated funds (sec. 8 (a) (1) of the bill).—*A change in section 114 (c) of the Economic Cooperation Act, as amended by section 8 (a) (1) of the bill at hand, would prevent unintended reductions in assistance resulting from mechanical difficulties involved in carrying out a continuing program with appropriations made for specific fiscal periods. As the law stands, unobligated balances of funds would revert to the Treasury and be lost to the program after June 30, 1949. The same would happen to funds obligated during the current fiscal year and removed from obligation after June 30, 1949. The Economic Cooperation Administration usually obligates funds by procurement authorizations drawn some weeks before the date of purchase and based on estimates of prices, needs, and availabilities as of the time of issue. Prices, requirements, or availabilities may later change so that the procurement authorization may be lowered. When procurement authorizations are reduced, the funds thus freed are then used in some other part of the program. It is in the interest of the program to permit this to be done in fiscal year 1950 with funds appropriated for preceding periods. The circumstance that funds may be unobligated at the moment of expiry of the current fiscal year or may subsequently become deobligated will be due solely to problems inherent in the fluctuation of the market and in the mechanics of bookkeeping. It will not reflect any broad change in the requirements of the recovery effort.

*Retention of the trust-fund provision.*—The present bill retains section 114 (f) of the Economic Cooperation Act of 1948, which was explained as follows in this committee's report on that legislation:

\* \* \* This subsection establishes a foreign economic trust fund consisting of \$3,000,000,000 of the funds appropriated for the first 12 months of operations under this title, and requires that expenditures made for carrying out this title in the fiscal year beginning July 1, 1948, will first be met out of the trust fund. When the \$3,000,000,000 placed in the trust fund has been exhausted by these expenditures, future expenditures will be made out of appropriation accounts in the customary manner. From the point of view of the Administrator's operations under this title, the trust fund will be utilized in exactly the same manner as ordinary appropriation accounts. The only difference \* \* \* is the recording of the expenditure of the \$3,000,000,000 as part of the budgetary expenditures of the fiscal year ending June 30, 1948.

Repeal of this system of bookkeeping was requested in the President's budget message and in a letter to the Speaker dated January 13, 1949, and signed by Mr. Frank Pace, Jr., then Assistant Director of the Bureau of the Budget. Mr. Pace stated the central argument as follows:

Since the amount \* \* \* will actually be expended during the fiscal year 1949, the present requirement that it be considered as expended during the fiscal year 1948 obviously results in incorrect reporting of Government expenditures. As stated in the budget message of the President, "This wholly artificial bookkeeping shift in no way affects the Government's actual financial operations, but it does result in a distorted picture of the budget surplus or deficit in these 2 years.

The committee decided, however, to stand by the decision made last year on a matter which, in essence, does not concern the success or failure of this program.



## V. MODIFICATIONS OF OPERATIONS AND ADMINISTRATION

## A. CHANGES IN COUNTERPART FUNDS

*Background on counterpart funds.*—Section 8 of the bill refers to counterpart funds. These are discussed also on page 6 of this report. These are funds deposited in central banks by the government of each country receiving assistance in the form of grants. These funds are required by section 115 (b) (6) of the act to be commensurate to the amount of aid thus given. The government depositing the funds raises them through the sale of commodities to local users. Use of the funds is subject to joint control by that government and the Economic Cooperation Administrator, who consults with the National Advisory Council on Monetary and Financial Problems and the Public Advisory Board in regard to their use. They may be released for purposes consonant with the act, such as stabilization, stimulation of production, and the like. These funds have proved to be of major importance in forwarding the objectives of the act. Their existence and use are integral to its operation. The amendments herein proposed modify the requirements in a manner consistent with the purposes of the act and advantageous to the United States and the recovery program.

*Waiver of counterpart fund requirements in relation to technical assistance (sec. 9 (a) of the bill).*—The requirement of counterpart deposits has hampered technical assistance under the program. Expert service in the fields of industrial technology, agricultural development, labor relations, management, marketing, and administration is one of the potentially most useful forms of aid authorized by the act. It is of great importance in quickening the pace of economic advancement in the countries themselves and in the development of colonial areas. Where such aid is made available to business concerns within the participating countries, the problem of raising counterpart funds has not arisen. Where such aid is afforded in projects of a broad public nature rather than to a single business enterprise, the participating government may be required to appropriate for the counterpart deposit. Section 8 (a) would authorize the Administrator to waive the counterpart deposit in these and similar instances. It should open the way to wider resort to undertakings involving technical assistance.

*Waiver of counterpart fund requirements to redress transportation cost differentials (sec. 9 (a) of the bill).*—Since grant-financed transfers must be covered by counterpart deposits of funds realized through sales, any unusual cost factors due to the nature of operations under the Economic Cooperation Act are reflected in the price structure of the receiving country. Where related operations are more costly, the effect is inflationary. This result has been felt where the price of the commodity must reflect a price differential as a result of being carried in an American-flag ship. Coal is the commodity most directly affected. Its price in turn affects the price structure throughout the western European economy. According to testimony before the committee, British and Polish export prices of coal are currently set just below the price of American coal delivered in United States ships—a level substantially higher than the domestic price and domestic costs in the producing country. If American coal can be made available at



delivered prices in local currency without reflecting a higher cost of transportation on United States-flag vessels, reductions in the price to importing countries of coal purchases from within Europe should follow. These reductions should lessen the inflationary pressures in coal-importing countries caused by high prices of coal used in industry and for household purposes. This would tend to relieve inhibitions on recovery in coal-importing countries. Accordingly, section 8 (a) of the bill would permit the Administrator, in cases where American-flag rates exceed world market rates, to require deposits of local currency only to the extent of the world market rate. The participating country could obtain commodities carried in United States vessels at such local currency prices as would obtain if the commodities had been transported on foreign-flag vessels at world market rates. The matter of shipping rates is discussed below in connection with another action taken by the committee.

*Reservation of a portion of counterpart funds for the United States (sec. 9 (b) of the bill).*—A provision in title I of the Foreign Aid Appropriation Act, 1949, modifies the counterpart fund requirements of the Economic Cooperation Act by specifying that not less than 5 percent of each such fund shall be made available to the Government of the United States for expenditures for strategic materials and for administrative and other general uses of the United States Government. This has proven of value to the United States. Section 8 (b) incorporates it substantially into the basic legislation. Under this amendment, title to a small portion of each counterpart fund thus vests, not in the participating government, but in the United States. This portion of the bill relates also to stock-piling of strategic materials. Other action by the committee relevant to this is discussed on page 29 of this report.

#### B. TRANSPORTATION COSTS

*The problem of shipping costs.*—Paragraph (2) of section 111 (a) of the Economic Cooperation Act requires—

\* \* \* that at least 50 per centum of the gross tonnage of commodities, procured within the United States out of funds made available under this title and transported abroad on ocean vessels, is so transported on United States flag vessels to the extent such vessels are available at market rates.

The Economic Cooperation Administration has interpreted the market-rate clause to mean world market rates and given notice that the 50-50 ratio would not be maintained if and when foreign-flag vessels should become available to carry cargoes financed under this program at rates substantially lower than those charged by United States flag vessels. This contingency has not yet occurred. The 50-50 ratio has been approximately maintained. Meanwhile the Administrator has sought the decision of the Congress on the precise policy to be followed in pursuance of the act.

*The committee's proposal (sec. 6 (a) of the bill).*—The most important premise in the committee's viewpoint on the question of shipping policy in this program is that to go beyond the general concept of requiring equal sharing of cargoes between United States and foreign shipping would result in serious prejudicing of the recovery capabilities of the participating nations which depend substantially on shipping service as a means of earning foreign exchange. The com-

mittee is aware of the considerations involved in the view of those who would emphasize the use of American merchant shipping in this program. It is aware likewise of the necessity of minimizing the costs of this program. The language proposed by the committee in section 6 (a) of the bill would resolve the difficulty (1) by adding the phrase "for United States flag vessels" to the phrase "market rates" and (2) making this subject to the limitation that these rates are "not to exceed a reasonable differential above current market rates." This latter is included so as to empower the Administrator to curb any tendency of the difference in rates to increase inordinately as a result of the reservation of half the cargoes to United States ships. The present differential is about \$2.40 to \$2.65 a ton on the base rate for shipments from the United States to Europe.

*Relation to counterpart funds.*—A related provision is found in section 9 (a) of the bill which permits the waiver of deposits of local currency in return for aid in the form of grants to the extent that the cost of such is moved upward by the extra shipping costs resulting from the use of United States rather than foreign ships. This is discussed on page 25 of this report.

*Uniform rate on relief packages (sec. 10 (a) of the bill).*—The Foreign Aid Appropriation Act of 1949 directed that the rate per pound for ocean transportation of relief packages covered by section 117 (c) of the Economic Cooperation Act, except those sent from an individual to an individual, should be uniform. The purpose was to maintain the favorable position which Cooperative for American Remittances to Europe, Inc. (CARE), a nonprofit agency, had achieved by its ability to secure freight rates for the shipment of its relief packages considerably lower than those available to commercial shippers. Section 117 (c) of the act, by providing for the payment of the actual ocean-freight charges on relief packages, would otherwise have had the effect of removing this advantage. The Committee on Foreign Affairs decided to incorporate the relevant provision into the basic act. Section 10 (a) of the bill requires that the Administrator continue to pay for the ocean transportation of such relief packages at a uniform rate per pound.

### C. FUNCTIONS REGARDING PROCUREMENT

*The goal of the program.*—The committee has been importuned to give statutory consideration to many sectors of the American economy presently burdened with surpluses in greater or less degree. It must stand on the original premise of the act that this is above all a program to solve the broad problems of western Europe's economy, and to help bring about European recovery and thereby to help assure the future of the American economy and of American security. The United States as well as Europe will share in the benefits when the goal is reached. The principle of European recovery as the purpose of this act should not be weakened in ways that would only postpone the achievement of the goal, and thus prolong the burden on the American taxpayer.

*Repeal of the flour provision (sec. 7 (a) of the bill).*—Section 7 (a) of the bill repeals section 112 (c) of the Economic Cooperation Act—the provision requiring shipment in the form of flour of a fourth of United States wheat exports financed by grants. At the time of



enactment coarse grains were in short supply. The provision was intended to retain byproduct feeds needed for livestock. Coarse grains have now become plentiful. The need to retain by-products has abated. Retention of the provision would only serve to keep the United States milling industry in an artificially advantageous position in the European market. Data presented to the committee showed that the percentage of wheat transferred as flour in relation to total wheat shipments to Europe in the period 1920 to 1940 was 18.6 per cent. Actually, however, the significant figure is that of the absolute quantities of United States wheat and flour, going to the participating countries concerned. These are shown in an accompanying table. To understand the impact of the 25-percent provision on the markets concerned, it is necessary only to compare present with prewar volumes of flour shipments. They are currently over 20 times the average volume for the 10-year period preceding World War II. The provision prejudices the milling industry in the participating countries which have milling capacity adequate or nearly adequate to their needs. These are Austria, Belgium, France, the French zone of occupation in Germany, Greece, Ireland, Italy, the Netherlands, and Norway. The detriment to the local economy is bad particularly in Austria, Italy, and Greece, where recovery is complicated by unemployment. Section 112 (c) drains away funds which would otherwise be available for assistance to the participating countries. The committee must stand on the premise that this is a European recovery program.

*Combined United States exports of wheat and wheat flour (wheat equivalent) to Belgium, Dutch East Indies, Netherlands, France, Germany, Greece, Ireland, Italy, and Norway, by calendar years <sup>1</sup>*

[In thousands of bushels]

Calendar year	Wheat flour (wheat equivalent) <sup>2</sup>	Wheat	Total wheat and wheat flour
1920	23,945	106,636	130,581
1921	21,824	164,319	186,143
1922	15,475	83,805	99,280
1923	16,825	39,258	56,083
1924	23,889	64,398	88,287
1925	12,251	42,384	54,635
1926	12,182	53,017	65,199
1927	13,027	63,304	76,331
1928	9,041	26,856	35,897
1929	8,625	25,636	34,261
1930	11,506	33,599	45,105
1931	6,098	32,460	38,558
1932	2,531	27,338	29,869
1933	1,939	2,060	3,999
1934	1,486	3,710	5,196
1935	1,214	91	1,305
1936	2,147	1,036	3,183
1937	2,977	19,234	22,211
1938	3,065	47,413	50,478
1939	5,801	25,762	31,563
1940	1,674	4,464	6,138
1941-44 <sup>3</sup>			
1945	5,024	30,049	35,073
1946	47,244	82,387	129,631
1947	79,875	93,578	173,453
1948 (9 months), ECA <sup>4</sup>	43,875	130,409	174,284

<sup>1</sup> Source: U. S. Department of Commerce.

<sup>2</sup> Conversion factor, 2.35 bushels of wheat per 100 pounds of flour.

<sup>3</sup> No exports during the period 1941 to 1944, inclusive.

<sup>4</sup> Source: Economic Cooperation Administration.



*Getting information to the trade (sec. 7 (c) of the bill).*—The present bill amends section 112 (h) of the Economic Cooperation Act relating to the maximum use of private channels of trade. The new language, in section 7 (c), charges the Administrator to do what he can to see that information of prospective purchases proposed to be financed under this program is available to the American trade. The objective is to insure the maintenance of competitive practices within the framework of the policy laid down by the Congress, to promote use of private trade channels.

*The committee's objective.*—The case for wider participation of small business in the sale of goods financed under this program was argued at length before and within the committee. In the committee's judgment, the question is of importance both within this country and among the recipients of our aid. Direct interposition of the Administrator in the flow of orders would make him an agent of procurement and would be entirely contrary to the purposes of the act in regard to private trade channels, however. In contrast to the lend-lease program, for example, private trade predominates in this program in the United States. (The main exceptions relate to purchase by the Commodity Credit Corporation of grain and of commodities owned or held by it under price support programs, and to purchase of commodities intended for countries, namely the occupied areas, where postwar restoration of private channels is not complete). The new provision is not intended to reverse this. The committee is aware, moreover, that a requirement of publication by the participating governments of complete itemized advance lists of intended purchases to be made under this program would only retard operations and would inevitably entail the growth of state trading in Europe and thus defeat the intended result. On both sides of the Atlantic, however, care must be taken to avoid, on the one hand, such collusive practices as will freeze out competitors in the distribution of purchases and sales, and, on the other hand, the rigidities of state trading. It is particularly important that such trade as may be carried on through agencies of the participant governments in the United States should be on a basis of free competition. Furthermore, the Administrator, the Special Representative in Europe, and the chiefs of the special missions in each participating country should be alert to insure, by all proper means, that private concerns in the participating countries are not discriminated against, and thereby unfairly disadvantaged, in connection with operations under this program and that in the handling of this program by the participating governments procurement opportunities shall be solely on an economic basis.

*Policing prices (sec. 7 (d) of the bill).*—The integrity of the program, the taxpayer's interest, and the American consumer's welfare make essential a careful policing of prices for commodities procured by funds appropriated to carry out the European recovery program. The Economic Cooperation Act now contains no such provision. Section 202 of the Foreign Aid Appropriation Act, 1949 (Public Law 793, 80th Cong.) remedies the deficiency. Section 5 (b) of the bill would introduce the relevant language as a permanent part of the act. It sets as the maximum payable to the United States prevailing market price adjusted for incidental differences. (A necessary exception is made for commodities procured or held by the Commodity

Credit Corporation in pursuance of price-support programs.) The provision, applying only to bulk items, does not tie the Administrator's hands in single transactions for special purposes. It is consistent with existing procurement standards of proved usefulness. To affirm these in the permanent act will strengthen the Administrator.

*Relationship to export controls (secs. 3, 7 (b), and 10 (b) of the bill).*—In connection with responsibilities relating to the Economic Cooperation Administration and problems of the domestic economy, it should be noted that various references in the act to the act of July 2, 1940, as amended, relating to export controls are now obsolete since the enactment of the Export Control Act of 1949. Appropriate corrections in the Economic Cooperation Act are made in sections 3, 7 (b), and 10 (b) of the bill.

#### D. ADDED RESPONSIBILITIES OF THE ADMINISTRATOR

*Assistance to Italian emigration (sec. 10 (c) of the bill).*—An additional means of alleviating distress and of strengthening the foundations of European recovery is provided in section 9 (c) of the bill. This relates to use of United States ships on a charter basis for transportation of Italian emigrants for resettlement abroad. Italy's relative poverty in natural resources and its rapidly expanding population result in a serious condition of chronic unemployment. One avenue to a solution is the attainment of higher levels of manpower utilization within Italy. This, however, can even at best solve only a fraction of the problem. Large-scale and long-term emigration programs are also necessary. Transfer of population within Europe offers a limited opportunity. Transoceanic emigration offers the principal hope along this line. Italy has shipping available for transporting about 162,000 Italians to overseas destinations in Latin-American countries during 1949. This falls some 40,000 short of the figure representing the willingness of other nations to receive Italian emigrants. The proposed language would make United States shipping—limited to 10 ships at any one time—available for operation under the Italian flag for carrying Italian emigrants for the duration of the program. It may be anticipated that the Italian emigration scheme will continue after 1949; under this provision ships would continue to be made available for the purpose during the period of the European recovery program. The interests of national security are protected. Italy would be obliged to return them at any time upon the President's demand, and in any event by the anticipated terminal date of United States assistance in support of the recovery program. It is emphasized that the Administrator will make the determinations and set the terms relevant to making the ships available to Italy. The Maritime Commission will act on the basis of these.

*Strategic materials (sec. 9 (b) of the bill).*—The original act provides that the Administrator shall facilitate the transfer of strategic materials to the United States and shall endeavor to develop increased production of materials for future deliveries. The Congress anticipated that surplus materials would be available in the participating countries and that materials would be transferred to the United States only when such materials were in excess of reasonable requirements for domestic use and commercial export of the participating countries.



The Administrator has been able to initiate some projects for increased production. These include arrangements for a larger output of lead in French Morocco, kyanite in Kenya, manganese in North Africa, and flake graphite in Madagascar. The Administrator has likewise been able to purchase 26,000 tons of rubber, 12,000 tons of sisal, and certain quantities of diamonds and other materials. No substantial amounts of materials can be purchased, however, unless additional dollars are provided and authority granted to make long-term contracts to provide assured markets for the producers. Such assured markets should encourage the capital investment required for increased production. The committee did not feel that additional funds should be given to the Economic Cooperation Administration in this field, which is the primary responsibility of the Munitions Board and the Bureau of Federal Supply. It did, however, wish to emphasize that the Administrator should continue to make the fullest use of its bargaining power to promote the work of these agencies. The committee, therefore, adopted an amendment which emphasizes the Administrator's obligation to make use of his bargaining power to increase the production of materials and to assist other agencies of the Government in purchasing materials; authorizes the Administrator, with the approval of the Bureau of Federal Supply and within the limits of the appropriations and authority available to the Bureau of Federal Supply, to enter into contracts for periods as long as 20 years for the purchase of materials; and makes it clear that this authority does not in any way restrict the other agencies of the United States Government from stimulating production or purchasing materials in other parts of the world.

#### E. PERSONNEL AND ADMINISTRATION

*Review of organizational features.*—In reviewing operations under the Economic Cooperation Act the committee gave heed to the question of the adequacy of the principles of organization and administration. It should be recalled that the act sets up for the domestic phase an autonomous organization in the executive establishment. At the head of it is an Administrator responsible to the President. It is recognized that a high degree of rapport between the Administrator and the Secretary of State is necessary lest there be division and contradiction in our foreign policy. Accordingly, the act provides that disputes between them should go to the President for resolution. For the overseas organization the act provides a special representative to deal with the participating nations collectively in their organization and a set of country missions to deal with each participating government on the national level. The chiefs of the country missions are given diplomatic status but with autonomy of operation. In event of conflict between an ECA mission chief and a chief of the diplomatic mission, the issue is to be referred to Washington for settlement. At all levels special provisions regarding status and salary are made so as to attract persons of caliber adequate to the important tasks imposed upon the Economic Cooperation Administration.

*The system in practice.*—The committee was gratified to learn that circumstances had never forced the use of the provisions for settlement of disputes between the Economic Cooperation Administration and our regular foreign policy establishment. The committee was



reassured also by the quality of the representatives of the Economic Cooperation Administration appearing in testimony. They stated their case cogently. They demonstrated an expert grasp of the problems and objectives of the program. They reflected faith in its feasibility and enthusiasm for their tasks. It was apparent that teamwork of a high order had been established within the organization here and abroad, and between the organization and the other elements of our foreign policy establishment. To quote the Special Representative:

\* \* \* I do not know why this system works that has been set up with two separate Administrations, but the Congress in its wisdom set it up, and I think Congress was wise because it has worked.

*Adjustment of salaries (sec. 2 of the bill).*—The legislation at hand, however, gives opportunity to improve certain portions of the act dealing with personnel. The first relevant change proposed is found in section 2 of the present bill. The existing act permits the employment of 100 persons outside the civil service for domestic duty in the Economic Cooperation Administration. Twenty-five of these may be paid up to \$15,000 and 75 at a rate up to \$10,000. Subsequently Congress has permitted the piercing of the \$10,000 salary limit for top-level civil-service employees (Public Law 900, 80th Cong.). Further upward revisions by the present Congress may also be anticipated. The result of the specific limit of \$10,000 imposed on a few (actually only six at present) of the upper-level Economic Cooperation Administration employees, however, is to deny them salary advantages extended to equivalent employees in other Federal agencies. The section in question simply removes this inadvertent discrimination by permitting them to receive the highest salary allowable under the Civil Service Act of 1923, as amended. This is consistent with Congress' intent, in passing the Economic Cooperation Act, to make the positions attractive to the best talent.

*Establishment of a Deputy Special Representative (sec. 4 of the bill).*—A second change regarding personnel relates to the Deputy Special Representative in the organization abroad of the Economic Cooperation Administration. The position of a deputy special representative is not provided for in the Economic Cooperation Act. Such an official, however, has been proved necessary in practice, and Mr. William C. Foster has been so designated. Though on the rolls as a Foreign Service Reserve officer of class 1, he has been given the personal rank of ambassador by order of the President, December 21, 1948. Section 4 of the bill would give this post statutory authorization and affirm the ambassadorial status. Presidential appointment and senatorial confirmation are provided. Pay and allowances will be those of a chief of mission, class 3.

*A change in regard to mission chiefs (sec. 5 of the bill).*—A third change, embodied in section 5 of the bill, relates to the compensation of chiefs of Economic Cooperation Administration missions to the participating countries. A memorandum from the Economic Cooperation Administration states:

The chiefs of ECA missions occupy positions in foreign capitals \* \* \* comparable to the chiefs of United States diplomatic missions, with equivalent official and social responsibilities.

The ECA mission chiefs have incurred unusual expenses in connection with the discharge of their official responsibilities in European capitals. \* \* \*

Because men of proven ability are sought for these posts, they have in most cases sacrificed lucrative positions in the United States. Since they do not enjoy the security of long tenure, they are understandably reluctant to remain away indefinitely from their businesses and professions. This is especially true when the compensation they receive from the United States Government is not sufficient to defray their expenses while they are in its service.

Under the proposed revision the Administrator would be permitted to designate mission chiefs of the Economic Cooperation Administration to receive the emoluments of a chief of mission, class 3 or class 4, in the regular diplomatic establishment. Those so designated would receive salaries of \$15,000 or \$17,500, depending on the respective class indicated. Their present pay level is \$13,500. The Administrator's authority to set allowances for Chiefs of Missions equivalent to the allowances paid to Foreign Service officers of corresponding classes is not impaired or affected by this amendment; upward adjustment of their allowances would, in any event, come from counterpart funds and thus would not affect the budgetary picture.

## APPENDIXES

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### APPENDIX I

#### DEVELOPMENT OF THE EUROPEAN RECOVERY PROGRAM

When Hitler invaded Poland on September 1, 1939, Europe was still suffering from the economic consequences of World War I. Although the physical damage of the earlier war had been repaired, the years between the wars, especially the early and middle 1930's, were marked by economic crisis and mass unemployment.

Even before World War I, Europe had lost the superiority in industrial production which had been the basis of its prosperity in the 19th century. In order to maintain its imports from the rest of the world at a level that would maintain existing standards of living, Europe had to rely in increasing measure on expenditure of income from its large overseas investments for current consumption instead of reinvestment. Little progress was made in improving productive methods, establishing new industries, and finding new markets to meet the change in trade patterns.

The slump in the thirties resulted in a world-wide adoption of restrictive trade practices—import quotas, foreign-exchange controls, cartel agreements, bilateral agreements, tariffs, and other devices of economic nationalism. The volume of international trade diminished and, to maintain their necessary imports, the nations of Europe had to liquidate part of their overseas investments and spend gold reserves.

To a Europe which had failed fully to recover from the economic shock of World War I and the great depression, the economic devastation of World War II was an almost mortal blow.

Europe's industrial plant, utilities, communication systems, and housing suffered heavy war damage and destruction. Less obvious but equally important was the damage caused by undermaintenance and obsolescence. The network of domestic and foreign trade on which Europe had depended for its livelihood was disrupted. The pipe line of raw materials was dry, Europe's soil was depleted, its people fatigued.

Europe's loss was not confined to the continent itself. Millions of tons of shipping had been sunk or damaged. Its replacement called for great outlays of capital. Shipping became an expenditure instead of an income item in Europe's foreign-exchange ledger. Income from other invisible exports in the form of banking and insurance services was lost. A large part of the overseas investment, still of great size at the outbreak of hostilities, was sold to prosecute the war. Britain, especially, ran up a large debt to countries of the Middle East and to members of the Commonwealth for wartime supplies and material. Other foreign investments, particularly in mines and plantations in



southeast Asia, were damaged in the fighting or left unprofitable by local political strife.

Despite the loss of life during the war, the population of western Europe increased by about 8 percent, from 249,000,000 in 1938 to 270,000,000 in 1947. A swollen demand for a shrunken supply of goods produced strong inflationary pressures. Social, political, and economic disorganization in some countries added to the dislocation.

Reconstruction required fresh energy and cooperation from the liberated peoples, but enemy occupation had encouraged absenteeism, hoarding, and black marketeering as means of self-preservation. Habits developed in patriotic resistance became obstacles to the restoration of an orderly society.

All these factors combined to enlarge import requirements enormously at a time when supplies available outside the Western Hemisphere dollar area were sharply curtailed. Under these difficult conditions, the postwar democratic governments in western Europe began to cope with the problems of economic reconstruction.

At the height of the war the United States took the lead in the preparations for United Nations Organizations to cope on a comprehensive scale with postwar problems of economic distress and dislocation.

The United Nations Relief and Rehabilitation Administration (UNRRA) was established in November 1943 to take care of immediate needs for relief and for the rehabilitation of agriculture and industry and the care of displaced persons. UNRRA started operations in 1944, reaching its peak activity two years later. In Europe its operations came to a virtual halt on June 30, 1947. The United States contribution totaled more than \$2,600,000,000.

The International Bank for Reconstruction and Development was established to meet long-term capital needs, and the International Monetary Fund to assist in the postwar stabilization of currencies. Both organizations came into being on December 27, 1945. The United States raised the capital of the Export-Import Bank in August 1945 from \$500,000,000 to \$3,500,000,000 in an effort to enable that agency to bridge the gap between Europe's immediate need for loans and the time when the World Bank could start functioning as a going concern. Loans amounting to \$1,800,000,000 were made to western European countries.

At the end of the war large amounts of unused lend-lease materials and surplus property left in Europe by United States military forces were sold to European countries under long-term credits. In addition, more than 1,132 vessels, surplus to United States requirements, were transferred to foreign flags.

The serious economic plight of the United Kingdom, caused by its heavy contribution to the war effort, required special United States assistance. Negotiations were completed on December 6, 1945, for a \$3,750,000,000 loan to Britain which was approved by the Congress on July 15, 1946, and took effect immediately. The line of credit was exhausted by March 1948.

In response to an appeal from the Economic and Social Council of the United Nations, the President on January 10, 1947, asked the Congress for \$326,000,000 for European relief to follow the end of UNRRA's operations. On August 26, 1947, the Congress appropriated \$322,000,000 for relief in Austria, Greece, Italy, Trieste, and China. While this

post-UNRRA legislation was pending before the Congress, two major European developments necessitated still another stop-gap measure. In February 1947 the British Government informed the United States that on March 31 it would no longer be able to continue the economic and advisory assistance which it had been giving to Greece. The Greek Government urgently appealed to this Government for assistance in order that Greece, which had been left devastated by the war and which was threatened by a Communist-supported guerilla movement, might survive as a free nation. At various times during preceding months the Turkish Government had appealed to the United States for financial aid. On March 12 the President asked the Congress for \$400,000,000 for military assistance to Turkey and for military and economic aid to Greece. The act providing for assistance to Greece and Turkey was signed on May 22, 1947.

The economic situation was deteriorating so rapidly that in November 1947 the President called a special session of the Congress, which he asked, among other things, to act on interim aid for France, Italy, and Austria for the 4 months, December 1947, through March 1948. A total of \$522,000,000 was appropriated for the European recipients and \$18,000,000 for China.

In summary, total United States assistance to Europe, in loans and grants and including special assistance to occupied areas, between mid-1945 and the passage of the European recovery program in April 1948, amounted to \$12,600,000,000 out of a grand total of \$16,300,000,000 in United States assistance to all countries. The greater part of these funds was spent in the United States for goods and services.

At the end of 1945 western Europe's industrial production was running generally at about 60 percent of the 1938 total. There were bottlenecks in such key industries as food, coal, transportation, steel, timber, and fertilizer. Additional troubles piled up behind each major block to production. For example, the coal shortage limited steel production, which in turn held down the output of mining machinery need to increase the flow of coal. Scarcity of coal also slowed the manufacture of synthetic nitrogen fertilizer necessary to expand food production, while miners stayed out of the pits for lack of food. Sweden, without coal, burned wood, when wood was needed as pit-props for coal mines.

Despite bottlenecks and disorganization, manufacturing, mining, and building made important gains in most countries in 1946. At the end of the year industrial production in the countries of western Europe was close to 85 percent of the last prewar year. Excluding Germany, which was especially depressed, average production in the last quarter of 1946 was over 100 percent of the level of 1938. The first steps taken had been to make emergency repairs to transport and public utilities. Next came measures to deal with bottlenecks. France, through strenuous effort in 1946, raised the level of coal production above the 1938 tonnage, but this achievement was in sharp contrast with production in the rest of western Europe. Coal had to be imported from the United States to offset the deficit in German, British, and Polish output. Although the United States normally exports only a few cargoes of coal a year to Europe, these shipments rose to nearly 20,000,000 tons in 1946 and to 40,000,000 in the following year.



In 1947 industrial recovery was slower than in 1946. The severe winter of 1946-47 created a crisis in transportation, both in the United Kingdom and on the Continent, and caused large-scale diversion of coal from industrial use to household heating. With gold and dollar reserves falling below a safe minimum, the United Kingdom, France, the Netherlands, and Italy had to restrict imports drastically from the United States. Poor crops and a food shortage required concentration of available dollars to a large extent on imports of wheat, yet the maintenance of industrial production depended on continued imports of coal, oil, and raw materials. The dollar shortage became so severe that timber allocations in the United States were not taken up, cotton purchases were halted, and recovery threatened to come to a dead stop with a break in the pipe line of vital recovery supplies from the United States.

In agriculture western Europe's lack of progress was even more discouraging. The harvest in 1945 was only around three-fourths of prewar averages and had improved to between 85 and 90 percent by the following year. General disorganization, adverse weather, and certain shortages of equipment, fertilizer, and farmyard manure combined to cause poor results. In addition, inflation and lack of consumer goods lowered the farmers' incentive to exert maximum effort. The first two postwar harvests were poor; that of 1947 was disastrous. Deep frost followed by severe floods damaged and partly destroyed the winter crops. Inadequate supplies of seed hampered spring resowing. From this bad start, affecting primarily wheat and rye, matters became worse when an extensive drought still further reduced the grain harvests and also reduced the crops of potatoes and sugar beets. Total agricultural production was again reduced to about three-fourths of prewar. In Austria, Germany, France, and Italy, bread, the staple of the diet, was rationed more strictly than at any time during the war, and in the United Kingdom it was rationed for the first time.

The disruption of war had extended far beyond industrial and agricultural production. In the fields of finance, prices, and internal distribution it had left a situation approaching economic chaos. Nazi wartime finance had created an enormous increase of money in circulation in occupied countries. Inflation was aggravated by severe shortages of consumer goods. Some countries attempted to reduce the upward pressure on prices by restricting currency in circulation and blocking excess funds. In Belgium this device was fairly successful, in part because that country's holdings of gold and dollar exchange permitted relatively free imports. Similar measures taken elsewhere, before the supply of goods was sufficient to give value to the new money, were less successful.

In most western European countries price and wage controls, rationing, allocations, priorities, import restrictions, export set-asides, and even in some cases labor allocations, were imposed. There is no general agreement whether or not these measures can substitute for the operation of a price system, but there is no doubt that successful administration of direct economic controls in times of stress requires widespread public cooperation and strong and efficient governmental direction. In most countries, 6 years of war had sharpened the instinct of self-preservation and dulled appeal to national cooperative effort. Moreover, many postwar governments were based on loose coalitions and



lacked political strength. Accordingly, their controls were ineffective and their economies continued throughout 1946 to suffer from disruption and disorganization.

Intra-European trade was at a nearly complete standstill at the end of the war. Even as production increased, trade lagged behind because of unusual demands at home for goods and because of exchange complications. The postwar intra-European trade that did develop depended on bilateral agreements. Some additional trade was based upon payments in "hard" currencies, usually gold, dollars, or Swiss francs. The need for dollars to buy basic commodities in the Western Hemisphere led countries to discourage exports to European neighbors unless they could pay in hard currencies. But at the very time European countries were trying to sell more and more goods in hard-currency areas, they were placed at a competitive disadvantage by high European prices resulting from heavy domestic demand and other inflationary pressures. European goods in a number of lines were thus unable to compete in price with domestic or other imported goods in the Western Hemisphere and Far East.

In spite of the failure to solve many urgent problems, the countries of Europe made some progress toward cooperation. Even before the end of the war cooperative efforts in technical fields, designed to promote common recovery, had been begun. Three regional organizations were formed: the European Coal Organization to recommend allocations of coal imported into the deficit countries of Europe; the European Central Inland Transport Organization, to promote consultation among the European countries to facilitate an early and orderly restoration of the badly disrupted railroad and water transport systems; and the Emergency Economic Committee for Europe, to deal with other pressing economic problems arising from shortages of critical commodities such as timber and fertilizer and the general dislocation of trade. By agreement of the countries concerned, the work of these organizations was taken over by the Economic Commission for Europe established by the Economic and Social Council of the United Nations in the spring of 1947. The Commission has continued and expanded the work begun by these earlier organizations.

The hard winter and spring of 1947 revealed how vulnerable Europe was and made unmistakably clear that the political and economic situation was fast deteriorating. An air of hopelessness began to spread across the Continent.

In the United States there was growing appreciation of the necessity for over-all recovery effort in place of piecemeal relief measures. At the Delta Council meeting in Cleveland, Miss., on May 8, 1947, Under Secretary of State Dean Acheson set forth a five-point program for international economic relations, including concentration of United States—

emergency assistance in areas where it will be most effective in building world political and economic stability, in promoting human freedom and democratic institutions, in fostering liberal trading policies, and in strengthening the authority of the United Nations.

On June 5, 1947, Secretary of State George C. Marshall delivered his famous address at the commencement exercises of Harvard University, in which he described the critical world situation and analyzed the position of Europe. In his analysis Secretary Marshall took account of the destruction and loss suffered by Europe, and stressed

"the dislocation of the entire fabric of European economy" and the threatened break-down in the division of labor which is the basis of modern civilization. He pointed out that before the United States could further assist European recovery, the countries of Europe would have to agree on the requirements of the situation and on the part each country itself could take in contributing to the common recovery of Europe. The initiative, he made clear, had to come from Europe. The role of the United States—

should consist of friendly aid in the drafting of a European program and of later support of such a program so far as it may be practical for us to do so.

A few days later, on June 11, 1947, President Truman, in restating United States policy on aid to Europe, again emphasized that the initiative lay with the European countries themselves.

European response to Secretary Marshall's address was prompt. Ernest Bevin, Foreign Minister of the United Kingdom, welcomed the American suggestion in a speech to foreign newspaper correspondents on June 13, 1947. Arrangements were made for Mr. Bevin and Georges Bidault, the French Foreign Minister, to meet in Paris. The two Foreign Ministers met on June 17 and 2 days later invited the Foreign Minister of the Soviet Union, V. M. Molotov, to join in the discussions. The three Foreign Ministers met in Paris from June 27 to July 2.

The Soviet Union refused to take part in drawing up a joint program for European recovery. The Soviet representative proposed that the United States be asked to state the amount of assistance offered, that this amount be apportioned among the European countries, and that each then be free to use it in its own way. Messrs. Bevin and Bidault insisted, however, that in keeping with the spirit of Secretary Marshall's suggestion, the joint European program should be based primarily on European cooperation to achieve its own recovery. Mr. Molotov withdrew from the conference and issued a warning:

The Soviet Government considers it necessary to caution the governments of Great Britain and France against the consequences of such action.

On July 3 Britain and France invited 22 European nations to meet on July 12 to prepare a joint plan for the economic recovery of Europe. Seven eastern European states, on the insistence of the Soviet Union, eventually refused the invitation. The countries of Europe which accepted, in addition to the inviting powers, were Austria, Belgium, Denmark, Greece, Iceland, Ireland, Italy, Luxemburg, the Netherlands, Norway, Portugal, Sweden, Switzerland, and Turkey. The Anglo-American zones of occupied Germany were represented by the United Kingdom acting on behalf of the occupying powers.

The Committee of European Economic Cooperation (CEEC) was established in Paris on July 12. Following 4 days of plenary sessions, committees were formed to deal with the specific problems of drafting a recovery plan. Four were to consider the problems of food and agriculture, fuel and power, iron and steel, and transport. Separate committees were created on finance and on the balance of payments problem. Later, special groups studied timber, manpower, and coke. The two-volume report of the CEEC was published on September 22. It consisted of a general report, an outline of the proposed program for European recovery, and special data prepared by the technical committees. The report placed emphasis on production and set targets for key areas of the economy.



The CEEC summarized its entire program in the following words:

(i) To develop its production to reach the targets, especially for food and coal;

(ii) To make the fullest and most effective use of its existing productive capacity and all available manpower;

(iii) To modernize its equipment and transport, so that labour becomes more productive, conditions of work are improved, and standards of living of all peoples of Europe are raised;

(iv) To apply all necessary measures leading to the rapid achievement of internal financial monetary and economic stability while maintaining in each country a high level of employment;

(v) To cooperate with one another and with like-minded countries in all possible steps to reduce the tariffs and other barriers to the expansion of trade both between themselves and with the rest of the world, in accordance with the principles of the draft Charter for an International Trade Organization;

(vi) To remove progressively the obstacles to the free movement of persons within Europe;

(vii) To organize together the means by which common resources can be developed in partnership.

The CEEC program estimated a deficit with the Western Hemisphere for the 4 years 1948-51 of \$22,440,000,000, of which \$8,040,000,000 was estimated to fall in the calendar year 1948. The Committee calculated that \$3,130,000,000 of the 4-year total could be financed through the International Bank for Reconstruction and Development, assistance from countries other than the United States, and other sources, leaving \$19,310,000,000 to be financed by the United States. The 1948 portion of this last amount was estimated at \$7,120,000,000.

Even before the Committee of European Economic Cooperation began its work, President Truman on June 22, 1947, appointed three committees to study special phases of the effect of aid to Europe on the economy of the United States. The first of these committees, under the chairmanship of the Secretary of the Interior, J. A. Krug, examined the capacity of the Nation's resources to support a program for European recovery. The second, made up of members of the Council of Economic Advisers, under the chairmanship of Edwin G. Nourse, focused its attention on the effects of Government-financed exports on American production, consumption, and prices. A third committee, under the chairmanship of the Secretary of Commerce, W. Averell Harriman, and consisting of 19 distinguished private citizens, undertook to study not only the effects of an aid program upon the United States but also the appropriate size of such a program in the light of European requirements and American capacity to meet them.

The three committees published separate reports in October and November. The Krug committee report concluded that the American economy had the physical resources to support a considerable program of foreign aid; that difficult supply problems would continue in a number of commodities, particularly wheat, steel, coal, nitrogen fertilizer, and certain industrial-equipment items, but could be minimized by careful screening and allocation; and that, because of its high domestic consumption, the United States faced urgent problems of resources conservation. The Nourse committee report, noting that



previous foreign aid had not prevented the American consumer from reaching a higher standard of living than before the war, found that existing price inflation was caused primarily by domestic factors, though foreign demands added to the pressures. It concluded that although there would probably be continued tightness in certain commodity fields, which might be eased by controls, the proposed program would have less over-all effect on the United States economy than earlier foreign-aid measures. Finally, the Harriman committee carefully analyzed the European economic problem and the United States ability to give aid and concluded that the amount of United States assistance in the first year of the program should be about \$5,750,000,000.

Soon after appointment of the Krug, Nourse, and Harriman committees, the House of Representatives voted to establish a Select Committee on Foreign Aid. This committee's activities were to supplement past and prospective investigations by the House Committee on Foreign Affairs. The select committee, established on July 29, sailed for Europe on August 28 and returned on October 10. The committee issued a series of preliminary reports prior to the special session of the Congress in November. These were later supplemented by separate studies on commodities, countries, and special topics. The committee's final report was published on May 1, 1948.

In addition to the select committee, various other congressional committees made on-the-ground studies of European-recovery problems between adjournment of the regular session at the end of July and the special session in November. Foremost among these were investigations made by members of the Senate and House Committees on Appropriations and inspection tours by members of the Senate and House Military Affairs Committees. In all, more than 200 of the 531 Members of the Congress went abroad in 1947. The large majority of them visited Europe.

On September 29, and again on October 23, President Truman met with congressional leaders to plan United States action on the CEEC's request for an aid program of \$19,310,000,000. It was evident that the crisis in western Europe was intense and assistance already provided to the countries in greatest need would not last beyond the end of the year, if until then. The CEEC report assumed United States aid would be granted on a calendar-year basis beginning January 1, 1948, but the Congress, which was not in session, needed considerable time properly to consider European requirements and American capacity to meet them. The President on October 23 called a special session of the Congress for November to act on, among other problems, emergency foreign aid to serve as a "stopgap" until a long-range program for European recovery could be worked out.

On the final day of the session, December 19, the President submitted his message to the Congress, together with the outline of a European recovery program. This document was drawn up by Government officials on the basis of the OEEC report, the findings of the Krug, Nourse, and the Harriman committees, and the discussion between American and OEEC experts. It presented proposed authorizing legislation, a statement of principles on which American aid to a European recovery program should be extended, an American estimate of the probable cost of such assistance, and a set of proposed administrative arrangements. This was the European aid program placed before the

Eightieth Congress when it assembled for its second regular session in January 1948.

The Eightieth Congress began to consider the United States portion of the European recovery program on January 8, 1948. Careful and constructive analysis of the problem and the steps necessary to meet it were given by the Congress during the next 3 months. On April 2, the Congress passed the Foreign Assistance Act of 1948, containing, as title I, the Economic Cooperation Act of 1948, which the President signed on the following day. The Economic Cooperation Act authorized \$1,000,000,000 in note issues and \$4,300,000,000 in appropriations, and made available the unused balance of certain previous foreign-aid funds.

Between December 19, 1947, when the Outline of a European Recovery Program was presented to the Congress, and April 1948, when an appropriation under the Economic Cooperation Act was requested, the executive branch revised its estimates of the cost of the recovery program. This revision was made necessary by receipt of additional information on requirements of the participating countries, by changes in the United States supplies and availabilities, and by inclusion in the authorizing legislation of special provisions which had not previously been taken into account. The revised estimate of \$5,760,000,000 exceeded the authorized amount of \$5,300,000,000 for 12 months.

On June 4 the House of Representatives passed a bill appropriating \$4,000,000,000 for a 15-month period, instead of the \$4,300,000,000 authorized by the Economic Cooperation Act for a 15-month period. The Senate restored the major House cut in the ECA appropriation by changing the period to be covered from 15 months back to 12 months. Differences between the House and Senate measures were reconciled by making the appropriation on a 15-month basis but providing that the President, upon recommendation of the Administrator, could authorize the obligation and expenditure of the funds within 12 months.

On April 9, 1947, 6 days after the President signed the Foreign Assistance Act of 1948, Paul G. Hoffman took the oath as Administrator for Economic Cooperation. The following week the temporary organization of the European countries, the Committee of European Economic Cooperation, was disbanded and representatives of 16 nations and the occupation zones of western Germany signed in Paris on April 16, 1948, a convention for European economic cooperation. This convention contains the multilateral pledges of the participating countries and the charter of the Organization for European Economic Cooperation (OEEC). The Organization was immediately created as a permanent body, with headquarters at Paris, to develop and carry through with the assistance of the United States the joint program for the economic rehabilitation of Europe.

Thus, at the same time that the Government of the United States established the Economic Cooperation Administration to carry out this country's part of the European recovery program, the participating countries themselves set up a specific international organization to guide and integrate their own cooperative efforts in attacking their common economic problems.

With the establishment of the Organization for European Economic Cooperation the European recovery program ceased to be merely an objective of United States policy. It became the primary responsibility of the European nations themselves acting in concert.



The work of the OEEC has thus been primarily focused on the formulation of joint economic programs, which the OEEC develops out of the individual national programs submitted by the participating countries. The aim is to achieve the most effective use of all resources available to the participating countries and thus reduce to a minimum the requirement for extraordinary outside assistance. It is within the functions of the OEEC to study and recommend action on a variety of large-scale economic problems, such as trade and payments among the participating countries, the coordination of national investment plans, joint developmental projects within Europe, customs and economic unions, and trade and fiscal policies.

The OEEC has devoted much effort in the past year to the immediate problem of recommending to the ECA a division of American assistance for 1948-49. But the analysis of Europe's economic problems and the formulation and undertaking of agreed measures of self-help and mutual aid to solve these problems are far more significant activities for Europe's economic prospects and future organization.

The structure and functions of the OEEC were established by the convention for European economic cooperation. The Organization is now composed of representatives of 16 nations and of the bizonal and French zone of Germany and the United States and United Kingdom zone of Trieste.<sup>1</sup> Each nation is represented on the Council, which is the governing body of the Organization and the body vested with power of decision. The Council acts on the principle of unanimity, although a member may refrain from voting and may approve a decision with stated reservations. The Council has met more than 50 times since April 1948.

The Executive Committee directs the day-to-day activities of the OEEC. This Committee is composed of seven members chosen by the Council. It considers all matters to be referred to the Council and submits them with its recommendations, prepares the agenda for the Council meetings, and has been entrusted with an increasingly wide area of direct responsibility. It has, for example, directed the work on the long-term program covering the first year after the end of the European recovery program, including the approval of instructions for the preparation of national submissions, and the review of the program.

In addition to the Executive Committee, there are a number of technical committees. In the first place, there is a series of committees dealing with general problems: the Programs, Trade, Intra-European Payments, and Manpower Committees and the Overseas Territories Working Group. Secondly, there are committees dealing with commodity or industry problems, in the fields of food and agriculture, iron and steel, coal, raw materials, textiles, machinery, and others. Each member is entitled to representation on these technical committees or to send a representative when a committee is considering a problem of interest to it.

The committee structure is flexible and adaptable to changing needs since no hard and fast procedures have been laid down. As presently organized, the working-level activity of the OEEC centers in this committee structure. These committees also work on the principle of una-

<sup>1</sup> The full list of members is: Austria, Belgium, Denmark, France, the United States and United Kingdom zone of the Free Territory of Trieste, Greece, Iceland, Ireland, Italy, Luxembourg, The Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, the United Kingdom, and the occupied zones of western Germany.



nimity but have authority to make only recommendations and not final decisions.

The other major segment of the Organization—apart from the Council and the Executive Committee and the technical committees—is the internationally staffed Secretariat. The Secretary General assists the Council, the Executive Committee, and the various technical committees in their tasks. The Secretariat analyzes the various economic problems that come before it and submits proposals for their handling or for their solution. In addition, the Secretariat provides the necessary technical and housekeeping services for the efficient administration of the business of the organization.

The relation between the Secretariat and the national delegations is flexible. Sometimes the work is done by one or more national delegates, sometimes by a committee, sometimes by the Secretariat. The object is always to entrust the work to be done to those who can best do it.

The functions of the OEEC are summarized in the resolution of the Committee of European Economic Cooperation, dated April 16, 1948, which states that the organization is—

(1) to prepare as often as necessary, on the basis of and after examination of national estimates or programs, such general production, import and export programs as appear necessary to further the objects of the Convention;

(2) to consider, in the light of national estimates or programs of development submitted by the Contracting Parties, the best use of productive capacity and manpower to further the objects of the Convention within both their metropolitan and overseas territories, and the measures necessary to achieve these ends;

(3) to promote consultation between the countries concerned, to consider the measures and create the machinery necessary for European economic cooperation especially in matters of trade, international payments and movement of labor;

(4) to investigate, wherever necessary, methods of coordinating the purchasing policies of Members;

(5) to assist Members, at their request, to surmount difficulties incurred in the execution of the European Recovery Program;

(6) to make recommendations, as may be appropriate, to the United States Government and, as need be, to other Governments or International Organizations, on the allocation of commodities among the Members, having due regard to the allocating functions of other International Organizations;

(7) to ensure the most efficient use of external aid and to contribute towards ensuring the most efficient use of indigenous resources;

(8) to prepare as often as necessary reports on the execution of the European Recovery Program and the use of external aid;

(9) to collect all such information as may facilitate the accomplishment of the tasks of the Organization \* \* \*

The OEEC's terms of reference are wide enough to embrace any and all economic problems of European recovery. The organization has not, as yet, been able to give its full attention to many of the problems suggested in the above list of functions, though it has had to concern itself to some degree with most of them in its preparation of the first annual program. The analysis, review, and formulation of recommendations on long-term recovery problems will, however, compel it to consider very carefully a wide range of internal and external aspects of the economies of the participating countries.

Hitherto the preparation of one quarterly supply program and two annual programs has taken up most of the time of the OEEC. The preparation of these programs was requested of the OEEC by the ECA, and the OEEC had to develop its own techniques for this diffi-

cult and complicated task. But now that those techniques have been learned—even though there will have to be continual modification of them—it is probable that the preparation of further programs will take much less time. More time will thus be available to deal with the vital problems of European recovery.

In general OEEC programing is a cooperative effort to guide national policies so that the participating countries, as a coordinated group, will most effectively use their resources to achieve independence from extraordinary outside assistance. More specifically, the programing activity of the OEEC has consisted of obtaining forecasts of the maximum amount of industrial and agricultural production which might be expected in any period, the amount of labor, raw material, and capital equipment which would be needed to reach these output goals, and an estimate of the extent to which the necessary resources can be obtained from indigenous production or must be obtained from outside sources, together with recommendations for necessary action.

The development of a program has three main aspects: First, the OEEC defines the objectives which the particular program is to meet and the form and content of the forecasts which are to be made by the participating countries and submitted to the OEEC; the second is the preparation of such forecasts by the national governments; and the third is the analysis, reconciliation, and consolidation of these forecasts by the OEEC into an integrated joint recovery program. A vital part of this last stage, a part which the participating countries have not yet completed for the 1949–50 and long-term programs, involves the modification of national programs to minimize incompatibility and to provide for the most effective contribution by each nation to the common recovery objective.

Three types of programs have been undertaken during the past year: quarterly procurement programs, annual programs for the fiscal years 1948–49 and 1949–50, and a long-term or 4-year program which will project the goals to be reached by mid-1952 in order to achieve freedom from extraordinary external support.

Because of the pressure of time and the need for maintaining an uninterrupted flow of essential commodities into Europe during the first months of the recovery programs, quarterly supply programs for the second and third calendar quarters of 1948 were prepared without the benefit of a completed annual program for 1948–49.

As its first programing assignment, the OEEC undertook the preparation of the supply program for the third calendar quarter of 1948. It was soon recognized, however, by both the OEEC and the ECA that the former could not continue to prepare quarterly programs and also devote the necessary time and personnel to the drafting of annual and long-term programs and the solution of western Europe's basic economic problems. Consequently, it was decided that the ECA, working directly with the governments of the participating nations, would prepare the quarterly procurement programs within the framework of agreed annual programs.

Immediately after the completion of the July–September program, the OEEC took up the task of preparing an annual program for the year 1948–49. It was impossible to delay this work until a definitive long-term program, setting forth the goals to be attained before the middle of 1952, could be completed. Although both the OEEC and



the ECA agreed that, logically, the long-term goals should be established as the basis from which the first annual program could be developed, pressure of time forced the adoption of the reverse order. For a number of reasons, including preoccupation with urgent commodity requirements and the attempt to forecast in detail for a year in advance supply and demand for individual commodities, the initial emphasis was placed on detailed commodity projections. Later, emphasis was shifted to the measures which might be taken by each country and by the group to promote financial stability, to develop domestic production and improve labor productivity, to coordinate investment plans and other measures of self-help and mutual aid, and to consideration of the basic economic problems which affect the trade and financial relations of the European countries with each other and the rest of the world. Only through action of this kind can Europe achieve the most effective use of its own resources and a steady and rapid reduction of its requirements for outside assistance.

After receiving the national submissions for 1948-49, the OEEC examined and analyzed each program separately, trying to determine the requirements of each country for imports considered essential according to common criteria of recovery needs. In order to carry out this operation, a committee of four members was set up and empowered to review the programs and to make a provisional allotment of aid among the participating countries. These men were members of the national delegations of France, the United Kingdom, the Netherlands, and Italy, and were the chairmen or vice chairmen of the most important technical committees. They were, however, appointed in their individual, not in their representative, capacities, and were charged with proposing through the Programs Committee to the Council a recommended division of American aid.

As guidance for the work of the Committee of Four, the Council laid down the following principles:

(a) maintenance of food consumption at approximately the 1947 level, except where a higher level could be justified by exceptional difficulties or increased production and employment;

(b) maintenance of imports of raw material at a level sufficient to prevent production and employment from being reduced, especially in connection with industries whose activity may directly or indirectly result in dollar saving or earning; widest possible recourse by participating countries to sources of supply outside the dollar area;

(c) due attention to the volume of expected world market availabilities; and  
(d) adjustment of the import prices of basic products in accordance with the most up-to-date information.

Regarding capital equipment goods, the Council recommended that—

the needs should be assessed according to the effect that such imports might have on production likely to result in dollar earnings or savings.

Special attention was also to be given to relations between equipment requirements for 1948-49 and the over-all targets which might be set in the long-term program.

The OEEC suggested reductions in dollar requirements by recommending both the cutting of certain dollar imports and the shifting of other imports from the dollar area to European or other nondollar sources. The problem of meeting the nondollar deficit was solved in large part by the adoption of the convention on intra-European trade and payments. After initial forecasts of intra-European trade and



payments were reconciled, it was possible to determine each country's net requirements for assistance. Certain countries were in a position to provide assistance to other countries. The final recommendations on the division of aid, therefore, involved the determination of the amount of direct dollar aid which each country would receive from the United States and the assistance it would receive from, or extend to, other participants. As a result of this process, some modifications were made in both the earlier recommendations on dollar assistance and the forecasts of intra-European trade and payments. Final agreement in the Council was reached on October 16, 1948, and the entire program for 1948-49, including the recommended division of American aid, was transmitted to the ECA.

Since August 1948, when the original instructions were sent out by the OEEC to the participating nations, and in particular since early November, when the replies to the questionnaires were received, the long-term program covering the year 1952-53 has been the focus of OEEC activities. Again, advances have been made in the techniques of programing. The Council has delegated to the Executive Committee the direction of the preparatory work on the long-term program and the Executive Committee has interpreted this directive broadly. Functioning mainly as a working group, that is, relatively divested of national responsibility, it has undertaken the examination of the national program submissions, the preparation of reports on and analyses of these submissions, the discussion of the basic economic issues which have arisen in the course of the study, and the issuing of instructions to the technical committees engaged in commodity screening. The Secretariat has taken an increasingly active part in this process; and a central unit, consisting of the Chairman and Vice Chairman of the Executive Committee and the Secretary General, has been set up to operate as a steering committee.

Simultaneously, work on the second annual program for 1949-50 has been in process. The Programs Committee was put in immediate charge of this program, but the work on it has been conducted, throughout the OEEC, as an integral part of the long-range plan.

This approach to the long-term program is significant as an indication of the importance attached to it by the OEEC. It has resulted in a more centralized control over programing within the Organization. The development of programing technique has in turn strengthened the OEEC. Not only is it more aware of the fundamental decisions which its member governments must take to achieve European recovery, but its increased prestige should facilitate action on the basic measures now required.

The procedure used in preparing the long-term program is to present an economic picture of the participating countries individually and as a group in the first year after the end of the European recovery program, showing how the countries, individually and as a group, expect to attain satisfactory levels of production and living conditions, independent of extraordinary outside assistance. The preparation of such a program is by no means an easy task. The individual national program submissions of the governments to the OEEC are in many cases inconsistent with each other. This is to be expected at this stage of preliminary work. The inconsistencies and duplications appear in the anticipated types and quantities of exports and imports and consequently in the industrial and agricultural production, consumption,

and investment targets on which these trade estimates are based. Equally important, the position of the participating countries as a group which is forecast in the 19 individual programs requires a reexamination of the anticipated levels and terms of trade between western Europe and other important regions of the world.

To date, the OEEC's work on the long-term programs has consisted largely in analyzing the prospects of western Europe in 1952-53 as it might be expected to emerge from the uncoordinated submissions of the participating governments, and in clarifying the issues which must be settled before a coordinated and realistic western European program can be formulated. During the next several months the OEEC will endeavor to find solutions to these problems and will probably not complete its work on the long-term programs until sometime in the spring of 1949.

The second annual program, that is, the one for the fiscal year 1949-50, will also not be completed until the spring. The OEEC has obtained program submissions for 1949-50 from each of the participating countries but it does not plan to undertake the detailed revision and coordination of these programs until after the Congress has indicated what the maximum extent of American aid may be and until the work can be done with a clearer view of the needs of the long-term program for western Europe.

The preparation of an integrated and consolidated long-term program is of greatest importance. If it is to be developed, basic decisions must be taken by member governments and basic questions must be faced with regard to the present structure of the European economy. The first stage in inducing governments to adopt the necessary policy decisions was reached when the OEEC requested its members to prepare detailed long-term programs for national recovery as the basis for discussions in Paris. As a result of preparing such programs, most of which were completed during November 1948, national governments have become more aware of the nature of their own individual problems and, as a consequence, it is not unreasonable to expect that far-reaching decisions will be made affecting national economic policies.

In the postwar period in Europe it has been difficult to remove all controls and restrictions on the flow of international trade and on the process of investments. As a result, the normal economic forces which determine prices, directions of trade, and rate of capital investment have not been fully operative. In their absence, economic decisions must be made through the process of cooperative action. Through the mechanism by which OEEC studies in detail the program submissions of each country, the members of the Organization obtain accurate knowledge of the general lines of development envisaged by their neighbors. They also have an opportunity to see the points at which their own plans are in conflict with those of other countries. The magnitude and nature of the problems facing the European nations are, for the first time, being defined. Specific problem areas are being isolated for further study. This process of exchanging information in itself results in basic policy decisions by the Governments. The next step, which is yet to be taken, would involve the deliberate and conscious negotiation among the participants looking toward common agreement upon the further policies which must be adopted by each to insure compatible and complementary plans.



During the work of the OEEC in the last year there has been a strong tendency to try to define in statistical terms the bilateral relations of each member with the other participants. This has been particularly true in the negotiations leading to the intra-European payments plan, and there is a risk that the final reconciliation of the long-term programs may attempt to define too closely the bilateral trade patterns for each major commodity in intra-European trade. The OEEC recognizes the importance of avoiding undue crystallization of the individual trade patterns. If the plan were to attempt to define the amount of each country's production and the destination of each ton of its exports, there would be considerable danger that such rigid patterning would result in losing the advantages of competition as an incentive to efficiency in production and distribution.

It is clear that the expenditure of ECA funds must be controlled and directed by the ECA. But it is equally clear that ECA funds must be spent in a manner which will make the maximum contribution to European recovery and protect the economy of the United States. Consequently, both the ECA program for American aid and the OEEC programs to make more effective use of Europe's own resources must be consistent with each other and the two organizations must be free to make recommendations and suggestions to each other.

The ECA studies the annual programs prepared by the OEEC and discusses possible modifications with the latter in the production, consumption, investment, and trade targets for Europe projected in these programs. The OEEC recommendations on the amount and division of American aid are carefully considered by the ECA and the advice of the OEEC is sought before important changes in the recommended figures are made by the ECA.

The OEEC annual programs are used as general guides by the ECA in the preparation of quarterly procurement programs for the expenditure of ECA funds. Where changes in supply conditions or other factors necessitate substantial deviations from the agreed annual programs, the OEEC is notified by ECA so that it may discuss the revisions required in its programs as a consequence.

To date, the ECA and the OEEC have worked in complete harmony and their programs have effectively complemented each other. There is every reason to expect that cooperation will be equally close in the future.

One of the most significant results of cooperative action in the OEEC has been the development and operation of the agreement for intra-European payments and compensation. This plan was designed to prevent a stagnation of intra-European trade caused by payment difficulties. It constitutes the first step toward mutual aid among the participating countries and multilateral balancing of payments among themselves.

In the prewar years, trade between the participating countries constituted between 40 and 50 percent of their total trade. Prewar imports of participating countries from each other were almost four times as large as their purchases from the United States. With the striking increase in importance of the United States as a European supplier since the end of the war, American imports by the participating countries almost equaled their imports from European sources in 1947, but in the first half of 1948 imports by the participating coun-



tries from each other exceeded their imports from the United States by 50 percent.

In qualitative terms also, trade among the European countries is of considerable importance. This trade traditionally includes the flow to other participating countries of coal from the Ruhr and the United Kingdom, of steel from Belgium, of potash and iron ore from France, of wood pulp and iron ore from Sweden, of fruits and vegetables from Italy, as well as an active interchange of textiles, machinery, vehicles, and a wide range of specialized manufactures. If the overseas dependencies of European countries are included, the range of key commodities traded in the area is widened considerably and includes phosphates from French North Africa, cooper from the Belgian Congo and Rhodesia, and the rich food and raw material resources of Malaya, French Indochina, and Indonesia.

The task of reviving mutual trade which confronted the European countries after the war was a difficult one. The conditions and mechanisms which gave rise to the prewar trading patterns in Europe had been destroyed. Germany was largely eliminated as customer and source of supply. Price systems were distorted by subsidies, controls of varying efficiency, requisitioning by military authorities, and black markets. Currencies for the purposes of commercial dealings in volume were inconvertible; exchange rates were often artificial and at best untested. Reserves in gold and hard currency had to be husbanded carefully for the huge requirements of importers from the dollar area. Many countries were slow in returning foreign trade to private channels. Under these conditions it was only natural that European countries should have resorted to trade and payments agreements.

These agreements normally provided for exchanging certain specified categories of goods; for offsetting at an agreed rate of exchange the sums representing goods shipped in one direction against the value of those shipped in the other; and finally, to cover the inevitable lack of balance in this trade, for lines of credit to be granted by the central bank in each country to the other. As a practical matter trade and payments agreements of this character had to be negotiated and drawn up bilaterally. Such reciprocal credits eliminated the necessity for day-to-day balancing of accounts, and permitted the building up of substantial creditor and debtor positions over a period of time based upon ultimate settlement in gold or by other means.

In spite of the distortion of normal multilateral trade patterns, trade under these bilateral agreements did revive to a degree in 1946, but in the early part of 1947 definite strains in the bilateral payments arrangements became visible. Practically no progress in the expansion of intra-European trade was made in the course of 1947 beyond the level reached during the last quarter of 1946. This leveling off was due in part to the increased payments difficulties that were encountered throughout 1947. In many crucial payments relationships bilateral balance was not achieved and lines of credit became exhausted. At the same time, practically all European countries were more and more hard pressed for the financing of their purchases from the Western Hemisphere. The intra-European debtors were therefore increasingly unwilling to transfer gold or dollar balances in settlement of their debts. At the same time, the creditors became equally unwilling to extend new credits to the debtors because of the poor prospects of eventual repay-

ment and because of their concern over their domestic inflationary pressures. What had once seemed so desirable to most countries as to be termed a "favorable" balance of trade was now renamed "unrequited exports" and was considered as the worst of economic blunders.

To the extent that intra-European buying and selling was impeded by lack of the means of payment, European recovery was being retarded. It was important, therefore, that the financial obstacles standing in the way of a more efficient utilization of European productive facilities be removed or diminished. For a period of time the ECA financed a portion of intra-European trade by allowing the participants to purchase with ECA dollars needed supplies from other participants. This method was regarded by the ECA as a temporary device to meet a pressing problem, since it was felt that it should not be necessary to finance intra-European trade with dollars.

Meanwhile in Paris the OEEC countries were devoting their attention to the creation of a plan which would not only maintain the volume of trade but would provide a first step toward establishing convertibility of currencies. This plan was embodied in the agreement on intra-European payments and compensations, signed by the participating countries on October 16, 1948. Under the plan, the participating countries estimate the surpluses and deficits of payments they expect to have with each other during a specified period, if their recovery plans are to go forward with maximum utilization of European resources. Once these estimates are agreed upon, the creditor country in each case commits itself to establish accounts in its own currency in favor of its debtor to the amount of the estimated deficit in payments. These accounts are called drawing rights and are made available as grants rather than lines of credit. For example, Belgium is able to export to France the equivalent of \$40,000,000 worth of goods and services in excess of the value of the goods and services which France is in a position to export to Belgium. France, not holding Belgian credits and not having adequate gold or dollar reserves, could not buy these needed additional goods and services from Belgium. Under the payments plan, however, Belgium agrees to grant to France drawing rights in Belgian francs up to the equivalent of \$40,000,000.

The relating of these drawing rights to ECA dollar aid is the next step. Belgium, although it is a creditor of France, has a dollar deficit in its trade with the Western Hemisphere. How does Belgium acquire the necessary dollars to meet this deficit? The payments plan proposes the following solution: \$40,000,000 of the aid which Belgium is allotted by the ECA for the period in question is conditional upon Belgium's granting the drawing rights to France agreed upon. In other words, Belgium is required in effect to earn the \$40,000,000 by passing on an equivalent amount of aid to France in the form of goods and services paid for in Belgian francs. Belgium thus has \$40,000,000 available to finance necessary purchases from dollar areas and these dollars thereby perform a dual function without additional cost to the United States. Goods supplied by Belgium or any other participating country under this arrangement contribute to European recovery program objectives directly and effectively.

The above process is repeated 78 times—between each creditor and debtor. Countries which might have expected to receive the dollars



from the ECA without undertaking certain obligations toward their European neighbors agree under the OEEC plan that a certain portion of these dollars must be earned by the granting of locally financed aid to certain other participants. The benefits of ECA dollar aid can no longer be entirely husbanded by its direct recipients but must be passed on in part to the other European countries, thus materially augmenting the total transfer of commodities, goods, and services under the European recovery program.

In conjunction with the adoption of this basic principle, the OEEC went one step further. It proposed that a mechanism be established through which a limited transferability of European currencies might be achieved. This device is called multilateral clearing and its operation is entrusted to the Bank for International Settlements, operating in this respect under a precise directive from the OEEC.

For example, in a given period of time it might be found that Italy is a debtor to the United Kingdom on its current payments with the United Kingdom to the extent of \$5,000,000, while Italy is a creditor of \$5,000,000 in its account with Belgium. The United Kingdom on the other hand, is a debtor with Belgium to the extent of \$10,000,000. By the process of multilateral clearing, Italy's credit with Belgium would be used in payment of Italy's debt to the United Kingdom, while the United Kingdom would use the credit thus received against Belgium to offset \$5,000,000 of its debt to Belgium. This type of multilateral clearing may be conducted by the Bank for International Settlements without prior approval of each transaction by the countries involved. The beneficial results of such clearing can be readily perceived. An all-around reduction of debts has thus been accomplished, facilitating the extension of credits to finance further trade.

After the process just described has been carried as far as possible, there remains to be settled by the Bank for International Settlements as compensation agent a large volume of indebtedness outstanding between participating nations as a result of their trade with each other. The agent then proceeds to make use of the drawing rights to the extent needed for this purpose. Under the present agreement only the Bank for International Settlements is authorized to utilize drawing rights to settle debts due from one ERP country to another. By means of these two mechanisms, multilateral clearing and utilization of drawing rights, obligations were discharged amounting in October to \$82,000,000, in November to \$67,000,000, and in December to \$80,000,000, which would otherwise have remained outstanding. If such indebtedness were allowed to accumulate it would again threaten to reduce European trade to a strictly bilateral basis.

This automatic type of multilateral clearing has not yet attained great significance because of the disequilibrium in trade and payments among the participants. Nevertheless, it is a significant first step toward convertibility of currencies in Europe. More complete convertibility of currencies of the participants must await the correction of excessive disequilibria in trade with other participants. This in turn requires the suppression of inflation and a price structure which will facilitate trade. In the meantime the payments plan is designed to make possible the maximum possible volume of intra-European trade despite the serious disequilibria still existing in Europe. In addition, the OEEC has adopted a series of commercial policy principles which it has recommended to the participating nations. The



principles, if followed, are designed to assist the countries to achieve the necessary trade balance.

It is hoped to move progressively toward the objectives of convertibility of currencies and maximum practicable freedom of trade. The extent to which such progress will be possible depends upon the economic and financial measures taken by the participating countries. The payments plan in its present form leaves much to be desired as an instrument in bringing about trade equilibrium in Western Europe and a greater convertibility of currencies. The OEEC is continuing its studies concerning the relationship of the present plan to these objectives. However, the present plan represents a step toward these goals. It serves the immediate needs of preventing a reversion to the type of bilateralism in trade and payments among the participants which existed immediately after the war and encourages a greater utilization of European resources in the interest of recovery.

In the past year the OEEC has concentrated upon production and distribution programs and on problems of intra-European payments. It has been unable, because of the pressure of work, to devote sufficient attention to problems of furthering the adoption of sound monetary and budgetary policies by the participating countries. Control of inflation should be a major subject for consideration by the organization during its next year of operation. Work also needs to be done looking toward the establishment of currency convertibility within the participating-country area at the earliest possible date.

Work is already well under way in studying what has been termed the very root of the problem of commercial disequilibrium, the principles of commercial policy which must be adopted in order to permit the establishment of a system of stable trade relations and to facilitate the purchase of those commodities most necessary for recovery. The elimination of obstacles to the free flow of trade will occupy the attention of the OEEC to an increasing extent, especially as problems of production are solved and the physical availability of commodities increases.

As the OEEC shifts its attention from the problem of urgent commodity needs to the more fundamental aspects of recovery, it becomes increasingly evident that effective action must be based upon a more complete knowledge of the dynamic structures of the several European economies. With the active support of the ECA, the OEEC has been turning its attention to an exploration of possible methods of evaluating the current status and declared goals of participating countries in terms of the sources and application of national revenue and savings. This orientation toward national-accounts studies has been particularly evident in the emphasis upon the relationship between investment plans and the levels of national income in examining the long-term programs.

Although faced with many serious deficiencies in the national statistics available, the OEEC will endeavor to make the fullest possible use of the national accounts studies which are currently in progress in certain of the participating countries and will encourage further work along similar lines by other participants, both as an aid to the planning of national policies and as the basis for judging national programs. It is recognized, however, that adequate and comparable information is not likely to be available for some time to come to provide any meaningful comparisons between one country and another.

As the long-term programs for the recovery of the various countries move from the planning and discussion stage into actual operation, the OEEC will devote increasing attention to the development of a suitable mechanism for comparing the results achieved with the standards of recovery progress implicit in the goals defined by the programs. While in the early stages the major emphasis has been upon the preparation and revision of plans for future action, the coming years will call for increasing emphasis upon reporting of action taken and measurement of accomplishment, both as the basis for future actions and in order to insure that programs are actually being carried out in accordance with the announced intentions of the participating countries to the best of their abilities.

Another field, which has thus far received inadequate attention, is the development by each country of a competent group of technicians to work on product design, production techniques, and marketing surveys. Some of this work might be coordinated by the OEEC. Europe must live by its export of manufactures. It can only do this if these manufactures can meet competition in world markets in prices, quality, and design, and in packaging and sales technique. Above all, costs must be reduced through efficient organization of production.

The effectiveness of any free system depends to a great extent upon the confidence and support which people living under the system accord to its institutions and to the national government. Here the OEEC can make an effective contribution in the future in helping each government to encourage the participation of its citizens in the formulation of national recovery policies and to acquaint them with the nature of the problems involved in working toward European recovery. The common objectives of both the United States and the participating countries will be served through encouraging a fuller and clearer understanding of the part which the United States is playing in European recovery and its motives for so doing.

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## APPENDIX II

### SUMMARY OF HEARINGS

Hearings on the extension of the European recovery program were opened on February 8, 1949, when the Committee on Foreign Affairs met in joint session with the Committee on Foreign Relations of the Senate and heard Hon. Paul Hoffman, Administrator for Economic Cooperation, who reviewed the accomplishments, problems, and outlook of the program as a whole, and Hon. Dean Acheson, Secretary of State, who covered the relation of the program to the broad aspects of United States policy. Mr. Hoffman appeared before the committee again during the hearings on February 16 and 17.

Also on February 8, Hon. W. Averill Harriman, United States special representative in Europe of the Economic Cooperation Administration, presented to the committee a comprehensive picture of the development of the program in Europe. Mr. Harriman further explained the situation in Europe to the committee in executive session on February 9.

On February 10 and 11 a detailed presentation was made of the results of the program to date and of the prospective developments in



six of the principal participating countries by the following mission chiefs representing the Economic Cooperation Administration in Europe:

Mr. Thomas K. Finletter, Chief, Economic Cooperation Administration Mission to the United Kingdom.

Mr. David K. Bruce, Chief, Economic Cooperation Administration Mission to France.

Mr. J. D. Zellerbach, Chief, Economic Cooperation Administration Mission to Italy, accompanied by Mr. Vincent Barnett, Chief of Program Division, Economic Cooperation Administration Mission to Italy.

Mr. N. H. Collison, Deputy Chief, Economic Cooperation Administration Mission to United States-United Kingdom occupied areas of western Germany and representative of the Economic Cooperation Administration to the French zone of occupation of Germany.

Mr. E. A. Staley, Jr., Chief, Economic Cooperation Administration Mission to Norway.

Dr. Alan Valentine, Chief, Economic Cooperation Administration Mission to the Netherlands.

In executive session on February 15, the committee heard Hon. Dean Acheson, Secretary of State, Mr. Paul H. Nitze, Deputy to the Assistant Secretary for Economic Affairs, and Mr. Charles Bohlen, counselor, Department of State, who discussed the confidential phases of United States foreign policy.

Mr. Alfred Friendly, Director, Information Division, Office of the Special Representative in Europe of the Economic Cooperation Administration, reviewed for the committee on the same day the operations and results of the information program of the Economic Cooperation Administration in the participating countries. He was followed by Mr. Richard Bissell, Jr., Assistant Deputy Administrator, Economic Cooperation Administration, who went into the methods by which the aid programs are determined and carried out by the Economic Cooperation Administration in Washington. Also on February 15 Dr. D. A. FitzGerald, Director, Food and Agriculture Division of the Economic Cooperation Administration, presented to the committee the food and agricultural aspects of the program from the standpoint of the requirements of the participating countries. Dr. FitzGerald appeared again before the committee on February 17.

The financial aspects of the program, both in the United States and in the various participating countries, were explored on February 17 by Hon. John W. Snyder, Secretary of the Treasury. Hon. Charles F. Brannan, Secretary of Agriculture, also appeared on February 17 and reviewed the agricultural position of the United States and the impact of the program on the American agricultural economy.

Mr. Richard M. Bissell, Jr., Deputy Administrator of the Economic Cooperation Administration, again appeared before the committee on February 18 and discussed further the estimated dollar requirements of the participating countries. He was followed by Mr. Samuel W. Anderson, Chief, Industry Division, Economic Cooperation Administration, who gave a detailed picture of the progress of industrial recovery and production in Europe and the plans of the participating countries for expansion in this field. Also on February 18 Mr. Boris Shishkin, Director of the European Labor Division, Economic Cooperation Administration, analyzed for the committee the labor situation and its attendant problems in the various participating countries.



In executive session on March 3 the committee heard Hon. Ernest A. Gross and Hon. Willard L. Thorp, Assistant Secretaries of State, who related the commitments under the European recovery program to the undertakings of the United States in other sectors of our economic foreign policy.

Also in executive session on March 11 various financial aspects of the program were explored by Mr. Herbert E. Gaston, Chairman of the Board of Directors, Export-Import Bank, and Mr. J. Burke Knapp, Office of Financial and Development Policy, Department of State.

In addition to those named above, the committee also heard the following leaders in American civic groups, and industry and commerce, who discussed the objectives of the program and its relation to particular problems of United States foreign policy:

Mrs. Kathryn H. Stone, first vice president, League of Women Voters of the United States.

Mrs. Laura Puffer Morgan, chairman, governmental information, Women's Action Committee for Lasting Peace.

Mr. John C. Lynn, representing the American Farm Bureau Federation.

Mr. W. R. Ogg, director of international affairs, American Farm Bureau Federation.

Mr. Merwin K. Hart, president, National Economic Council, Inc.

Mr. John M. Costello, Washington representative, American League for an Undivided Ireland.

Mr. Charles T. Rice, national vice president, American League for an Undivided Ireland.

Mr. Thomas H. Buckley, commissioner of administration and chairman of the commission of administration and finance, State of Massachusetts.

Mr. Seamus MacDermott, editor, the Gaelic American.

Mr. Patrick J. McNelis, president, Pennsylvania Federation of American Societies for Irish Independence.

Mr. Robert V. Clarke, director of public relations, Pennsylvania Chapter, American League for an Undivided Ireland.

Hon. Henry A. Wallace, former Vice President of the United States.

Mr. Frederick J. Libby, executive secretary of the National Council for Prevention of War.

Mr. Gilbert A. Harrison, national chairman, American Veterans Committee.

Mr. Norman M. Littell, member of the District of Columbia Bar.

Mr. Roy W. Gifford, chairman of the board, Borg-Warner International Corp.

Mr. Robert E. Rodes, of Casablanca, Morocco.

Also appearing before the committee were the following representatives of special-interest groups who reviewed the impact of the program on particular sectors of the domestic economy:

Mr. D. T. Buckley, representative of the Coal Exporters Association of the United States, Inc.

Mr. L. Dan Jones, attorney, Independent Petroleum Association of America.

Mr. E. W. Reed, president, Shellabargers, Inc., of Salina, Kans.

Mr. Paul H. Lacques, Bigham, Englar, Jones & Houston, attorneys at law, New York, N. Y.

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### APPENDIX III

#### SYNOPSIS OF THE BILL

Section 1: This section makes two changes in section 102 (a) of the act. The first change brings section 102 (a) up to date by recognizing that the "joint organization" for economic cooperation referred to now exists. The second change is a statement that it is the policy of the people of the United States to encourage the unification and federation of Europe.

Section 2: Section 104 (e) of the act permits the Administrator to employ 100 persons without regard to the provisions of the Classification Act of 1923, of whom 25 may be paid up to \$15,000 per year and the others may be paid up to \$10,000 per year, the highest rate allowed by the Classification Act at the time the Economic Cooperation Act was enacted. Since that time the maximum rate under the Classification Act has been increased to \$10,330. The amendment substitutes for the prior ceiling of \$10,000 the highest rate authorized by the Classification Act, as amended. The change conforms the ceiling to last year's amendment of the Classification Act and to any further amendments which Congress may adopt from time to time.

Section 3: This amendment to section 105 (c) of the act is a technical change which substitutes for the reference to section 6 of the act of July 2, 1940 (54 Stat. 714), as amended, which act has now expired, a reference to the recently enacted Export Control Act of 1949.

Section 4: This amendment expressly provides for a Deputy United States Special Representative in Europe, who shall be appointed by the President, by and with the advice and consent of the Senate, with the same compensation and allowances as a chief of mission, class 3, and who shall perform such functions as the United States Special Representative shall designate and shall be Acting United States Special Representative during the absence or disability of or during a vacancy in the office of United States Special Representative.

Section 5: Section 109 of the act is amended to permit the Administrator in his discretion to raise the compensation and allowances of chiefs of ECA missions above the present ceiling, which is the maximum rate provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, to the same compensation and allowances as a chief of mission, class 3 or class 4.

Section 6 (a): This amendment requires that at least 50 percent of the goods procured in the United States under the program shall be transported in United States flag vessels to the extent that they are available at market rates "for United States flag vessels, not to exceed a reasonable differential above current world market rates." The change clarifies the language "market rates" appearing in section 111 (a) (2) of the act by specifying that the market rates referred to are the market rates for United States flag vessels, so long as the amounts by which such rates exceed current world market rates are reasonable.

Section 6 (b): This section amends section 111 (b) (3) of the act, concerning guaranties, in several respects.

Paragraph (1) clarifies the meaning of the word "projects" by specifying that guaranties can be made for the "expansion, modernization, or development of existing enterprises."

Paragraph (2) refers to guaranties of informational media "consistent with the national interests of the United States."

Paragraph (3) amends the informational media proviso in the act, which places a \$15,000,000 limitation on such guaranties in the first year of the program, so that the same limitation will apply on the amount of informational media guaranties made in any fiscal year.

Paragraph (4) provides, as does the original section, that the guaranty shall not exceed the amount of dollars invested in the project and it adds thereto "plus actual earnings or profits on said project to the extent provided by such guaranty."



Paragraph (5) defines the term "investment" to include the furnishing of capital goods items and related services, for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950.

Paragraph (5) also expands the scope of a guaranty so that it not only includes convertibility from local currencies to dollars but also provides for compensation in dollars for loss of all or part of the investment by reason of seizure, confiscation, or expropriation; destruction by riot, revolution, or war; or when in the opinion of the Administrator any law or other governmental action, other than measures affecting conversion of currency, prevents the further transaction of business covered by the guaranty.

Paragraph (6) adds to the provision in the act that the total amount of guaranties shall not exceed \$300,000,000 a proviso that any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection with said guaranty has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties.

Section 6 (c): This section amends section 111 (c) (2) of the act in the following respects.

It authorizes the Administrator to issue notes from time to time, for the purpose of carrying out the guaranty provisions of the act, for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$300,000,000 less any amount allocated prior to April 3, 1949, for the purpose of making guaranties.

A clarifying amendment inserts the words "for assistance on credit terms" after the word "Washington" in the sixth sentence of section 111 (c) (2). This makes explicit that the sentence refers only to the allocation of funds to the Export-Import Bank for extending loan assistance and not to any such allocation in connection with the making of guaranties.

Section 7 (a): The present section 112 (c), which provides that not less than 25 percent of all wheat shipments to participating countries financed by ECA grants shall be in the form of flour, is deleted.

Section 7 (b): This amendment to section 112 (g) of the act is a technical change which substitutes for the references to section 6 of the act of July 2, 1940 (54 Stat. 714), as amended, which act has now expired, references to the recently enacted Export Control Act of 1949.

Section 7 (c): This amendment to the present section 112 (h) provides that, to the extent consistent with the purposes of the act and insofar as is practicable, reasonable information concerning ECA-financed purchases shall be made available to suppliers in the United States as far in advance as possible.

Section 7 (d): This amendment adds to section 112 as a new subsection, the provision contained in section 202 of the Foreign Aid Appropriation Act, 1949 (Public Law 793, 80th Cong.), that ECA funds shall not be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

Section 8 (a): Paragraph (1) adds to section 114 (c) of the act authorizations of \$1,100,000,000 for the period April 3, 1949, through June 30, 1949, and of \$4,280,000,000 for the fiscal year 1950. The



paragraph further provides that any appropriated funds for periods prior to June 30, 1949, which may be unobligated on June 30, 1949, or subsequently released from obligation, shall be available for obligation during the fiscal year 1950.

Paragraph (2), amending the last sentence of section 114 (c), states that the authorizations made are limited to the period ending June 30, 1950, in order that the Congress may pass on any subsequent authorizations.

Section 8 (b): Section 114 is amended by adding a new subsection directing the Reconstruction Finance Corporation to advance up to \$1,000,000,000 pending the enactment of a new appropriation to carry out the provisions of the act.

Section (9) (a): This provision amends section 115 (b) (6) of the act, which provides that a participating country make local currency deposits in a counterpart fund commensurate with dollar assistance received on a grant basis, to give the Administrator the authority to waive, in his discretion, such counterpart deposits with respect to (1) technical assistance furnished under section 111 (a) (3) of the act and (2) ocean transportation furnished on United States flag vessels under section 111 of the act to the extent that the charges for such transportation exceed the cost of ocean freight at world market rates.

Section 9 (b): Section 115 of the act is amended by adding two new subsections (h) and (i). Subsection (h) provides that not less than 5 percent of each local currency account shall be made available to the Government of the United States for expenditures for materials in which the United States faces a deficiency or potential deficiency and for other local currency requirements of the United States Government. This is substantially the provision that appears in title I of the Foreign Aid Appropriation Act, 1949 (Public Law 793, 80th Cong.).

Subsection (i) amplifies the functions of the Administrator with respect to initiating and assisting appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources. This subsection also provides that the Administrator in addition to his other duties shall procure strategic and critical materials in the participating countries within the limits of the appropriations and contract authorizations of the Bureau of Federal Supply, with the approval of the Director of the Bureau, for periods up to 20 years. Contracts negotiated under this section may provide for payments in advance of deliveries.

Section 10 (a): This addition to section 117 (c) incorporates into the act the provision now contained in the Foreign Aid Appropriation Act of 1949 (Public Law 793, 80th Cong.) that the Administrator shall fix and pay a uniform rate per pound for the ocean transportation of relief packages shipped to any participating country, except for shipments by individuals to individuals.

Section 10 (b): This amendment to section 117 (d) of the act is a technical change which substitutes for the reference to section 6 of the act of July 2, 1940 (54 Stat. 714), as amended, which act has now expired, a reference to the recently enacted Export Control Act of 1949.

Section 10 (c): This amendment adds a new subsection to section 117 of the act. It authorizes the Administrator to request that vessels be made available to Italy by the United States Maritime Commission for the purpose of transporting emigrants from Italy to destinations other than the United States, and requires the United States Maritime Commission, upon the Administrator's request, to make such vessels available, notwithstanding any other provisions of law.

The provision states that not more than 10 vessels are to be made available at any one time; that title to the ships is to remain in the United States Government; and that the ships must be returned to the United States not later than June 30, 1952, and are subject to recall at an earlier date by the President.

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#### APPENDIX IV

### COMPLIANCE OF REPORT WITH THE RAMSEYER RULE

The bill to amend the Economic Cooperation Act of 1948 amends title I of Public Law 472, Eightieth Congress. In accordance with clause 2a of rule XIII of the rules of the House of Representatives, there is included in this report the text of the said title I, the repealed wording being shown by inclusion within heavy brackets and the new language shown in italics, as follows:

SEC. 101. This title may be cited as the "Economic Cooperation Act of 1948"

#### FINDINGS AND DECLARATION OF POLICY

SEC. 102. (a) Recognizing the intimate economic and other relationships between the United States and the nations of Europe, and recognizing that disruption following in the wake of war is not contained by national frontiers, the Congress finds that the existing situation in Europe endangers the establishment of a lasting peace, the general welfare and national interest of the United States, and the attainment of the objectives of the United Nations. The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance. The accomplishment of these objectives calls for a plan of European recovery, open to all such nations which cooperate in such plan based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers. Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through [a] *their* joint organization to exert sustained common efforts [as set forth in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, which will speedily] *to achieve speedily* that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States *to encourage the unification and federation of Europe*, and to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: *Provided*, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States. It is further declared to be the policy



of the United States that continuity of assistance provided by the United States should, at all times, be dependent upon continuity of cooperation among countries participating in the program.

#### PURPOSES OF TITLE

(b) It is the purpose of this title to effectuate the policy set forth in subsection (a) of this section by furnishing material and financial assistance to the participating countries in such a manner as to aid them, through their own individual and concerted efforts, to become independent of extraordinary outside economic assistance within the period of operations under this title, by—

(1) promoting industrial and agricultural production in the participating countries;

(2) furthering the restoration or maintenance of the soundness of European currencies, budgets, and finances; and

(3) facilitating and stimulating the growth of international trade of participating countries with one another and with other countries by appropriate measures including reduction of barriers which may hamper such trade.

#### PARTICIPATING COUNTRIES

SEC. 103. (a) As used in this title, the term "participating country" means—

(1) any country, together with dependent areas under its administration, which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947; and

(2) any other country (including any of the zones of occupation of Germany, any areas under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration; provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purposes of this title.

(b) Until such time as the Free Territory of Trieste or either of its zones becomes eligible for assistance under this title as a participating country, assistance to the Free Territory of Trieste, or either of its zones, is hereby authorized under the Foreign Aid Act of 1947 until June 30, 1949, and the said Foreign Aid Act of 1947 is hereby amended accordingly, and not to exceed \$20,000,000 out of funds authorized to be advanced by the Reconstruction Finance Corporation under subsection (a) of section 114 of this title, or under subsection (d) of section 11 of the Foreign Aid Act of 1947 notwithstanding any appropriation heretofore made under such Act, may be utilized for the purposes of this subsection: *Provided*, That section 11 (b) of the Foreign Aid Act of 1947 shall not apply in respect of the Free Territory of Trieste or either of its zones: *And provided further*, That the provisions of section 115 (b) (6) of this title shall apply to local currency deposited pursuant to section 5 (b) of that Act.

#### ESTABLISHMENT OF ECONOMIC COOPERATION ADMINISTRATION

SEC. 104. (a) There is hereby established, with its principal office in the District of Columbia, an agency of the Government which shall be known as the Economic Cooperation Administration, hereinafter referred to as the Administration. The Administration shall be headed by an Administrator for Economic Cooperation, hereinafter referred to as the Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate of \$20,000 per annum. The Administrator shall be responsible to the President and shall have a status in the executive branch of the Government comparable to that of the head of an executive department. Except as otherwise provided in this title, the administration of the provisions of this title is hereby vested in the Administrator and his functions shall be performed under the control of the President.

(b) There shall be in the Administration a Deputy Administrator for Economic Cooperation who shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$17,500 per annum. The Deputy Administrator for Economic Cooperation shall perform such functions as the Administrator shall designate, and shall be Acting Administrator for Economic Cooperation during the absence or disability of the Administrator or in the event of a vacancy in the office of Administrator.



(c) The President is authorized, pending the appointment and qualification of the first Administrator or Deputy Administrator for Economic Cooperation appointed hereunder, to provide, for a period of not to exceed thirty days after the date of enactment of this Act, for the performance of the functions of the Administrator under this title through such departments, agencies, or establishments of the United States Government as he may direct. In the event the President nominates an Administrator or Deputy Administrator prior to the expiration of such thirty-day period, the authority conferred upon the President by this subsection shall be extended beyond such thirty-day period but only until an Administrator or Deputy Administrator qualifies and takes office.

(d) (1) The Administrator, with the approval of the President, is hereby authorized and empowered to create a corporation with such powers as the Administrator may deem necessary or appropriate for the accomplishment of the purposes of this title.

(2) If a corporation is created under this section—

(i) it shall have the power to sue and be sued, to acquire, hold, and dispose of property, to use its revenues, to determine the character of any necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed and paid, and to exercise such other powers as may be necessary or appropriate to carry out the purposes of the corporation;

(ii) its powers shall be set out in a charter which shall be valid only when certified copies thereof are filed with the Secretary of the Senate and the Clerk of the House of Representatives and published in the Federal Register, and all amendments to such charter shall be valid only when similarly filed and published;

(iii) it shall not have succession beyond June 30, 1952, except for purposes of liquidation, unless its life is extended beyond such date pursuant to Act of Congress; and

(iv) it shall be subject to the Government Corporation Control Act to the same extent as wholly owned Government corporations listed in section 101 of such Act.

(3) All capital stock of the corporation shall be of one class, be issued for cash only, and be subscribed for by the Administrator. Payment for such capital stock shall be made from funds available for the purposes of this title.

(e) Any department, agency, or establishment of the Government (including, whenever used in this title, any corporation which is an instrumentality of the United States) performing functions under this title is authorized to employ, for duty within the continental limits of the United States, such personnel as may be necessary to carry out the provisions and purposes of this title, and funds available pursuant to section 114 of this title shall be available for personal services in the District of Columbia and elsewhere without regard to section 14 (a) of the Federal Employees Pay Act of 1946 (60 Stat. 219). Of such personnel employed by the Administration, not to exceed one hundred may be compensated without regard to the provisions of the Classification Act of 1923, as amended, of whom not more than twenty-five may be compensated at a rate in excess of **[\$10,000 per annum]** *the highest rate authorized by such Act*, but not in excess of \$15,000 per annum. Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (U. S. C., title 5, sec. 55a), may be employed by the Administration, and individuals so employed may be compensated at rates not in excess of \$50 per diem and while away from their homes or regular places of business, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses while so employed.

(f) The Administrator may, from time to time, promulgate such rules and regulations as may be necessary and proper to carry out his functions under this title, and he may delegate authority to perform any of such functions to his subordinates, acting under his direction and under rules and regulations promulgated by him.

#### GENERAL FUNCTIONS OF ADMINISTRATOR

SEC. 105. (a) The Administrator, under the control of the President, shall in addition to all other functions vested in him by this title—

(1) review and appraise the requirements of participating countries for assistance under the terms of this title;

(2) formulate programs of United States assistance under this title, including approval of specific projects which have been submitted to him by the participating countries;

(3) provide for the efficient execution of any such programs as may be placed in operation; and

(4) terminate provision of assistance or take other remedial action as provided in section 118 of this title.

(b) In order to strengthen and make more effective the conduct of the foreign relations of the United States—

(1) the Administrator and the Secretary of State shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other;

(2) whenever the Secretary of State believes that any action, proposed action, or failure to act on the part of the Administrator is inconsistent with the foreign-policy objectives of the United States, he shall consult with the Administrator and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision;

(3) whenever the Administrator believes that any action, proposed action, or failure to act on the part of the Secretary of State in performing functions under this title is inconsistent with the purposes and provisions of this title, he shall consult with the Secretary of State and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

(c) The Administrator and the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by [section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended,] *the Export Control Act of 1949* shall keep each other fully and currently informed on matters, including prospective action, arising within the scope of their respective duties which are pertinent to the duties of the other. Whenever the Administrator believes that any action, proposed action, or failure to act on the part of such department, agency, or officer in performing functions under this title is inconsistent with the purposes and provisions of this title, he shall consult with such department, agency, or officer and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

#### NATIONAL ADVISORY COUNCIL

SEC. 106. Section 4 (a) of the Bretton Woods Agreements Act (59 Stat. 512, 513) is hereby amended to read as follows:

"SEC. 4. (a) In order to coordinate the policies and operations of the representatives of the United States on the Fund and the Bank and of all agencies of the Government which make or participate in making foreign loans or which engage in foreign financial, exchange or monetary transactions, there is hereby established the National Advisory Council on International Monetary and Financial Problems (hereinafter referred to as the 'Council'), consisting of the Secretary of the Treasury, as Chairman, the Secretary of State, the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Board of Directors of the Export-Import Bank of Washington, and during such period as the Economic Cooperation Administration shall continue to exist, the Administrator for Economic Cooperation."

#### PUBLIC ADVISORY BOARD

SEC. 107. (a) There is hereby created a Public Advisory Board, hereinafter referred to as the Board, which shall advise and consult with the Administrator with respect to general or basic policy matters arising in connection with the Administrator's discharge of his responsibilities. The Board shall consist of the Administrator, who shall be Chairman, and not to exceed twelve additional members to be appointed by the President, by and with the advice and consent of the Senate, and who shall be selected from among citizens of the United States of broad and varied experience in matters affecting the public interest, other than officers and employees of the United States (including any agency or instrumentality of the United States) who, as such, regularly receive compensation for current services. The Board shall meet at least once a month and at other times upon the call of the Administrator or when three or more members of the Board request the Administrator to call a meeting. Not more than a majority of two of the members shall be appointed to the Board from the same political party. Members of the Board, other than the Administrator, shall receive, out of funds made available for the purposes of this title, a per diem allowance of \$50 for each



day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the Board, or at conferences held upon the call of the Administrator, and in necessary travel, and while so engaged, they may be paid actual travel expenses and not to exceed \$10 per diem in lieu of subsistence and other expenses.

(b) The Administrator may appoint such other advisory committees as he may determine to be necessary or desirable to effectuate the purposes of this title.

#### UNITED STATES SPECIAL REPRESENTATIVE ABROAD

SEC. 108. There shall be a United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 1, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. He shall be the representative of the Administrator, and shall also be the chief representative of the United States Government to any organization of participating countries which may be established by such countries to further a joint program for European recovery, and shall discharge in Europe such additional responsibilities as may be assigned to him with the approval of the President in furtherance of the purposes of this title. He may also be designated as the United States representative on the Economic Commission for Europe. He shall receive his instructions from the Administrator and such instructions shall be prepared and transmitted to him in accordance with procedures agreed to between the Administrator and the Secretary of State in order to assure appropriate coordination as provided by subsection (b) of section 105 of this title. He shall coordinate the activities of the chiefs of special missions provided for in section 109 of this title. He shall keep the Administrator, the Secretary of State, the chiefs of the United States diplomatic missions, and the chiefs of the special missions provided for in section 109 of this title currently informed concerning his activities. He shall consult with the chiefs of all such missions, who shall give him such cooperation as he may require for the performance of his duties under this title. *There shall be a Deputy United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 3, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. The Deputy United States Special Representative shall perform such functions as the United States Special Representative shall designate, and shall be Acting United States Special Representative during the absence or disability of the United States Special Representative or in the event of a vacancy in the office of United States Special Representative.*

#### SPECIAL ECA MISSIONS ABROAD

SEC. 109. (a) There shall be established for each participating country, except as provided in subsection (d) of this section, a special mission for economic cooperation under the direction of a chief who shall be responsible for assuring the performance within such country of operations under this title. The chief shall be appointed by the Administrator, shall receive his instructions from the Administrator, and shall report to the Administrator on the performance of the duties assigned to him. The chief of the special mission shall take rank immediately after the chief of the United States diplomatic mission in such country; *and the chief of the special mission shall be entitled to receive the same compensation and allowances as a chief of mission, class 3, on a chief of mission, class 4, within the meaning of the Act of August 13, 1946 (60 Stat. 999), or compensation and allowances in accordance with section 110 (a) of this title, as the Administrator shall determine to be necessary or appropriate.*

(b) The chief of the special mission shall keep the chief of the United States diplomatic mission fully and currently informed on matters, including prospective action, arising within the scope of the operations of the special mission and the chief of the diplomatic mission shall keep the chief of the special mission fully and currently informed on matters relative to the conduct of the duties of the chief of the special mission. The chief of the United States diplomatic mission will be responsible for assuring that the operations of the special mission are consistent with the foreign-policy objectives of the United States in such country and to that end whenever the chief of the United States diplomatic mission believes that any action, proposed action, or failure to act on the part of the special mission is inconsistent with such foreign-policy objectives, he shall so advise the chief of the



special mission and the United States Special Representative in Europe. If differences of view are not adjusted by consultation, the matter shall be referred to the Secretary of State and the Administrator for decision.

(c) The Secretary of State shall provide such office space, facilities, and other administrative services for the United States Special Representative in Europe and his staff, and for the special mission in each participating country, as may be agreed between the Secretary of State and the Administrator.

(d) With respect to any of the zones of occupation of Germany and of the Free Territory of Trieste, during the period of occupation, the President shall make appropriate administrative arrangements for the conduct of operations under this title, in order to enable the Administrator to carry out his responsibility to assure the accomplishment of the purposes of this title.

#### PERSONNEL OUTSIDE UNITED STATES

SEC. 110. (a) For the purpose of performing functions under this title outside the continental limits of the United States the Administrator may—

(1) employ persons who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946 (60 Stat. 999), together with allowances and benefits established thereunder; and

(2) recommend the appointment or assignment of persons, and the Secretary of State may appoint or assign such persons, to any class in the Foreign Service Reserve or Staff for the duration of operations under this title, and the Secretary of State may assign, transfer, or promote such persons upon the recommendation of the Administrator. Persons so appointed to the Foreign Service Staff shall be entitled to the benefits of section 528 of the Foreign Service Act of 1946.

(b) For the purpose of performing functions under this title outside the continental limits of the United States, the Secretary of State may, at the request of the Administrator, appoint, for the duration of operations under this title, alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946 (60 Stat. 999).

(c) No citizen or resident of the United States may be employed, or if already employed, may be assigned to duties by the Secretary of State or the Administrator under this title for a period to exceed three months unless such individual has been investigated as to loyalty and security by the Federal Bureau of Investigation and a report thereon has been made to the Secretary of State and the Administrator, and until the Secretary of State or the Administrator has certified in writing (and filed copies thereof with the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs) that, after full consideration of such report, he believes such individual is loyal to the United States, its Constitution, and form of government, and is not now and has never been a member of any organization advocating contrary views. This subsection shall not apply in the case of any officer appointed by the President by and with the advice and consent of the Senate.

#### NATURE AND METHOD OF ASSISTANCE

SEC. 111. (a) The Administrator may, from time to time, furnish assistance to any participating country by providing for the performance of any of the functions set forth in paragraphs (1) through (5) of this subsection when he deems it to be in furtherance of the purposes of this title, and upon the terms and conditions set forth in this title and such additional terms and conditions consistent with the provisions of this title as he may determine to be necessary and proper.

(1) Procurement from any source, including Government stocks on the same basis as procurement by Government agencies under Public Law 375 (Seventy-ninth Congress) for their own use, of any commodity which he determines to be required for the furtherance of the purposes of this title. As used in this title, the term "commodity" means any commodity, material, article, supply, or goods necessary for the purposes of this title.

(2) Processing, storing, transporting, and repairing any commodities, or performing any other services with respect to a participating country which he determines to be required for accomplishing the purposes of this title. The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, so far as is practicable, that at least 50 per centum of the gross tonnage of

commodities, procured within the United States out of funds made available under this title and transported abroad on ocean vessels, is so transported on United States flag vessels to the extent such vessels are available at market rates for *United States flag vessels, not to exceed a reasonable differential above current world market rates.*

(3) Procurement of and furnishing technical information and assistance.

(4) Transfer of any commodity or service, which transfer shall be signified by delivery of the custody and right of possession and use of such commodity, or otherwise making available any such commodity, or by rendering a service to a participating country or to any agency or organization representing a participating country.

(5) The allocation of commodities or services to specific projects designed to carry out the purposes of this title, which have been submitted to the Administrator by participating countries and have been approved by him.

(b) In order to facilitate and maximize the use of private channels of trade, subject to adequate safeguards to assure that all expenditures in connection with such procurement are within approved programs in accordance with terms and conditions established by the Administrator, he may provide for the performance of any of the functions described in subsection (a) of this section—

(1) by establishing accounts against which, under regulations prescribed by the Administrator—

(i) letters of commitment may be issued in connection with supply programs approved by the Administrator (and such letters of commitment, when issued, shall constitute obligations of the United States and monies due or to become due thereunder shall be assignable under the Assignment of Claims Act of 1940 and shall constitute obligations of applicable appropriations); and

(ii) withdrawals may be made by participating countries, or agencies or organizations representing participating countries or by other persons or organizations, upon presentation of contracts, invoices, or other documentation specified by the Administrator under arrangements prescribed by the Administrator to assure the use of such withdrawals for purposes approved by the Administrator.

Such accounts may be established on the books of the Administration, or any other department, agency, or establishment of the Government specified by the Administrator, or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States. Expenditures of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditures of Government funds: *Provided*, That such expenditures for commodities or services procured outside the continental limits of the United States under authority of this section may be accounted for exclusively on such certification as the Administrator may prescribe in regulations promulgated by him with the approval of the Comptroller General of the United States to assure expenditure in furtherance of the purposes of this title.

(2) by utilizing the services and facilities of any department, agency, or establishment of the Government as the President shall direct, or with the consent of the head of such department, agency, or establishment, or, in the President's discretion, by acting in cooperation with the United Nations or with other international organizations or with agencies of the participating countries, and funds allocated pursuant to this section to any department, agency, or establishment of the Government shall be established in separate appropriation accounts on the books of the Treasury.

(3) by making, under rules and regulations to be prescribed by the Administrator, guaranties to any person of investments in connection with projects, *including expansion, modernization, or development of existing enterprises*, approved by the Administrator and the participating country concerned as furthering the purposes of this title (including guaranties of investments in enterprises producing or distributing informational media *consistent with the national interests of the United States*: *Provided*, That the amount of such guaranties made in [the first] any fiscal year [after the date of enactment of this Act] does not exceed \$15,000,000) which guaranties shall terminate not later than fourteen years from the date of enactment of this Act: *Provided*, That—

(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator [and shall be limited to the transfer into United States dollars of



other currencies, or credits in such currencies, received by such person as income from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof: *Provided, That, when any payment is made to any person under authority of this paragraph, such currencies, or credits in such currencies, shall become the property of the United States Government;* **]** *plus actual earnings or profits on said project to the extent provided by such guaranty;*

(ii) the Administrator may charge a fee in an amount determined by him not exceeding 1 per centum per annum of the amount of each guaranty, and all fees collected hereunder shall be available for expenditure in discharge of liabilities under guaranties made under this paragraph until such time as all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this paragraph; and

(iii) as used in this paragraph, the term "person" means a citizen of the United States or any corporation, partnership, or other association created under the law of the United States or of any State or Territory and substantially beneficially owned by citizens of the United States.

(iv) *As used in this paragraph, the term "investment" includes the furnishing of capital goods items and related services, for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950; and*

(v) *the guaranty to any person shall be limited to assuring the following:*

(1) *the transfer into United States dollars of other currencies, or credits in such currencies received by such person as earnings or profits from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) compensation in United States dollars for loss of all or any part of the approved investment, which shall be found by the Administrator to have been lost to such person by reason of one or more of the following causes: (a) seizure, confiscation, or expropriation, (b) destruction by riot, revolution, or war, (c) any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion of the Administrator prevents the further transaction of the business for which the guaranty was issued. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits or assets on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith.*

The total amount of the guaranties made under this paragraph (3) shall not exceed \$300,000,000**]**, and as such guaranties are made the authority to realize funds from the sale of notes for the purpose of allocating funds to the Export-Import Bank of Washington under paragraph (2) of subsection (c) of this section shall be accordingly reduced.**]** *Provided, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding.* Any payments made to discharge liabilities under guaranties issued under paragraph (3) of this subsection shall be paid out of fees collected under subparagraph (ii) of paragraph (3) of this subsection as long as such fees are available, and thereafter shall be paid out of funds realized from the sale of notes which shall be issued under authority of paragraph (2) of subsection (c) of this section when necessary to discharge liabilities under any such guaranty.

(c) (1) The Administrator may provide assistance for any participating country, in the form and under the procedures authorized in subsections (a) and (b), respectively, of this section, through grants or upon payment in cash, or on credit terms, or on such other terms of payment as he may find appropriate, including payment by the transfer to the United States (under such terms and in such quantities as may be agreed to between the Administrator and the participating country) of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources. In determining whether such assistance shall be through grants or upon terms of payment, and in determining the terms of payment, he shall act in consultation with the National Advisory Council on International Monetary and Financial Problems, and the



determination whether or not a participating country should be required to make payment for any assistance furnished to such country in furtherance of the purposes of this title, and the terms of such payment, if required, shall depend upon the character and purpose of the assistance and upon whether there is reasonable assurance of repayment considering the capacity of such country to make such payments without jeopardizing the accomplishment of the purposes of this title.

(2) When it is determined that assistance should be extended under the provisions of this title on credit terms, the Administrator shall allocate funds for the purpose to the Export-Import Bank of Washington, which shall, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on terms specified by the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems. The Administrator is authorized to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$1,000,000,000 (i) for the purpose of allocating funds to the Export-Import Bank of Washington under this paragraph during the period of one year following the date of enactment of this Act and (ii) for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section until all liabilities arising under guaranties made pursuant to such paragraph (3) have expired or have been discharged. *In addition to the amount of notes above authorized, the Administrator is authorized, for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section, to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$300,000,000 less any amount allocated prior to April 3, 1949, for such purpose, until all liabilities arising under guaranties made pursuant to this authorization have expired or have been discharged.* [Such] The notes hereinabove authorized shall be redeemable at the option of the Administrator before maturity in such manner as may be stipulated in such notes and shall have such maturity as may be determined by the Administrator with the approval of the Secretary of the Treasury. Each such note shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the note. Payment under this paragraph of the purchase price of such notes and repayments thereof by the Administrator shall be treated as public-debt transactions of the United States. In allocating funds to the Export-Import Bank of Washington *for assistance on credit terms* under this paragraph, the Administrator shall first utilize such funds realized from the sale of notes authorized by this paragraph as he determines to be available for this purpose, and when such funds are exhausted, or after the end of one year from the date of enactment of this Act, whichever is earlier, he shall utilize any funds appropriated under this title. The Administrator shall make advances to, or reimburse, the Export-Import Bank of Washington for necessary administrative expenses in connection with such credits. Credits made by the Export-Import Bank of Washington with funds so allocated to it by the Administrator shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. Amounts received in repayment of principal and interest on any credits made under this paragraph shall be deposited into miscellaneous receipts of the Treasury: *Provided, That,* to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes authorized under this paragraph shall be deposited into the Treasury for the purpose of the retirement of such notes.

#### PROTECTION OF DOMESTIC ECONOMY

SEC. 112. (a) The Administrator shall provide for the procurement in the United States of commodities under this title in such a way as to (1) minimize the drain upon the resources of the United States and the impact of such procurement upon the domestic economy and (2) avoid impairing the fulfillment of vital needs of the people of the United States.

(b) The procurement of petroleum and petroleum products under this title shall, to the maximum extent practicable, be made from petroleum sources outside the United States; and, in furnishing commodities under the provisions of this title, the Administrator shall take fully into account the present and anticipated world shortage of petroleum and its products and the consequent undesirability of expansion in petroleum-consuming equipment where the use of alternate fuels or other sources of power is practicable.

[(c) In order to assure the conservation of domestic grain supplies and the retention in the United States of byproduct feeds necessary to the maintenance of the agricultural economy of the United States, the amounts of wheat and wheat flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States wheat used to produce the wheat flour procured in the United States for transfer by grant to such countries under this title shall not be less than 25 per centum of the aggregate of the unprocessed wheat and wheat in the form of flour procured in the United States for transfer by grant to such countries under this title.]

(d) The term "surplus agricultural commodity" as used in this section is defined as any agricultural commodity, or product thereof, produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements. In providing for the procurement of any such surplus agricultural commodity for transfer by grant to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this title, give effect to the following:

(1) The Administrator shall authorize the procurement of any such surplus agricultural commodity only within the United States: *Provided*, That this restriction shall not be applicable (i) to any agricultural commodity, or product thereof, located in one participating country, and intended for transfer to another participating country, if the Administrator, in consultation with the Secretary of Agriculture, determines that such procurement and transfer is in furtherance of the purposes of this title, and would not create a burdensome surplus in the United States or seriously prejudice the position of domestic producers of such surplus agricultural commodities, or (ii) if, and to the extent that any such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the requirements of the participating countries under this title.

(2) In providing for the procurement of any such surplus agricultural commodity, the Administrator shall, insofar as practicable and applicable, and after giving due consideration to the excess of any such commodity over domestic requirements, and to the historic reliance of United States producers of any such surplus agricultural commodity upon markets in the participating countries, provide for the procurement of each class or type of any such surplus agricultural commodity in the approximate proportion that the Secretary of Agriculture determines such classes or types bear to the total amount of excess of such surplus agricultural commodity over domestic requirements.

(e) Whenever the Secretary of Agriculture determines that any quantity of any surplus agricultural commodity, heretofore or hereafter acquired by Commodity Credit Corporation in the administration of its price-support programs, is available for use in furnishing assistance to foreign countries, he shall so advise all departments, agencies, and establishments of the Government administering laws providing for the furnishing of assistance or relief to foreign countries (including occupied or liberated countries or areas of such countries). Thereafter the department, agency, or establishment administering any such law shall, to the maximum extent practicable, consistent with the provisions and in furtherance of the purposes of such law, and where for transfer by grant and in accordance with the requirements of such foreign country, procure or provide for the procurement of such quantity of such surplus agricultural commodity. The sales price paid as reimbursement to Commodity Credit Corporation for any such surplus agricultural commodity shall be in such amount as Commodity Credit Corporation determines will fully reimburse it for the cost to it of such surplus agricultural commodity at the time and place such surplus agricultural commodity is delivered by it, but in no event shall the sales price be higher than the domestic market price at such time and place of delivery as determined by the Secretary of Agriculture, and the Secretary of Agriculture may pay not to exceed 50 per centum of such sales price as authorized by subsection (f) of this section.

(f) Subject to the provisions of this section, but notwithstanding any other provision of law, in order to encourage utilization of surplus agricultural commodities pursuant to this or any other Act providing for assistance or relief to foreign countries, the Secretary of Agriculture, in carrying out the purposes of clause (1), section 32, Public Law 320, Seventy-fourth Congress, as amended, may make payments, including payments to any government agency procuring or selling such surplus agricultural commodities, in an amount not to exceed 50 per centum of the sales price (basis free along ship or free on board vessel, United States ports), as determined by the Secretary of Agriculture, of such surplus



agricultural commodities. The rescission of the remainder of section 32 funds by the Act of July 30, 1947 (Public Law 266, Eightieth Congress), is hereby canceled and such funds are hereby made available for the purposes of section 32 for the fiscal year ending June 30, 1948.

(g) No export shall be authorized pursuant to authority conferred by [section 6 of the Act of July 2, 1940 (54 Stat. 714), including any amendment thereto,] *the Export Control Act of 1949* of any commodity from the United States to any country wholly or partly in Europe which is not a participating country, if the department, agency, or officer in the executive branch of the Government exercising the authority granted to the President by [section 6 of the Act of July 2, 1940, as amended,] *the Export Control Act of 1949* determines that the supply of such commodity is insufficient (or would be insufficient if such export were permitted) to fulfill the requirements of participating countries under this title as determined by the Administrator: *Provided, however,* That such export may be authorized if such department, agency, or officer determines that such export is otherwise in the national interest of the United States.

(h) In providing for the performance of any of the functions described in subsection (a) of section 111, the Administrator shall, to the maximum extent consistent with the accomplishment of the purposes of this title, utilize private channels of trade, and, *insofar as practicable, make available or cause to be made available to suppliers in the United States reasonable information, as far in advance as possible, of purchases proposed to be financed with funds authorized under this title.*

(i) *No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price support programs required by law) at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment.*

#### REIMBURSEMENT TO GOVERNMENT AGENCIES

SEC. 113. (a) The Administrator shall make reimbursement or payment, out of funds available for the purposes of this title, for any commodity, service, or facility procured under section 111 of this title from any department, agency, or establishment of the Government. Such reimbursement or payment shall be made to the owning or disposal agency, as the case may be, at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to between the Administrator and such agency. The amount of any reimbursement or payment to an owning agency for commodities, services, or facilities so procured shall be credited to current applicable appropriations, funds, or accounts from which there may be procured replacements of similar commodities or such services or facilities: *Provided,* That such commodities, services, or facilities may be procured from an owning agency only with the consent of such agency: *And provided further,* That where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning agency determines that replacement of any commodity procured under authority of this section is not necessary, any funds received in payment therefor shall be covered into the Treasury as miscellaneous receipts.

(b) The Administrator, whenever in his judgment the interests of the United States will best be served thereby, may dispose of any commodity procured out of funds made available for the purposes of this title, in lieu of transferring such commodity to a participating country, (1) by transfer of such commodity, upon reimbursement, to any department, agency, or establishment of the Government for use or disposal by such department, agency, or establishment as authorized by law, or (2) without regard to provisions of law relating to the disposal of Government-owned property, when necessary to prevent spoilage or wastage of such commodity or to conserve the usefulness thereof. Funds realized from such disposal or transfer shall revert to the respective appropriation or appropriations out of which funds were expended for the procurement of such commodity.

#### AUTHORIZATION OF APPROPRIATIONS

SEC. 114. (a) Notwithstanding the provisions of any other law, the Reconstruction Finance Corporation is authorized and directed, until such time as an appropriation shall be made pursuant to subsection (c) of this section, to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions



of this title, in such manner, at such time, and in such amounts as the President shall determine, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.

(b) Such part as the President may determine of the unobligated and unexpended balances of appropriations or other funds available for the purposes of the Foreign Aid Act of 1947 shall be available for the purpose of carrying out the purposes of this title.

(c) In order to carry out the provisions of this title with respect to those participating countries which adhere to the purposes of this title, and remain eligible to receive assistance hereunder, such funds shall be available as are hereafter authorized and appropriated to the President from time to time through June 30, 1952, to carry out the provisions and accomplish the purposes of this title: *Provided, however, That for carrying out the provisions and accomplishing the purposes of this title for the period of one year following the date of enactment of this Act, there are hereby authorized to be so appropriated not to exceed \$4,300,000,000* [ ] : *Provided further, That in addition to the amount above authorized to be appropriated there are hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$1,100,000,000 for the period April 3, 1949, through June 30, 1949, and not to exceed \$4,280,000,000 for the fiscal year ending June 30, 1950: Provided further, That in addition to the foregoing any balance, unobligated as of June 30, 1949, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1950, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year.* Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance, whether of funds, commodities, or services, to any country or countries. The [authorization] authorizations in this title [is] are limited to the period [of twelve months] ending June 30, 1950, in order that [subsequent Congresses] the Congress may pass on any subsequent authorizations.

(d) Funds made available for the purposes of this title shall be available for incurring and defraying all necessary expenses incident to carrying out the provisions of this title, including administrative expenses and expenses for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this title, and, without regard to the provisions of any other law, for printing and binding, and for expenditures outside the continental limits of the United States for the procurement of supplies and services and for other administrative purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of government funds, as the Administrator shall specify in the interest of the accomplishment of the purposes of this title.

(e) The unencumbered portions of any deposits which may have been made by any participating country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress) may be merged with the deposits to be made by such participating country in accordance with section 115 (b) (6) of this title, and shall be held or used under the same terms and conditions as are provided in section 115 (b) (6) of this title.

(f) In order to reserve some part of the surplus of the fiscal year 1948 for payments thereafter to be made under this title, there is hereby created on the books of the Treasury of the United States a trust fund to be known as the Foreign Economic Cooperation Trust Fund. Notwithstanding any other provision of law, an amount of \$3,000,000,000 out of sums appropriated pursuant to the authorization contained in this title shall, when appropriated, be transferred immediately to the trust fund, and shall thereupon be considered as expended during the fiscal year 1948, for the purpose of reporting governmental expenditures. The Secretary of the Treasury shall be the sole trustee of the trust fund and is authorized and directed to pay out of the fund such amounts as the Administrator shall duly requisition. The first expenditures made out of the appropriations authorized under this title in the fiscal year 1949 shall be made with funds requisitioned by the Administrator out of the trust fund until the fund is exhausted, at which time such fund shall cease to exist. The provisions of this subsection shall not be construed as affecting the application of any provision of law which would

otherwise govern the obligation of funds so appropriated or the auditing or submission of accounts of transactions with respect to such funds.

(g) *Notwithstanding the provisions of any other law, until such time as an appropriation additional to that made by Title I of the Foreign Aid Appropriation Act, 1949 (Public Law 793, 80th Congress), shall be made pursuant to subsection (c) of this section, the Reconstruction Finance Corporation is authorized and directed to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such times, and in such amounts as the Administrator shall request, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.*

#### BILATERAL AND MULTILATERAL UNDERTAKINGS

SEC. 115. (a) The Secretary of State, after consultation with the Administrator, is authorized to conclude, with individual participating countries or any number of such countries or with an organization representing any such countries, agreements in furtherance of the purposes of this title. The Secretary of State, before an Administrator or Deputy Administrator shall have qualified and taken office, is authorized to negotiate and conclude such temporary agreements in implementation of subsection (b) of this section as he may deem necessary in furtherance of the purposes of this title: *Provided*, That when an Administrator or Deputy Administrator shall have qualified and taken office, the Secretary of State shall conclude the basic agreements required by subsection (b) of this section only after consultation with the Administrator or Deputy Administrator, as the case may be.

(b) The provision of assistance under this title results from the multilateral pledges of the participating countries to use all their efforts to accomplish a joint recovery program based upon self-help and mutual cooperation as embodied in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, and is contingent upon continuous effort of the participating countries to accomplish a joint recovery program through multilateral undertakings and the establishment of a continuing organization for this purpose. In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision among others, for—

(1) promoting industrial and agricultural production in order to enable the participating country to become independent of extraordinary outside economic assistance; and submitting for the approval of the Administrator, upon his request and whenever he deems it in furtherance of the purposes of this title, specific projects proposed by such country to be undertaken in substantial part with assistance furnished under this title, which projects, whenever practicable, shall include projects for increased production of coal, steel, transportation facilities, and food;

(2) taking financial and monetary measures necessary to stabilize its currency, establish or maintain a valid rate of exchange, to balance its governmental budget as soon as practicable, and generally to restore or maintain confidence in its monetary system;

(3) cooperating with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and cooperating to reduce barriers to trade among themselves and with other countries;

(4) making efficient and practical use, within the framework of a joint program for European recovery, of the resources of such participating country, including any commodities, facilities, or services furnished under this title, which use shall include, to the extent practicable, taking measures to locate and identify and put into appropriate use, in furtherance of such program, assets, and earnings therefrom, which belong to the citizens of such country and which are situated within the United States, its Territories and possessions;

(5) facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock piling or other purposes, for such period of time as may be agreed to and upon reasonable terms and in reasonable quantities, of



materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country;

(6) placing in a special account a deposit in the currency of such country, in commensurate amounts and under such terms and conditions as may be agreed to between such country and the Government of the United States, when any commodity or service is made available through any means authorized under this title, and is furnished to the participating country on a grant basis[.]: *Provided, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates.* Such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war (Public Law 84, Eightieth Congress) and section 5 (b) of the Foreign Aid Act of 1947 (Public Law 389, Eightieth Congress), shall be held or used within such country for such purposes as may be agreed to between such country and the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems, and the Public Advisory Board provided for in section 107 (a) for purposes of internal monetary and financial stabilization, for the stimulation of productive activity and the exploration for and development of new sources of wealth, or for such other expenditures as may be consistent with the purposes of this title, including local currency administrative expenditures of the United States incident to operations under this title, and under agreement that any unencumbered balance remaining in such account on June 30, 1952, shall be disposed of within such country for such purposes as may, subject to approval by Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States;

(7) publishing in such country and transmitting to the United States, not less frequently than every calendar quarter after the date of the agreement, full statements of operations under the agreement, including a report of the use of funds, commodities, and services received under this title;

(8) furnishing promptly, upon request of the United States, any relevant information which would be of assistance to the United States in determining the nature and scope of operations and the use of assistance provided under this title;

(9) recognizing the principle of equity in respect to the drain upon the natural resources of the United States and of the recipient countries, by agreeing to negotiate (a) a future schedule of minimum availabilities to the United States for future purchase and delivery of a fair share of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources at world market prices so as to protect the access of United States industry to an equitable share of such materials either in percentages of production or in absolute quantities from the participating countries, and (b) suitable protection for the right of access for any person as defined in paragraph (iii) of subparagraph (3) of section 111 (b) in the development of such materials on terms of treatment equivalent to those afforded to the nationals of the country concerned, and (c) an agreed schedule of increased production of such materials where practicable in such participating countries and for delivery of an agreed percentage of such increased production to be transferred to the United States on a long-term basis in consideration of assistance furnished by the Administrator to such countries under this title; and

(10) submitting for the decision of the International Court of Justice or of any arbitral tribunal mutually agreed upon any case espoused by the United States Government involving compensation of a national of the United States for governmental measures affecting his property rights, including contracts with or concessions from such country.



(c) Notwithstanding the provisions of subsection (b) of this section, the Administrator, during the three months after the date of enactment of this Act, may perform with respect to any participating country any of the functions authorized under this title which he may determine to be essential in furtherance of the purposes of this title, if (1) such country has signified its adherence to the purposes of this title and its intention to conclude an agreement pursuant to subsection (b) of this section, and (2) he finds that such country is complying with the applicable provisions of subsection (b) of this section: *Provided, That,* notwithstanding the provisions of this subsection, the Administrator may, through June 30, 1948, provide for the transfer of food, medical supplies, fibers, fuel, petroleum and petroleum products, fertilizer, pesticides, and seed to any country of Europe which participated in the Committee of European Economic Cooperation and which undertook pledges to the other participants therein, when the Administrator determines that the transfer of any such supplies to any such country is essential in order to make it possible to carry out the purposes of this title by alleviating conditions of hunger and cold and by preventing serious economic retrogression.

(d) The Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to ensure that each participating country makes efficient use of the resources of such country, including any commodities, facilities, or services furnished under this title, by observing and reviewing such use through an effective follow-up system approved by the joint organization.

(e) The Administrator shall encourage arrangements among the participating countries in conjunction with the International Refugee Organization looking toward the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this title.

(f) The Administrator will request the Secretary of State to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal as reparations from the three western zones of Germany be retained in Germany if such retention will most effectively serve the purposes of the European recovery program.

(g) It is the understanding of the Congress that, in accordance with agreements now in effect, prisoners of war remaining in participating countries shall, if they so freely elect, be repatriated prior to January 1, 1949.

(h) *Not less than 5 per centum of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.*

(i) (1) *The Administrator shall, to the greatest extent practicable, initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources; and in furtherance of those objectives the Administrator shall, in addition to the local currency allocated pursuant to subsection (h), use such other means available to him under this title as he may deem appropriate.*

(2) *In furtherance of such objectives and within the limits of the appropriations and contract authorizations of the Bureau of Federal Supply to procure strategic and critical materials, the Administrator, with the approval of the Director of such Bureau, shall enter into contracts in the name of the United States for the account of such Bureau for the purchase of strategic and critical materials in any participating country. Such contracts may provide for deliveries over definite periods, but not to exceed twenty years in any contract, and may provide for payments in advance of deliveries.*

(3) *Nothing in this subsection shall be deemed to restrict or limit in any manner the authority now held by any agency of the United States Government in procuring or stimulating increased production of the materials referred to in paragraphs (1) and (2) in countries other than participating countries.*

#### WESTERN HEMISPHERE COUNTRIES

SEC. 116. The President shall take appropriate steps to encourage all countries in the Western Hemisphere to make available to participating countries such assistance as they may be able to furnish.

## OTHER DUTIES OF THE ADMINISTRATOR

SEC. 117. (a) The Administrator, in furtherance of the purposes of section 115 (b) (5), and in agreement with a participating country, shall, whenever practicable, promote, by means of funds made available for the purposes of this title, an increase in the production in such participating country of materials which are required by the United States as a result of deficiencies or potential deficiencies in the resources within the United States.

(b) The Administrator, in cooperation with the Secretary of Commerce, shall facilitate and encourage, through private and public travel, transport, and other agencies, the promotion and development of travel by citizens of the United States to and within participating countries.

(c) In order to further the efficient use of United States voluntary contributions for relief in participating countries receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones, funds made available for the purposes of this title shall be used insofar as practicable by the Administrator, under rules and regulations prescribed by him to pay ocean freight charges from a United States port to a designated foreign port of entry (1) of supplies donated to, or purchased by, United States voluntary non-profit relief agencies registered with and recommended by the Advisory Committee on Voluntary Foreign Aid for operations in Europe, or (2) of relief packages conforming to such specified size, weight, and contents, as the Administrator may prescribe originating in the United States and consigned to an individual residing in a participating country receiving assistance under this title in the form of grants or any of the zones of occupation of Germany for which assistance is provided under this title and the Free Territory of Trieste or either of its zones [.]: *Provided, That the Administrator shall fix and pay a uniform rate per pound for the ocean transportation of all relief packages of food or other general classification of commodities shipped to any participating foreign country, regardless of methods of shipment and higher rates charged by particular agencies of transportation, but this proviso shall not apply to shipments made by individuals to individuals through the mails.* Where practicable the Administrator is directed to make an agreement with such country for the use of a portion of the deposit of local currency placed in a special account pursuant to paragraph 6 of subsection (b) of section 115 of this title, for the purpose of defraying the transportation cost of such supplies and relief packages from the port of entry of such country to the designated shipping point of consignee. The Secretary of State, after consultation with the Administrator, shall make agreements where practicable with the participating countries for the free entry of such supplies and relief packages.

(d) The Administrator is directed to refuse delivery insofar as practicable to participating countries of commodities which go into the production of any commodity for delivery to any nonparticipating European country which commodity would be refused export licenses to those countries by the United States in the interest of national security. Whenever the Administrator believes that the issuance of a license for the export of any commodity to any country wholly or partly in Europe which is not a participating country is inconsistent with the purposes and provisions of this title, he shall so advise the department, agency or officer in the executive branch of the Government exercising the authority with respect to such commodity granted to the President by [section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended,] *the Export Control Act of 1949* and, if differences of view are not adjusted by consultation, the matter shall be referred to the President for final decision.

(e) *Whenever the Administrator shall determine that shipping capacity available to Italy is inadequate for such emigration from Italy as may be desirable to further the purposes of this title, the Administrator shall request the United States Maritime Commission to make available to Italy vessels capable of engaging in such service for the purpose of transporting emigrants from Italy to destinations other than the United States, and shall specify the terms and conditions under which such vessels shall thus be made available, and the United States Maritime Commission thereupon shall, notwithstanding any other provisions of law and without reimbursement by the Administrator, make such vessels available to Italy in accordance with such terms and conditions: Provided, That the total number of such vessels made available for such purpose shall not at any one time exceed ten: Provided further, That title to each such vessel owned by the United States Government shall remain in the United States: And*



*provided further, That the terms and conditions under which such vessels are made available to Italy shall obligate Italy to return the vessels forthwith upon demand of the President, and in any event not later than June 30, 1952.*

## TERMINATION OF ASSISTANCE

SEC. 118. The Administrator, in determining the form and measure of assistance provided under this title to any participating country, shall take into account the extent to which such country is complying with its undertakings embodied in its pledges to other participating countries and in its agreement concluded with the United States under section 115. The Administrator shall terminate the provision of assistance under this title to any participating country whenever he determines that (1) such country is not adhering to its agreement concluded under section 115, or is diverting from the purposes of this title assistance provided hereunder, and that in the circumstances remedial action other than termination will not more effectively promote the purposes of this title or (2) because of changed conditions, assistance is no longer consistent with the national interest of the United States. Termination of assistance to any country under this section shall include the termination of deliveries of all supplies scheduled under the aid program for such country and not yet delivered.

## EXEMPTION FROM CONTRACT AND ACCOUNTING LAWS

SEC. 119. When the President determines it to be in furtherance of the purposes of this title, the functions authorized under this title may be performed without regard to such provisions of law regulating the making, performance, amendment, or modification of contracts and the expenditure of Government funds as the President may specify.

## EXEMPTION FROM CERTAIN FEDERAL LAWS RELATING TO EMPLOYMENT

SEC. 120. Service of an individual as a member of the Public Advisory Board (other than the Administrator) created by section 107 (a), as a member of an advisory committee appointed pursuant to section 107 (b), as an expert or consultant under section 104 (e), or as an expert, consultant, or technician under section 124 (d), shall not be considered as service or employment bringing such individual within the provisions of section 109 or 113 of the Criminal Code (U. S. C., title 18, secs. 198 and 203), of section 190 of the Revised Statutes (U. S. C., title 5, sec. 99), or of section 19 (e) of the Contract Settlement Act of 1944, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

## UNITED NATIONS

SEC. 121. (a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this title, and may make payments, by advancements or reimbursements, for such purposes, out of funds made available for the purposes of this title, as may be necessary therefor, to the extent that special compensation is usually required for such services and facilities. Nothing in this title shall be construed to authorize the Administrator to delegate to or otherwise confer upon any international or foreign organization or agency any of his authority to decide the method of furnishing assistance under this title to any participating country or the amount thereof.

(b) The President shall cause to be transmitted to the Secretary General of the United Nations copies of reports to Congress on the operations conducted under this title.

(c) Any agreements concluded between the United States and participating countries, or groups of such countries, in implementation of the purposes of this title, shall be registered with the United Nations if such registration is required by the Charter of the United Nations.



## TERMINATION OF PROGRAM

SEC. 122. (a) After June 30, 1952, or after the date of the passage of a concurrent resolution by the two Houses of Congress before such date, which declares that the powers conferred on the Administrator by or pursuant to subsection (a) of section 111 of this title are no longer necessary for the accomplishment of the purposes of this title, whichever shall first occur, none of the functions authorized under such provisions may be exercised; except that during the twelve months following such date commodities and services with respect to which the Administrator had, prior to such date, authorized procurement for, shipment to, or delivery in a participating country, may be transferred to such country, and funds appropriated under authority of this title may be obligated during such twelve-month period for the necessary expenses of procurement, shipment, delivery, and other activities essential to such transfer, and shall remain available during such period for the necessary expenses of liquidating operations under this title.

(b) At such time as the President shall find appropriate after such date, and prior to the expiration of the twelve months following such date, the powers, duties, and authority of the Administrator under this title may be transferred to such other departments, agencies, or establishments of the Government as the President shall specify, and the relevant funds, records, and personnel of the Administration may be transferred to the departments, agencies, or establishments to which the related functions are transferred.

## REPORTS TO CONGRESS

SEC. 123. The President from time to time, but not less frequently than once every calendar quarter through June 30, 1952, and once every year thereafter until all operations under this title have been completed, shall transmit to the Congress a report of operations under this title, including the text of bilateral and multilateral agreements entered into in carrying out the provisions of this title. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session.

## JOINT CONGRESSIONAL COMMITTEE

SEC. 124. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Foreign Economic Cooperation (hereinafter referred to as the committee), to be composed of ten members as follows:

(1) Three members who are members of the Committee on Foreign Relations of the Senate, two from the majority and one from the minority party, to be appointed by the chairman of the committee; two members who are members of the Committee on Appropriations of the Senate, one from the majority and one from the minority party, to be appointed by the chairman of the committee; and

(2) Three members who are members of the Committee on Foreign Affairs of the House, two from the majority and one from the minority party, to be appointed by the chairman of the committee; and two members who are members of the Committee on Appropriations of the House, one from the majority and one from the minority party, to be appointed by the chairman of the committee.

A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman from among its members.

(b) It shall be the function of the committee to make a continuous study of the programs of United States economic assistance to foreign countries, and to review the progress achieved in the execution and administration of such programs. Upon request, the committee shall aid the several standing committees of the Congress having legislative jurisdiction over any part of the programs of United States economic assistance to foreign countries; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. The Administrator, at the request of the committee, shall consult with the committee from time to time with respect to his activities under this Act.

(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpoena or otherwise the attendance of such witnesses and the production of such

books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this subsection.

(d) The committee is authorized to appoint and, without regard to the Classification Act of 1923, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

(e) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, to be disbursed by the Secretary of the Senate on vouchers signed by the chairman.

#### SEPARABILITY CLAUSE

SEC. 125. If any provision of this Act or the application of such provision to any circumstances or persons shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other circumstances or persons shall not be affected thereby.











Union Calendar No. 113

81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3748

[Report No. 323]

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 23, 1949

Mr. KEE introduced the following bill; which was referred to the Committee on Foreign Affairs

MARCH 25, 1949

Committed to the Committee of the Whole House on the State of the Union  
and ordered to be printed

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## A BILL

To amend the Economic Cooperation Act of 1948.

1      *Be it enacted by the Senate and House of Representa-*  
2      *tives of the United States of America in Congress assembled,*  
3      That the fourth and fifth sentences of section 102 (a) of the  
4      Economic Cooperation Act of 1948 are hereby amended  
5      to read as follows: "Mindful of the advantages which the  
6      United States has enjoyed through the existence of a large  
7      domestic market with no internal trade barriers, and believing  
8      that similar advantages can accrue to the countries of Europe,  
9      it is declared to be the policy of the people of the United States  
10     to encourage these countries through their joint organization  
11     to exert sustained common efforts to achieve speedily that



1 economic cooperation in Europe which is essential for lasting  
2 peace and prosperity. It is further declared to be the policy  
3 of the people of the United States to encourage the unifica-  
4 tion and federation of Europe, and to sustain and strengthen  
5 principles of individual liberty, free institutions, and genuine  
6 independence in Europe through assistance to those countries  
7 of Europe which participate in a joint recovery program  
8 based upon self-help and mutual cooperation: *Provided,*  
9 That no assistance to the participating countries herein con-  
10 templated shall seriously impair the economic stability of  
11 the United States.”

12 SEC. 2. The second sentence of section 104 (e) of such  
13 Act is hereby amended by striking out “\$10,000 per annum”  
14 and inserting in lieu thereof “the highest rate authorized by  
15 such Act”.

16 SEC. 3. The first sentence of section 105 (c) of such  
17 Economic Cooperation Act of 1948 is hereby amended by  
18 striking out “section 6 of the Act of July 2, 1940 (54  
19 Stat. 714), as amended,” and inserting in lieu thereof “the  
20 Export Control Act of 1949”.

21 SEC. 4. Section 108 of such Economic Cooperation Act  
22 of 1948 is hereby amended by adding at the end thereof the  
23 following new sentences: “There shall be a Deputy United  
24 States Special Representative in Europe who shall (a) be

1 appointed by the President, by and with the advice and con-  
2 sent of the Senate, (b) be entitled to receive the same com-  
3 pensation and allowances as a chief of mission, class 3,  
4 within the meaning of the Act of August 13, 1946 (60 Stat.  
5 999), and (c) have the rank of ambassador extraordinary  
6 and plenipotentiary. The Deputy United States Special  
7 Representative shall perform such functions as the United  
8 States Special Representative shall designate, and shall be  
9 Acting United States Special Representative during the  
10 absence or disability of the United States Special Repre-  
11 sentative or in the event of a vacancy in the office of United  
12 States Special Representative.”

13 SEC. 5. The last sentence of section 109 (a) of such  
14 Act is hereby amended by striking out the period and in-  
15 serting in lieu thereof a semicolon and the following: “and  
16 the chief of the special mission shall be entitled to receive  
17 the same compensation and allowances as a chief of mission,  
18 class 3, or a chief of mission, class 4, within the meaning of  
19 the Act of August 13, 1946 (60 Stat. 999), or compensa-  
20 tion and allowances in accordance with section 110 (a) of  
21 this title, as the Administrator shall determine to be neces-  
22 sary or appropriate.”

23 SEC. 6. (a) Paragraph (2) of section 111 (a) of  
24 such Economic Cooperation Act of 1948 is hereby amended

1 by striking out the final period and inserting in lieu thereof  
2 “for United States flag vessels, not to exceed a reasonable  
3 differential above current world market rates.”

4 (b) Paragraph (3) of section 111 (b) of such Act is  
5 hereby amended in the following particulars:

6 (1) By inserting after “projects” a comma and the  
7 following: “including expansion, modernization, or develop-  
8 ment of existing enterprises” and a comma;

9 (2) By inserting after “media” the following: “consist-  
10 ent with the national interests of the United States”;

11 (3) By striking out “in the first year after the date  
12 of the enactment of this Act” and inserting in lieu thereof  
13 “made in any fiscal year”;

14 (4) By amending subparagraph (i) thereof to read as  
15 follows:

16 “(i) the guaranty to any person shall not  
17 exceed the amount of dollars invested in the project  
18 by such person with the approval of the Admin-  
19 istrator plus actual earnings or profits on said project  
20 to the extent provided by such guaranty;”.

21 (5) By inserting after subparagraph (iii) thereof the  
22 following new subparagraphs:

23 “(iv) as used in this paragraph, the term  
24 ‘investment’ includes the furnishing of capital goods  
25 items and related services, for use in connection



1 with projects approved by the Administrator, pur-  
2 suant to a contract providing for payment in whole  
3 or in part after June 30, 1950; and

4 “(v) the guaranty to any person shall be lim-  
5 ited to assuring the following: (1) the transfer into  
6 United States dollars of other currencies, or credits  
7 in such currencies received by such person as earn-  
8 ings or profits from the approved investment, as re-  
9 payment or return thereof, in whole or in part, or as  
10 compensation for the sale or disposition of all or any  
11 part thereof; and (2) compensation in United States  
12 dollars for loss of all or any part of the approved  
13 investment, which shall be found by the Adminis-  
14 trator to have been lost to such person by reason of  
15 one or more of the following causes: (a) seizure,  
16 confiscation, or expropriation, (b) destruction by  
17 riot, revolution, or war, (c) any law, ordinance,  
18 regulation, decree, or administrative action (other  
19 than measures affecting the conversion of currency),  
20 which in the opinion of the Administrator prevents  
21 the further transaction of the business for which the  
22 guaranty was issued. When any payment is made  
23 to any person pursuant to a guaranty as hereinbe-  
24 fore described, the currency, credits, or assets on  
25 account of which such payment is made shall be-

1           come the property of the United States Govern-  
2           ment, and the United States Government shall be  
3           subrogated to any right, title, claim, or cause of  
4           action existing in connection therewith."

5           (6) By amending the next to last sentence thereof to  
6           read as follows: "The total amount of the guaranties made  
7           under this paragraph (3) shall not exceed \$300,000,000:  
8           *Provided*, That any funds allocated to a guaranty and re-  
9           maining after all liability of the United States assumed in  
10          connection therewith has been released, discharged, or other-  
11          wise terminated, shall be available for allocation to other  
12          guaranties, the foregoing limitation notwithstanding."

13          (c) Paragraph (2) of section 111 (c) of such Act is  
14          hereby amended in the following particulars:

15          (1) By amending the second sentence thereof to read  
16          as follows: "In addition to the amount of notes above author-  
17          ized, the Administrator is authorized, for the purpose of  
18          carrying out the provisions of paragraph (3) of subsection  
19          (b) of this section, to issue notes from time to time for  
20          purchase by the Secretary of the Treasury in an amount not  
21          exceeding in the aggregate \$300,000,000 less any amount  
22          allocated prior to April 3, 1949, for such purpose, until all  
23          liabilities arising under guaranties made pursuant to this  
24          authorization have expired or been discharged."

25          (2) By striking out the first two words, "Such notes"

1 in the second sentence thereof and inserting "The notes here-  
2 inabove authorized";

3 (3) By inserting after "Washington" in the sixth sen-  
4 tence thereof "for assistance on credit terms".

5 SEC. 7. (a) Section 112 (c) of such Act is hereby  
6 repealed.

7 (b) Section 112 (g) of such Act is hereby amended by  
8 striking out "section 6 of the Act of July 2, 1940 (54 Stat.  
9 714), including any amendment thereto," and "section 6 of  
10 the Act of July 2, 1940, as amended," and inserting in lieu  
11 thereof "the Export Control Act of 1949".

12 (c) Section 112 (h) of such Economic Cooperation Act  
13 of 1948 is hereby amended by striking out the period, insert-  
14 ing in lieu thereof a comma, and adding "and, insofar as  
15 practicable, make available or cause to be made available to  
16 suppliers in the United States reasonable information, as  
17 far in advance as possible, of purchases proposed to be  
18 financed with funds authorized under this title."

19 (d) Section 112 of such Act is hereby amended by  
20 adding at the end thereof the following new subsection:

21 "(i) No funds authorized for the purposes of this title  
22 shall be used for the purchase in bulk of any commodities  
23 (other than commodities procured by or in the possession  
24 of the Commodity Credit Corporation pursuant to price-  
25 support programs required by law) at prices higher than



1 the market price prevailing in the United States at the time  
2 of the purchase adjusted for differences in the cost of trans-  
3 portation to destination, quality, and terms of payment.”

4 SEC. 8. (a) Section 114 (c) of such Act is amended  
5 in the following particulars:

6 (1) By striking out the period at the end of the first  
7 sentence thereof and inserting in lieu thereof the following:  
8 “*Provided further*, That, in addition to the amount above  
9 authorized to be appropriated, there are hereby authorized to  
10 be appropriated for carrying out the provisions and accom-  
11 plishing the purposes of this title not to exceed \$1,100,-  
12 000,000 for the period April 3, 1949, through June 30,  
13 1949, and not to exceed \$4,280,000,000 for the fiscal year  
14 ending June 30, 1950: *Provided further*, That, in addition  
15 to the foregoing, any balance, unobligated as of June 30,  
16 1949, or subsequently released from obligation, of funds  
17 appropriated for carrying out and accomplishing the pur-  
18 poses of this title for any period ending on or prior to that  
19 date is hereby authorized to be made available for obliga-  
20 tion through the fiscal year ending June 30, 1950, and to  
21 be transferred to and consolidated with any appropriations  
22 for carrying out and accomplishing the purposes of this title  
23 for said fiscal year.”

24 (2) By amending the last sentence of such section 114  
25 (c) to read as follows: “The authorizations in this title are

1 limited to the period ending June 30, 1950, in order that the  
2 Congress may pass on any subsequent authorizations.”

3 (b) Section 114 of such Act is hereby amended by  
4 adding at the end thereof the following new subsection:

5 “(g) Notwithstanding the provisions of any other law,  
6 until such time as an appropriation additional to that made  
7 by title I of the Foreign Aid Appropriation Act, 1949  
8 (Public Law 793, Eightieth Congress), shall be made pur-  
9 suant to subsection (c) of this section the Reconstruction  
10 Finance Corporation is authorized and directed to make ad-  
11 vances not to exceed in the aggregate \$1,000,000,000 to  
12 carry out the provisions of this title, in such manner, at  
13 such times, and in such amounts as the Administrator shall  
14 request, and no interest shall be charged on advances made  
15 by the Treasury to the Reconstruction Finance Corporation  
16 for this purpose. The Reconstruction Finance Corporation  
17 shall be repaid without interest for advances made by it  
18 hereunder, from funds made available for the purposes of  
19 this title.”

20 SEC. 9. (a) Paragraph (6) of section 115 (b) of such  
21 Economic Cooperation Act of 1948 is hereby amended by  
22 striking out the period following the words “grant basis” and  
23 inserting in lieu thereof a colon and the following: “*Provided,*  
24 That the obligation to make such deposits may be waived, in  
25 the discretion of the Administrator, with respect to technical

1 information or assistance furnished under section 111 (a)  
2 (3) of this title and with respect to ocean transportation fur-  
3 nished on United States flag vessels under section 111 of this  
4 title in an amount not exceeding the amount, as determined  
5 by the Administrator, by which the charges for such trans-  
6 portation exceed the cost of such transportation at world  
7 market rates.”

8 (b) Section 115 of such Act is amended by adding two  
9 new subsections as follows:

10 “(h) Not less than 5 per centum of each special local  
11 currency account established pursuant to paragraph (6) of  
12 subsection (b) of this section shall be allocated to the use of  
13 the United States Government for expenditure for materials  
14 which are required by the United States as a result of  
15 deficiencies or potential deficiencies in its own resources or  
16 for other local currency requirements of the United States.

17 “(i) (1) The Administrator shall, to the greatest  
18 extent practicable, initiate projects for and assist the appro-  
19 priate agencies of the United States Government in pro-  
20 curing and stimulating increased production in participating  
21 countries of materials which are required by the United States  
22 as a result of deficiencies or potential deficiencies in its own  
23 resources; and in furtherance of those objectives the Admin-  
24 istrator shall, in addition to the local currency allocated



1 pursuant to subsection (h), use such other means available  
2 to him under this title as he may deem appropriate.

3 “(2) In furtherance of such objectives and within the  
4 limits of the appropriations and contract authorizations of the  
5 Bureau of Federal Supply to procure strategic and critical  
6 materials, the Administrator, with the approval of the Di-  
7 rector of such Bureau, shall enter into contracts in the name  
8 of the United States for the account of such Bureau for the  
9 purchase of strategic and critical materials in any participat-  
10 ing country. Such contracts may provide for deliveries over  
11 definite periods, but not to exceed twenty years in any con-  
12 tract, and may provide for payments in advance of deliveries.

13 “(3) Nothing in this subsection shall be deemed to re-  
14 strict or limit in any manner the authority now held by any  
15 agency of the United States Government in procuring or  
16 stimulating increased production of the materials referred to  
17 in paragraphs (1) and (2) in countries other than partici-  
18 pating countries.”

19 SEC. 10. (a) The first sentence of section 117 (c) of  
20 such Act is hereby amended by striking out the period and  
21 inserting in lieu thereof a colon and the following: “*Pro-*  
22 *vided*, That the Administrator shall fix and pay a uniform  
23 rate per pound for the ocean transportation of all relief  
24 packages of food or other general classification of commodi-

1 ties shipped to any participating foreign country, regardless  
2 of methods of shipment and higher rates charged by par-  
3 ticular agencies of transportation, but this proviso shall  
4 not apply to shipments made by individuals to individuals  
5 through the mails.”

6 (b) Section 117 (d) of such Act is hereby amended  
7 by striking out “section 6 of the Act of July 2, 1940 (54  
8 Stat. 714), as amended,” and inserting in lieu thereof “the  
9 Export Control Act of 1949”.

10 (c) Section 117 of such Act is amended by adding  
11 a new subsection to read as follows:

12 “(e) Whenever the Administrator shall determine that  
13 shipping capacity available to Italy is inadequate for such  
14 emigration from Italy as may be desirable to further the  
15 purposes of this title, the Administrator shall request the  
16 United States Maritime Commission to make available to  
17 Italy vessels capable of engaging in such service for the  
18 purpose of transporting emigrants from Italy to destinations  
19 other than the United States, and shall specify the terms  
20 and conditions under which such vessels shall thus be  
21 made available, and the United States Maritime Commis-  
22 sion thereupon shall, notwithstanding any other provisions  
23 of law and without reimbursement by the Administrator,  
24 make such vessels available to Italy in accordance with  
25 such terms and conditions: *Provided*, That the total number

1 of such vessels made available for such purpose shall not  
2 at any one time exceed ten: *Provided further*, That title  
3 to each such vessel owned by the United States Govern-  
4 ment shall remain in the United States: *And provided fur-*  
5 *ther*, That the terms and conditions under which such ves-  
6 sels are made available to Italy shall obligate Italy to re-  
7 turn the vessels forthwith upon demand of the President,  
8 and in any event not later than June 30, 1952."







81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. R. 3748**

[Report No. 323]

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# **A BILL**

To amend the Economic Cooperation Act of  
1948.

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By Mr. KEE

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MARCH 23, 1949

Referred to the Committee on Foreign Affairs

MARCH 25, 1949

Committed to the Committee of the Whole House on  
the State of the Union and ordered to be printed





United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 81<sup>st</sup> CONGRESS, FIRST SESSION

FILE COPY

Vol. 95

WASHINGTON, FRIDAY, MARCH 25, 1949

No. 49

## Senate

(Legislative day of Friday, March 18, 1949)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Eternal God, we bring to Thee the moral chaos of our world, with its spiritual fatigue, its restlessness of heart, its dark forebodings. We acknowledge our share in the world's catastrophe, our love of ease, our pride of race and place and possessions, our failure to take account of the suffering and need of others. Before we turn this day to perplexing affairs of state we would bring our own hearts to the white light of Thy scrutiny. We would open to Thee the secret places of our lives.

Cleanse us, cast out the defilements we have cherished in spirits that should be the channels of Thy will. And so confront us with our shortcomings, our sins, and also with our possibilities, that by Thy grace we may be transformed by the renewing of our minds and go forth to live more nearly as we pray. In the dear Redeemer's name. Amen.

### THE JOURNAL

On request of Mr. LUCAS, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, March 24, 1949, was dispensed with.

### MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that the President had approved and signed the following acts and joint resolution:

On March 22, 1949:

S. 594. An act for the relief of John I. Malarin, former Army mail clerk at APO 932, a branch of the San Francisco, Calif., post office, relative to a shortage in his fixed credit account.

On March 24, 1949:

S. 632. An act to authorize certain personnel and former personnel of the Naval Establishment to accept certain gifts and a foreign decoration tendered by foreign governments; and

S. J. Res. 36. Joint resolution for the authorization of a special contribution by the

United States for the relief of Palestine refugees.

### MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the Speaker pro tempore had affixed his signature to the enrolled bill (S. 790) to grant the consent of the United States to the Upper Colorado River Basin Compact, and it was signed by the Vice President.

### CORRECTION OF THE RECORD

Mr. VANDENBERG. Mr. President, on page 3159 of the RECORD, in the course of yesterday's colloquy with respect to the ECA bill, at the bottom of the first column, in responding to questions about reductions in the appropriations for ECA, I am quoted as follows:

Any honest factors which are linked with realities, and not merely based upon arbitrary attack, are factors which I am perfectly willing to consider—

Referring to consideration in connection with the reduction in appropriations. I am very sorry that I used the word "honest," if that is the word I did use, and I assume it was. Certainly I had no purpose of reflecting upon the integrity of any Senators who were seeking reductions. On the contrary, I completely recognize their integrity. What I meant to say was "any realistic factors" rather than "any honest factors." I make this explanation lest my colleagues should misunderstand my point of view.

The VICE PRESIDENT. The correction will be made.

### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. LUCAS. Mr. President, last evening the Senator from Missouri [Mr. DONNELL] obtained the floor, and it was agreed by unanimous consent that he should be recognized this morning to proceed with his remarks.

The VICE PRESIDENT. The Chair recognizes the Senator from Missouri.

Mr. WATKINS. Mr. President, I suggest—

The VICE PRESIDENT. Does the Senator from Missouri yield for a question?

Mr. DONNELL. I do not yield the floor. I yield to the Senator for an inquiry.

Mr. WATKINS. Mr. President, I desire to suggest the absence of a quorum.

The VICE PRESIDENT. The Senator from Missouri cannot yield for a quorum call.

Mr. DONNELL. By unanimous consent, I think it may be done.

Mr. WATKINS. I ask unanimous consent that the Senator may yield to me to suggest the absence of a quorum.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hunt	Murray
Anderson	Ives	Myers
Bricker	Jenner	Neely
Butler	Johnson, Colo.	O'Connor
Byrd	Johnson, Tex.	O'Mahoney
Capehart	Johnston, S. C.	Pepper
Chapman	Kem	Reed
Chavez	Kerr	Robertson
Connally	Kilgore	Russell
Cordon	Knowland	Saltonstall
Donnell	Langer	Smith, Maine
Douglas	Lodge	Smith, N. J.
Downey	Long	Sparkman
Eaton	Lucas	Stennis
Ellender	McCarran	Taft
Ferguson	McCarthy	Taylor
Flanders	McClellan	Thomas, Okla.
Frear	McFarlan	Thomas, Utah
Fulbright	McGrath	Tobey
George	McKellar	Tydings
Gillette	McMahon	Vandenberg
Green	Magnuson	Watkins
Gurney	Malone	Wherry
Hayden	Martin	Wiley
Hendrickson	Maybank	Williams
Hill	Miller	Withers
Hoey	Millikin	Young
Holland	Morse	
Humphrey	Mundt	

Mr. MYERS. I announce that the Senator from Mississippi [Mr. EASTLAND] is absent on public business.

The Senator from Tennessee [Mr. KEFAUVER] is absent by leave of the Senate on official business.

The Senator from New York [Mr. WAGNER] is necessarily absent.



Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN], the Senator from Nebraska [Mr. BUTLER], the Senator from Washington [Mr. CAIN], the Senator from Iowa [Mr. HICKENLOOPER], the Senator from Kansas [Mr. SCHOEPPPEL], and the Senator from Minnesota [Mr. THYE] are absent by leave of the Senate.

The Senator from Maine [Mr. BREWSTER] is necessarily absent.

The VICE PRESIDENT. Eighty-five Senators having answered to their names, a quorum is present.

#### TRANSACTION OF ROUTINE BUSINESS

The VICE PRESIDENT. With the permission of the Senator from Missouri, the Chair suggests that, without debate, and without affecting the Senator's rights, other Senators may place matters in the RECORD and transact routine business.

Mr. DONNELL. Mr. President, that is quite agreeable.

#### REPORT OF GOVERNOR OF THE PANAMA CANAL

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Armed Services:

#### *To the Congress of the United States:*

I transmit herewith, for the information of the Congress, the Annual Report of the Governor of the Panama Canal for the fiscal year ended June 30, 1948.

HARRY S. TRUMAN.

THE WHITE HOUSE, March 25, 1949.

#### EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

#### SUSPENSION OF DEPORTATION OF ALIENS— WITHDRAWAL OF NAMES

A letter from the Attorney General, withdrawing the names of Maria Moldovan, and her children Maria and Emil from a report relating to aliens whose deportation he suspended more than 6 months ago, transmitted by him to the Senate on March 1, 1949; to the Committee on the Judiciary.

#### LAWS PASSED BY MUNICIPAL COUNCILS OF ST. THOMAS AND ST. JOHN AND ST. CROIX, V. I.

A letter from the Acting Secretary of the Interior, transmitting, pursuant to law, copies of laws enacted by the Municipal Council of St. Thomas and St. John and the Municipal Council of St. Croix, V. I. (with accompanying papers); to the Committee on Interior and Insular Affairs.

#### AIR STAR ROUTES

A letter from the Postmaster General transmitting a draft of proposed legislation to amend section 6 of the act entitled "An act to provide for experimental air-mail services to further develop safety, efficiency, and economy, and for other purposes," approved April 15, 1938; and for other purposes, relating to air star routes (with an accompanying paper); to the Committee on Post Office and Civil Service.

#### APPROPRIATIONS TO FEDERAL SECURITY ADMINISTRATION FOR EMERGENCY NEEDS OF CRIPPLED CHILDREN

A letter from the Acting Administrator of the Federal Security Agency, transmitting a draft of proposed legislation authorizing appropriations to the Federal Security Ad-

ministrator in addition to those authorized under title V, part 2 of the Social Security Act, as amended, to provide for meeting emergency needs of crippled children during the fiscal year ending June 30, 1949 (with an accompanying paper); to the Committee on Finance.

#### AUDIT REPORT OF EXPORT-IMPORT BANK OF WASHINGTON

A letter from the Comptroller General of the United States, transmitting, pursuant to law, an audit report of the Export-Import Bank of Washington, for the fiscal year ended June 30, 1948 (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

#### INVESTMENT OF FUNDS OF CERTAIN INSURANCE COMPANIES

A letter from the Secretary of the Treasury, as Chairman of the National Advisory Council on International Monetary and Financial Problems, transmitting a draft of proposed legislation to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the International Bank for Reconstruction and Development (with an accompanying paper); to the Committee on the District of Columbia.

#### REPORTS OF COMMISSION ON ORGANIZATION OF EXECUTIVE BRANCH OF GOVERNMENT

A letter from the Chairman of the Commission on Organization of the Executive Branch of the Government, transmitting, pursuant to law, a report on Overseas Administration (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

A letter from the Chairman of the Commission on Organization of the Executive Branch of the Government, transmitting, pursuant to law, a report on the Development of Governmental Powers in the United States (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

A letter from the Chairman of the Commission on Organization of the Executive Branch of the Government, transmitting, pursuant to law, a report on Federal-State Relations (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

A letter from the Chairman of the Commission on Organization of the Executive Branch of the Government, transmitting, pursuant to law, a report on Federal Research (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

A letter from the Chairman of the Commission on Organization of the Executive Branch of the Government, transmitting, pursuant to law, a report on the Central Administrative Organization for the Territories and Dependencies of the United States (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

A letter from the Chairman of the Commission on Organization of the Executive Branch of the Government, transmitting, pursuant to law, a report on State-Federal Overlapping Taxes (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

A letter from the Chairman of the Commission on Organization of the Executive Branch of the Government, transmitting, pursuant to law, a report on Federal-State Relations (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

A letter from the Chairman of the Commission on Organization of the Executive Branch of the Government, transmitting, pursuant to law, a report on Federal-State Relations (No. 48) (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

A letter from the Chairman of the Commission on Organization of the Executive Branch of the Government, transmitting, pursuant to law, a report on Federal-State Relations (Appendix No. 49) (with an accompanying report); to the Committee on Expenditures in the Executive Departments.

#### PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

#### By the VICE PRESIDENT:

A concurrent resolution of the Legislature of the State of Michigan; to the Committee on Finance:

#### "House Concurrent Resolution 16

"Concurrent resolution memorializing and requesting the Congress of the United States to enact legislation to aid cigarette taxing States in the enforcement of their cigarette tax laws, now evaded by use of the United States mails

"Whereas the State of Michigan in 1947 enacted a State cigarette tax law which is now producing nearly \$23,000,000 annually, which amount constitutes an important portion of the funds available for appropriation by the legislature; and

"Whereas it has been brought to the attention of the Michigan Legislature that a large and growing system of evasion of the Michigan cigarette-tax law has developed, in that the United States mails are flooded with advertisements and inducements to the citizens of Michigan to violate the Michigan law, and in numerous instances such advertisers entice prospective customers with statements to the effect that the use of the United States mails is sufficient proof of the legitimacy of such business and such a system, and the mails of the United States are constantly flooded with cigarettes in the process of delivery within the State of Michigan on which the tax required by the laws of Michigan has not been paid; and

"Whereas the State of Michigan is seriously disadvantaged by such use of the post offices and mails of the United States for the purpose of evading the cigarette tax law of Michigan, and the State of Michigan is now suffering serious losses of revenue as the result of this type of evasion; and

"Whereas the use of the mails to evade the Michigan cigarette tax not only deprives the State of tax moneys, but also results in unfair competition to some 112,000 retailers of the State, who annually pay in sales taxes approximately \$200,000,000, and also is unfair to the cigarette wholesalers of Michigan who are annually paying into the State treasury nearly \$23,000,000; and

"Whereas it has been brought to the attention of the House of Representatives and the Senate of Michigan that there is now pending before the Congress of the United States proposed legislation which would aid the cigarette-taxing States by requiring shippers of cigarettes in interstate commerce to furnish to the taxing authority of the State into which such cigarettes are shipped a copy of the invoice of each shipment, and the name and address of each person to whom shipped: Now, therefore, be it

"Resolved by the house of representatives (the senate concurring), That the members of the Michigan Legislature respectfully urge the Congress of the United States to enact legislation requiring shippers of cigarettes in interstate commerce to furnish to the taxing authority of the State into which such cigarettes are shipped a copy of the invoice of each such shipment, and the name and address of each person to whom shipped; and be it further

"Resolved, That copies of this resolution be forwarded to the President of the United States, to the President of the Senate, and Speaker of the House of Representatives of



Even after the First World War this illusion persisted. It was never broken down by argument. Only 14 years ago 36 Senators voted against our adherence to the World Court—as harmless an institution as high-minded men have ever erected. Only 12 years ago President Roosevelt had to abandon the stand he took in his famous “quarantine” speech in Chicago. The American people did not even then admit that when anarchy stalks the earth there is no escape through mere isolation or neutrality. In that same year the Permanent Neutrality Act required us to lend no money, ship no goods, arm no ships, give no private contributions to any nation engaged in war or any faction in any civil war. Under that act we treated the legal and democratic Government of Spain on even terms with the Nazis and Fascists who helped to overthrow it. There were only 6 adverse votes in the Senate, only 12 in the House of Representatives.

When war broke out in 1939, between Hitler and the western European powers, we had our second lesson in the folly of isolationism. We learned a little at a time: In 1939 we repealed the arms embargo. In 1940 we put Selective Service into effect and President Roosevelt traded 50 old destroyers for bases in the North Atlantic. In 1941 the Lend-Lease Act was passed and the noble but as yet unrealized principles of the Atlantic Charter enunciated. But not until we were forced into it did we go to war.

The lesson we thus received was taught us by three dictatorships. That was their unintended service to world civilization. They made us see that the remote farmhouse on the Nebraska plains was not safe if we turned our back on the world. They made us see that liberty here was not safe if liberties elsewhere were destroyed. They taught us by the most advanced methods of education—in a rain of hell on Pearl Harbor; in torture and death in the Philippines; in the light of burning ships clearly visible from our Atlantic shores; in the heavy toll of wounds and death that our sons had to pay. Even as we fought this war through to victory we hated it. We hated not only what we had to suffer but what we had to do. We struggled through to peace as a Nation emotionally, as well as intellectually, committed to making peace just and lasting. When the Charter of the United Nations came before Congress 4 years ago only 2 votes in the Senate, only 15 votes in the House, were cast against it.

The three dictatorships that declared war on us in 1941 have vanished. Another dictatorship overshadows a considerable part of the earth. We cannot in self-respect appease it by surrendering our principles. Now we shall try to keep peace by strength—by strength which we never intend to use except in the common defense of the free nations' territory and liberties; strength that is otherwise no menace to Russia or any other country. It is thus in no warlike mood that this Nation takes up the North Atlantic Pact. This is our pacifism; using the most effective means we know to avoid bloodshed and the destruction of civilization. We have not changed in our ultimate desires. We have come full circle only in the methods we now believe necessary to realize those desires. We stand, as President Wilson did 32 years ago, for a concert of free people.

Across the Atlantic and Pacific and all oceans and continents, as these words are written and read, there is an increasing flow of air traffic. The oceans and the vast spaces of the world, measured in terms of time, have nearly vanished. We and our associates are now neighbors defending our neighborhood against intruders. This is the real meaning of the North Atlantic Pact.

## EXHIBIT 2

[From the Washington Post of March 23, 1949]

Senator VANDENBERG (Republican of Michigan) yesterday indorsed the proposed 12-nation North Atlantic treaty as a barrier against world war III and the most important step in American foreign policy since the 125-year-old Monroe Doctrine.

“In my opinion, it is the best bet to keep the present cold war from getting hot,” he said.

After long months of behind-the-scenes negotiations, the treaty is scheduled to be signed here April 4. But to pledge this country's support, it must then be ratified by a two-thirds vote of the Senate.

VANDENBERG, usually conservative in his spoken appraisals, turned to superlatives in praising the defense alliance in a 1,000-word address before the United States conference of mayors.

## ADDRESSES MAYORS

He said at the outset he was reserving his opinion on the administration's plans for military aid to western Europe. The arms program, a separate but closely-linked corollary of the treaty itself, is expected to cost the United States \$1,000,000,000 to \$1,500,000,000 the first year.

But VANDENBERG said that aside from this reservation, he indorses the North Atlantic Pact as “the best possible peace enterprise in which the United States can engage in the self-interest of its own national security . . . and in the prevention of another intolerable world war in which we would inevitably be involved.”

The Michigan Senator, ranking Republican member of the Senate Foreign Relations Committee, listed the 12 nations expected to sign the pact as Britain, France, Belgium, the Netherlands, Luxemburg, Italy, Norway, Denmark, Iceland, Portugal, and the United States and Canada.

Then he said:

“This is the greatest war deterrent ever devised. No itching conqueror will lightly view such odds.”

## QUOTES SECTION OF PACT

VANDENBERG quoted the section of the pact which declares that “an armed attack against one or more of them (the signatories) in Europe or North America shall be considered an attack against them all.”

The section states that in the event of such an attack, the treaty members will aid the victim by taking forthwith, individually and in concert with the other parties, such action as it deems necessary, including the use of armed force.

VANDENBERG continued: “I ask you to note that this is not an automatic commitment to war.”

“I ask you to note that we reserve unto ourselves the option to decide precisely what contribution we shall make against any such armed attack by an aggressor. They are many defensive recourses short of war.”

“We are signing no blank check.”

## NO SCRAP OF PAPER

He continued:

“But I ask you also to understand that we are signing no mere scrap of paper. This pact will mean what it says or it is devoid of war-preventing authority.”

“It means that if another armed aggressor threatens any or all of us with world war III—God save the mark—all of us will forthwith unite to stop the aggression before it becomes universal, and to defeat it before it becomes a universal conquest.”

“All of us must take that pledge in good faith or it were better that we do not take it at all.”

The Republican leader, who observed his sixty-fifth birthday yesterday, went on to tell his listeners very bluntly why he con-

siders the Atlantic treaty the best insurance to complete our mutual protection against another war.

## REFERS TO KAISER AND HITLER

He said that in his opinion Kaiser Wilhelm II would not have unleashed his conspiracy of aggression in 1914 if the German ruler had expected a collision with the United States.

Similarly, he declared Adolf Hitler would not have precipitated World War II if Hitler had anticipated a war with the United States.

“The Neutrality Act of 1939 told Hitler that the United States would keep out of any such conflict, would keep our vessels out of belligerent ports, would refuse credits to warring nations,” VANDENBERG said.

“The North Atlantic Pact—wholly to the contrary—will tell any aggressor in 1949 that from the very moment he launches his conquest in this area he will face whatever united opposition, including that of the United States, is necessary to beat him to his knees.”

“Yet no other nation on the face of this earth needs spend one sleepless night over any sort of menace from this pact unless it is plotting armed aggression against neighbors whose only aspiration is peace with justice and honor in a free world of free men.”

During the delivery of Mr. DONNELL's address,

Mr. KNOWLAND. Mr. President, will the Senator from Missouri yield?

Mr. DONNELL. I yield to the Senator from California.

Mr. KNOWLAND. I should like to ask the able Senator from Missouri whether he will permit me to ask unanimous consent of the Senate merely to offer a short amendment to the pending ECA bill, so that it can be printed and lie on the table.

Mr. DONNELL. In answer to the question in the affirmative, I shall be very happy to have the Senator make the request.

Mr. KNOWLAND. Mr. President, I ask unanimous consent, without taking the Senator from Missouri from the floor, to be permitted to offer an amendment to the pending ECA bill, to lie on the table. It is a short amendment, and I should like to read it for the information of the Senate.

The amendment is to add at the end of the bill the following new section:

SEC. —. The balance of any funds appropriated for carrying out and accomplishing the purposes of the China Aid Act of 1948, unobligated as of April 2, 1949, or subsequently released from obligation, is hereby made available to the President for obligation through December 31, 1949, for assistance to China to be furnished in such manner and on such terms and conditions as the President may prescribe. The authority granted to the President under this subsection shall terminate if in his opinion the government of the Republic of China becomes Communist dominated.

I send the amendment forward and ask that it be printed and lie on the table.

The PRESIDING OFFICER. Without objection, the amendment will be received and printed, and will lie on the table.

After the conclusion of Mr. DONNELL's address,

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House



had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2313) to suspend certain import taxes on copper.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. THOMAS of Utah. Mr. President, I realize that it will be most difficult to turn from the thoughts which have been aroused in the minds of all of us about the North Atlantic Pact to the task which is before the Senate. I wish to do so, however. But I wish also to say a word or two about the North Atlantic Pact and its relation to the Senate at the present time.

For the past hour or so we have been discussing a question which is not before the Senate. It is germane, of course. It is before the country, and it is upon the minds of all of us. I wish to assure the Senator from Missouri [Mr. DONNELL] and all other Senators who have now seen the North Atlantic Pact that there has been no departure from the ordinary procedures by which our country has carried on for the past 170 years. There have been consultations about the pact. The press has been informed of certain things. The Committee on Foreign Relations has been invited to consider it. But none of those things has in any way interfered with the constitutional way of proceeding. The right of negotiation is with the Executive. Since so much has been said about the Constitution, it might be well to remember that. The signatures have not yet been placed on the pact. We should remember that. When the various States which have helped in the negotiations have signed the pact, then will be the time for the President of the United States, if he deems it wise in his discretion to go further, to refer it to the United States Senate for ratification. All those things will be done. In view of the fact that the pact contains the words "constitutional procedure" more than once, I think it is a little out of place on the part of any of us to imagine that the Senate, or any committee of the Senate, or the Executive of the United States, or those who act for him, would be forgetful about constitutional processes.

I wish to make a statement about the pact. I do so because of the almost sacred words of Washington's Farewell Address, which have been read to us. I do it also because the words of John Marshall have been read. Both of them reflect ideas which are proper ideas of the American people. We have a fear of offensive and defensive alliances; and throughout our entire history we have made a part of all we have done and all we have said the theory that we should avoid all entangling alliances. But, Mr. President, I believe that any student of American history and American diplomacy in our foreign relations must ultimately come to the conclusion that when the North Atlantic Pact is placed before us it will be treated as

though it were a logical sequence of what has been our policy during nearly all the time of our existence.

I point out that the North Atlantic Pact contains words which were used during the discussions about what later become the Monroe Doctrine. There is the phrase that an attack upon one should be considered an attack upon all. For more than 120 years that phrase has been used by those who have spoken for America.

We find also that, starting with Madison's administration, long before the Monroe Doctrine came into existence, the essence of the Monroe Doctrine was in effect. Warning was given to the nations of the world that when certain nations lined up or entered into understandings with one another about this continent, we would pay attention to them. Then, when the Monroe Doctrine came, it became a part of the law of the land.

As we come down through history and into modern times, we find that the North Atlantic Pact is a continuation of things which we either tried to do or actually did. The League of Nations Covenant, which was a part of the Treaty of Versailles, embodied the theory that the preponderant force of the nations of the world which wanted peace should, at a given time, be hurled against an aggressor. The word "aggressor" was not used, but the force of peaceful nations was to be hurled against an erring state, a state which was acting out of harmony with the fundamental principles of the League. There is in the North Atlantic Pact the idea that the many shall act against the wrongdoer; that they shall unite to preserve peace, and that if one is attacked all will be attacked. We are merely accepting the theories which were accepted by the spokesmen of our country during all our history, and making them again into a worded pact.

After two world wars, considering the way in which those wars started and the way in which we got into them, I think we should go back with all seriousness and thoughtfulness to the theories of the Neutrality Act and the mistakes which those theories made possible. I go back in my thinking today to what was said when I presented the strategic materials bill to this body. There was opposition to it although it was a bill which looked into the future and made us more safe, more strong, and better prepared. It is interesting to note that when the war rumblings began and we had on the statute books the Neutrality Act of 1935 and 1936, in 1937, when there was a threat to the peace of the world, and when one of the nations of the world had started to move against another nation, the Neutrality Act was regarded as notice that we would pay no attention to what other nations were doing, because the Neutrality Act was a mandatory act. It caused us to operate equally against the aggressor and the victim of aggression.

In 1937 I offered an amendment to that act. It was considered, but it was not adopted. The amendment provided that the President of the United States,

whenever he saw an aggression, might lift the embargo provisions of the Neutrality Act in favor of the victim of such aggression. It is my humble opinion that had we adopted that amendment then, we could have and would have stopped war. But in 1937 the President of the United States did not wholly agree with that idea. However, by July 12, 1939, he agreed, and submitted a formal request to the Senate Committee on Foreign Relations that something be done so that the force of opinion of nations and the actual force of the United States might be aligned with those nations of the world who were in favor of peace. He asked, in theory, for the same thing as the amendment which I had offered, that the embargo might be lifted so that we could act in support of a victim of aggression.

The Foreign Relations Committee turned down the recommendation of the President. That was on July 12, 1939. We may almost count on the fingers of one hand the days which elapsed between the time when the United States gave formal notice to the world that it would not interfere with an aggression, and the time when the aggression started.

In view of the leadership our Nation has developed, I think we have some obligation to the rest of the world to see to it that such a thing does not happen again. Mr. President, if I correctly interpret the spirit of the North Atlantic Pact, it is that such a thing shall not happen again. The North Atlantic Pact is in complete harmony with the theories of collective security and the action of all the nations of the world to that end. In view of the situation in the world today, how do we think peace is ever to be maintained if it is attempted to be maintained purely on the basis of the maintenance of boundaries? It is on that phase of the subject that I should like to speak in relation to the bill which is now before the Senate.

I shall vote for the pending bill. I voted to report it from the committee. I support it wholly and completely. But, Mr. President, I support it as a matter of good, honest, solid American policy. I support it because I believe it will make America stronger. I support it because I think it will make for the peace of the world, as the European recovery program has done so far. I support it because it is well for us to set an example to the other nations of the world. I support it because it represents, in a way, the promise America has made, so lately, that if the other nations of the world will set their houses in order, decide how we can help them, and act cooperatively to that end, we will extend our help. Mr. President, that idea is not a new one; it is, in fact, very old.

I myself do not and will not support actions which seem to be aimed at one particular nation. The measure we now are considering is not an offensive and defensive proposition. There may be in the world today a nation running riot, just as at many times in the history of the world other nations have seemed to be running riot; but it has not been our idea that we should build our national



policy around a feeling of antagonism toward any particular nation, conduct out foreign affairs upon that basis, and call the attention of the entire world to a condition which we think is bad. We should not make our national policy reflect such a feeling, for if we do, we shall be overlooking what has happened in the past when nations which at one time seemed to be our enemies, later proved to be, in reality, our friends. I say that if we act in a way that takes into contemptation only that which is within the bounds of these 1 or 2 years, we shall pursue a course which ultimately we shall regret.

Does such an attitude make us weak in the eyes of a nation which is acting improperly and in a wrong manner? Does it make us weak in the eyes of a nation that is an aggressor? Will such a nation consider us weak because we take our own stand, and do not take a stand against it? I do not think so, Mr. President; I am sure that it is not the case.

I should like to show, by an actual quotation, that what we are so fearful of today is something we have been fearful of through the ages. The quotation I am about to read is the only one in this connection which I could remember, but it is one of the things along such lines which I read when I was a youngster. It sounds almost as if it had been written in respect to present-day conditions; in fact, if we omit the name of the Czar from the quotation, it will read just as well in respect to present-day conditions as it did in respect to the conditions existing at the time when it was written:

Russia has turned tartar and has become isolated in thought and action, with the Chinese wall again keeping her out of the middle kingdom, and a wall of sentiment higher and thicker than the Chinese wall, built by the allied nations of capital, against her.

Those are not my words, Mr. President; they were written a full generation ago. I read further:

In 1898 Hazeltine in his supplementary chapter of Boulger's History of China said: "Russia is conquering by modern methods the kingdoms of Genghis and Kublai Khan; and the Russian Czar, once emperor of China, will take the place of the Tartar conquerors who carried fire and the sword beyond the Carpathians and Vistula and throughout eastern, western, and southern Asia."

Mr. President, we have worked ourselves into a frenzy of feeling that the expansion of Russia is today just as much a threat as it seemed to be a threat then. Was it a threat? It was regarded then as a threat. Our people talked a great deal about it; and the literature of 50 or 60 years ago, contains various statements along that line.

I bring out that point for the purpose of making matters a little clearer, at least in my own mind. I do so for the purpose of showing that what is now proposed is consistent with American policy, and is not something we have made out of the whole cloth because of what has happened in the last little while.

It is sad indeed that nations sometimes change their minds and their ideals. It is interesting to note how quickly and how rapidly sentiments and ideas change.

I think it is healthy for our people to realize that sentiments do change, and that those whom we trusted implicitly at one time, we sometimes lose faith in shortly thereafter.

Mr. President, we fought the first World War as an ally of Russia; but we went through the period following that war frightened at Bolshevism; and we sent our troops into Russia, and they took sides in the Russian revolution. The people of Europe were so incensed and so frightened of Russia that they actually brought certain states into existence. A reading of French history will disclose that Yugoslavia, Czechoslovakia, and certain other states were brought into existence in order to support western Europe against Russia. Was it in vain? Probably what Russia is doing today is simply the counteraction to what was done after the last World War. But I want to say it is in vain. If Russia is proceeding on the theory of defending herself against certain steps taken or steps she may imagine the west is going to take, it is just as much in vain as it would be in our case if we did not have at heart the good of the 10 or more nations that are to become parties to the pact, or who are the beneficiaries of European relief, and who are working together, as they are working today. I think it would be well for us to realize two things taken from some surrendered papers:

The senior Japanese commanders and all ground, sea, air, and auxiliary forces within China (excluding Manchuria)—

When it came to Manchuria, it was deemed, as a result of informal discussion, that Manchuria belonged to China. It was assumed here that it belonged to China. Continuing the quotation:

(excluding Manchuria), Formosa, and French Indochina, north of 16° north latitude, was surrendered to Generalissimo Chiang Kai-shek.

The senior Japanese commanders and all ground, sea, air, and auxiliary forces within Manchuria, Korea north of 38° north latitude, and Karafuto were surrendered to the commander in chief of Soviet forces in the Far East.

Those were the views, those were our feelings toward our ally at that time. Those were feelings which seemed to imply that everything was all right and that everything would go forward satisfactorily.

Those provisions, I may say in defense to myself, were made after a warning which many repeated and which I in my own humble way made. I am going to read into the RECORD, not what was said but actually what was written and published in regard to the matter. It was written after discussions concerning the surrender of the Japanese Empire had been made known to certain interests in the State Department. I must admit some of the wise ones, the practical ones, those who recognize facts as they are and conditions as they are, and history, and who know how to do things, were cynical about my remarks. They did not like what I said. But this is what was said, not 1 year before the surrender, or at the time of the surrender, but 2½ years before the time of the surrender.

We shall have to make certain territorial settlements if freedom and independence are to be China's. There is the question of Hong Kong, the return of which, in my opinion, might not leave China quite so free as she would be without it, since there is some advantage to be gained, at least in the beginning, by continued British interest. There is also Formosa. Considered emotionally, it should go back to China. I should like to suggest, however, that something beside emotion be considered. Historically, China's control of Formosa was not entirely satisfactory. It was even said that when Li Hung Chang ceded the island to the Japanese after the Chinese war, he was convinced that he had played a trick on Japan. Japan has administered Formosa to her own advantage, but Formosa has benefited by the development, and China has not suffered greatly by the loss. The conquest is not complete, and it may be that as a result of this war the independence movement which Japan crushed will once more arise. But though Japan has used Formosa as a stepping stone to conquest, the products which Japan developed have been available to the world. To say that Japan be allowed to retain Formosa is not to condone aggression or to assign possessions undeservedly.

Formosa was made an integral part of the Japanese Empire, and when Japan unconditionally surrendered, the theory of course should have been that something should be done in regard to Formosa. Japan has held Formosa since 1895 and has closely integrated it into Japanese economy. However, the strongest argument against returning Formosa to China is that the present status frees China of the need for a fleet to protect an island possession. Without the burden of control of the sea, China can spend her energies on developing her own mainland and the bordering continental areas. China has never cared for conquest. Her entire philosophy is against it. If she can expand inland toward Turkestan, Tibet, Mongolia, and Manchuria, she will have enough to satisfy a virile nation for a long time to come. A subdued Japan and an anti-imperial Russia, busy with her own reconstruction, will leave China undisturbed by conflict. That this solution is easier to state than to carry out I freely admit. But I believe it worth trying for the sake of China and the world.

I want a strong America because America actually and really is the only hope left mankind in the world to have that liberty and freedom our fathers toasted. But I do not want an America strong only because of our ability to destroy. There is a strength that comes from justice. There is a power that comes from right. What makes America strong? It is the strength of our youth. It is the belief that democracy rests upon a trained citizenry. It is the knowledge that the four freedoms whether they be the Jeffersonian freedoms or the Roosevelt freedoms are the bases of any real democracy. Strong America does not mean the curbing of the soul of America by those who would



support the will of the people for the perpetuation of a national self-interest along the lines we have heard so much of late. An alliance with wrongdoing, injustice, the lending of our strength to perpetuate wrong will result only in evil. The world needs the political ethics of a Jefferson who said he knew but one code of morals for men and nations. Is it asking too much to insist that money given to feed the starving be used to feed the starving? Is it asking too much to insist that money given to restore a destroyed bridge be used to restore the bridge? Is it asking too much if we take dollars from honest taxation to restore a national economy that it be as honestly spent as it was honestly taken from the people's earnings? If we cannot teach some decent trade habits it is better not to restore trade. I am told I am asking too much. I am reminded that everyone knows that our American Government is the only one on earth which exists for the benefit of the people and not for the benefit of the Government and that to insist upon our standards is to expect the impossible. If impossible, why attempt it? Let us restore Europe and Asia and leave reform to another day. That has been said, "If we do not do some reforming we will merely rebuild for more war." Build America on the basis of hate, on the theory of suspicion, on the foundation of distrust, and upon a nationalism built upon expediency which compromises every ideal of honesty, upon an altar of dealing with and supporting the dishonest and corrupt in governments out of self-interest, and America will very soon reflect the ideals of the dishonest with whom we deal.

Those are strong words, Mr. President, but it has taken us more than a year to get into the European Recovery Act a simple amendment suggesting that one of the aims of the act should be to bring about the political unity of Europe. When we got the amendment, the very first amendment we had to consider, we discovered that the word "political" was taken out. Why we are so afraid of the word "political" I do not know. It is because of political action that we drink decent water. It is because of political action that we have electric lights in this building. Practically all we do from morning until night is the result of political action. It is because there has been nonpolitical action in Europe that we may bring about a restoration which will leave Europe exactly as we found her, not only before the Second World War, but also before the First World War.

Mr. President, if we do that, we shall not have done much for Europe. If we cannot bring about new ideals and decent notions in regard to trade, if we leave the notion in Europe that every nation is to be antagonistic to other nations, that it is only in economic unity and not political unity that they can go forward, there will be the same rivalry which has always resulted from war. At the present time, if we consider nation after nation and what they are thinking about, it will be discovered that there is very little political reformation in them. At this time there happens to be in the

United States the leader of the English Conservative Party, a leader who has called all the reform movements which England is trying to bring about pretty close to being insane, but a leader who, on the other hand, says that he would like to see a United States of Europe brought into fruitful success. Why do we want a United States of Europe? To continue the same old processes we find in some of the nations of Europe today? In spite of the fact that we are trying to help to bring about recovery and the exchange of goods, they are resorting, as I said to the Senator from Michigan yesterday, to restrictions of trade, instituting import and export licenses, and controlling everything that comes in and everything that goes out. Is it to be imagined that the nation that built the British Empire and invented such things as the gold standard in order that it might exploit, may not, in turn, if it does not change its mind in connection with the new and great empire it is bringing into existence, in the exploitation of Africa and the creation of a new Axis, England, France, and Africa, return to the same old mistake? Mr. President, if they do, there will be the same old condition.

I know that England is more restrained than she has ever been before, because she has taken part in the international agreements against the exploitation of peoples and in her attempt to protect the people she governs as a result of exploitation. I know she has agreed that the peoples of all her dependencies shall be governed for their benefit and not for the benefit of the homeland. Those things have come about in much the same way as did the Atlantic Pact, by thoughtful, energetic work on behalf of the peoples of the world. I want those things to continue. I do not want to see another type of imperialistic exploitation in the world. Surely the nations which have exploited the most must have the answer now. Where are the nations that did the exploiting? Where are the nations which have taken part in it? Is England very strong in Asia today? Is the old Imperial Russia still looking for a place in the sun? Is France strong in Asia today? What about Holland's condition? Were all the nations we are talking about victors in great wars? It has already been said that we cannot stand another victory, or words to that effect.

Mr. President, it should be vividly brought to our minds that while we destroyed Germany and Japan, we probably did not destroy as much property as would be represented by the debt which we incurred to bring about that destruction. That is an argument against war. That is why I am in favor of peaceful pacts looking forward to a better way of handling things, doing things, and curbing aggressors throughout the world. I can see now, and we all know, that the economy of the whole world is different from what it was 10 years ago, and very different from what it was 30 years ago, and that even the United States has gone so deeply into debt that the debt structure makes it necessary for us to build our whole economic system upon a system of debt.

That should give us cause to think about finances. It should give us cause to think about our money. It should give us cause to realize that the gold and the silver we have, if used properly, will do the world's work. It can and will, if we have cooperative understandings and agreements. But once the theory of exploitation of peoples again takes hold of an aggressor anywhere in the world, that structure may be completely destroyed, so that even we cannot survive to bring about a condition of some form of peace wherein those nations that want freedom and liberty may have some chance of survival.

Mr. President, I am very happy that the Senator from Missouri quoted from our great thinkers of early times. I myself wish to quote from them, but before I do so I wish to refer to a phrase which has come into our vocabulary—a phrase which is used much—namely, "national self-interest." It is a phrase on which Bismarck built his Germany; it is a phrase which the Kaiser used for all he did; and I do not like to see us using it. While the words are all right, they have had definite and wicked meanings in the past. If we use the phrase, and use it in the same way in which Bismarck used it, we will fail just as Bismarck failed, we will fail as the Kaiser failed, as Hitler failed, and as Mussolini failed. We, too, will fail if we lose our faith in ourselves, in our liberty, and in our freedom. If we go about what we are doing with a spirit of hate—hatred of some nation with which we do not seem to agree now—we ourselves will reflect nothing but distrust, and when once distrust gets into a nation, that is the end of liberty and freedom because they can thrive only where there is trust.

Mr. President, I realize that Russia today, in what she is doing, and in the way in which she operates, under the theory of her government, is just the opposite of what America has stood for in the 170 years of her history. We cannot accept the single will in government and survive. Therefore, we hate what Russia is doing.

Let us remember that the condition there may be a passing phase. There was the single will in Italy, and that was a passing phase. There was the single will in Germany three times since I can remember, and each of them passed away. There was the single will in many other places.

I remember a conversation I had with a man who made himself the first great dictator in Europe. It was in Hungary—a nation which is not having too good times today. I told this man that I disliked seeing the infiltration of Germans into his country. He said, "The more who come, the better." I said also that I did not like to see the German ideas coming in. He said, "The more, the better." Where is Admiral Horthy today? He accepted the single will from without, and what happened to him?

Mr. President, I had the privilege of talking to such men as Sun Yat Sen and Chiang Kai-shek. I knew them in Japan some time before the Chinese revolution. I watched the growth of Chiang Kai-shek, and I have gone so far as to say that if he succeeded in his dictator-



ship he would have proved himself the greatest of all dictators, greater even than Hitler, greater even than Mussolini. But, regardless of the habits of the Chinese, he has to succeed on honesty, and he has to do away with greed, or he cannot carry on in China; he will meet his downfall.

Mr. President, there are those in America who think Chiang Kai-shek still is going to survive, that he is not going to fall. Most of his enemies surrendered to him, and all the forces of the Japanese in China, outside Manchuria, were surrendered to him. He was a great victor.

As I read history, Mr. President, the men who set up single wills throughout the world, especially since the American Government came into existence with its idea of freedom and liberty, have not been able to survive very long.

I saw Hitler only four times, but I was impressed with the fact that I was looking at a man who was going to fall, and he fell. It is inevitable that such things will come to mankind, but they are the things against which we have to guard.

The peoples of Europe have lost their faith in themselves; they are divided; they are uncertain; they need leadership. They will follow a Hitler again as they did before, if they are not freed from the despair from which they are suffering. Unity simply must come to those states in order to have them, but if we offer the helping hand with the spirit of Bismarck, we cannot help defeating the technique we are seeking to develop.

What we must preserve is the America of a Franklin, the America of a Jefferson, the America of a Lincoln, the America of a Wilson, but, more than anything else, it must be realized that liberty and freedom are important things. How are liberty and freedom builded? They are builded by men who think, who aspire, men who have the right to come and go, men who have the right to change their avocation in life, men who have the right to have and to hold, men who have the strength because they are free from fear and free from want, men who are not afraid of the soldier-education bill.

Believe it or not, within the last little while, when I attended an international conference, after I had praised the soldier education bill because of the new leadership that was being trained in America to the number of 2,400,000 soldier boys and girls reaping the benefits of a bill for the purpose of building leadership in America, I was astounded to be asked, "What are you going to do with such a trained mass, and how are you ever going to find places for so many leaders?"

Mr. President, that question was asked me by a man coming from one of the British parts of the world. The British do not yet understand America and what the American policy means. They simply cannot understand how in the world we can assimilate 2,400,000 leaders and still have our country preserved as it is. They do not understand the first elements of American freedom and liberty. If they are not trying to understand, if they are not trying to get what we are trying to give them, if we are merely to

restore them without the change of a single mind, what we are attempting to do will be in vain, in the end.

Mr. President, if I remember my history aright, at the celebration held by the people of Philadelphia in 1787 in honor of the writing of the Constitution, two toasts were drunk—first, "to the United States of America," a fact which has been projected into the world; and second, "to freedom and liberty to all mankind," an idea which inevitably followed the reasoning, the philosophy, and the arguments presented by those who took part in the discussions which brought our Constitution into existence. In a sense the toast to the United States of America represented a toast to something accomplished. The second, to freedom and liberty for all mankind, represented a toast to a theory. That first represented the practical, the necessary, that which had to be done if the fruits of the Revolutionary War were to be realized. The second represented faith, an idea as great and as broad as was ever uttered by a group of men believing in the ultimate purposefulness of man's life in the earth, an idealization of the justification of what had been done. This was to grow and become the American spirit. Throughout our history this purpose for America's existence has dominated the writings of our leaders and has reflected the heart of that America which promises the possibility of a democratic world and furnishes the fundamental belief in the wisdom of popular sovereignty. These two toasts do not actually reflect two systems of thought, but they are idealizations of the conflicting spirits which are in the world today—one represents that which is, the other that which is hoped for. Our words are words of hope and faith and trust. Our acts are sometimes acts which display that practicality which ultimately destroys faith, hope, and trust. We have it in all of us. "Trust in the Lord and pass the ammunition" is the type of blending of the practical with the ideal that America loves so well.

Mr. President, I hope and trust that the pending measure, which tends to set our minds upon the theory of unity in Europe, will be accepted not only as representing the practical-mindedness of the American people and the practicality of that unity which has done so much for us, but will also carry with it the idealistic notion of America that unity is brought about for but two purposes, one of which is stated in the first toast, and the other is stated in the second toast, which suggests that freedom and liberty for all mankind shall be what we strive to achieve in connection with those with whom we are associated in Europe.

Mr. CAPEHART obtained the floor.

Mr. KNOWLAND. Mr. President, will the Senator yield so I may suggest the absence of a quorum?

Mr. CAPEHART. I yield for that purpose.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Long in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hunt	Murray
Anderson	Ives	Myers
Bricker	Jenner	Neely
Bridges	Johnson, Colo.	O'Connor
Byrd	Johnson, Tex.	O'Mahoney
Capehart	Johnston, S. C.	Pepper
Chapman	Kem	Reed
Chavez	Kerr	Robertson
Connally	Kilgore	Russell
Cordon	Knowland	Saltonstall
Donnell	Langer	Smith, Maine
Douglas	Lodge	Smith, N. J.
Downey	Long	Sparkman
Ecton	Lucas	Stennis
Ellender	McCarran	Taft
Ferguson	McCarthy	Taylor
Flanders	McClellan	Thomas, Okla.
Frear	McFarland	Thomas, Utah
Fulbright	McGrath	Tobey
George	McKellar	Tydings
Gillette	McMahon	Vandenberg
Green	Magnuson	Watkins
Gurney	Malone	Wherry
Hayden	Martin	Wiley
Hendrickson	Maybank	Williams
Hill	Miller	Withers
Hoey	Millikin	Young
Holland	Morse	
Humphrey	Mundt	

The PRESIDING OFFICER. Eighty-five Senators have answered to their names. A quorum is present.

Mr. CAPEHART. Mr. President, I doubt whether any man ever undertook a bigger job than I have taken on now, for I shall try in 1 hour to convince the Senate that it should reduce the ECA authorization from approximately \$5,800,000,000 to \$3,000,000,000, thereby saving the taxpayers of the United States \$2,800,000,000.

Mr. President, I appreciate the fact that that is the unpopular side of the question—or, for that matter, of any question—because one is always more popular when he tries to spend money or give it away than when he tries to save it. But, Mr. President, in less than 4 years since the war ended in Europe, Americans have generously poured billions of dollars into a score of countries in connection with plans and schemes which might be identified in this fashion:

First, it was a poor-relief project known as UNRRA.

Then we called it European recovery.

Now, Mr. President, we can call the plan that is before the Senate the European finance plan.

The relief has ended.

The recovery is complete.

But the financing lingers on.

Mr. President, to Senate bill 1209 I am proposing an amendment by which I move to reduce the amount asked for European financing to a total of \$3,000,000,000.

It is not a complicated amendment, Mr. President. It does not change the original bill in any other way. I offer this amendment, Mr. President, after carefully studying the reports of the European Economic Administration, and I intend to use the words of that Administration's authorities in support of my amendment.

Before I turn to the report on European recovery, Mr. President, as a prelude I wish to call the attention of the Senate to a problem to which I feel certain every Member of this body must be giving at least some thought from time



to time. Surely my colleagues must be giving some thought to this problem. I am sure they are hearing about it from their constituents in much the same manner in which I am hearing from mine.

We have been giving most serious attention to European economy in every session of the Congress since the war ended. I think we now should apply the same attention to a very sane consideration of our own economy.

The record shows that we have been living rather high and mighty during the prosperous years since the war. The signs seem to indicate however that we had better stop, look, and listen. Yes, Mr. President, we had better, stop, look and listen.

We have just come through two golden years of prosperity—the greatest years of prosperity in the Nation's history. They were years we shall never forget. We had the highest national income of all time. We had full production at high prices. We had record crops from record acreage at record prices. We had 60,000,000 persons employed at the highest wages and salaries in all our history. Because of all this, we collected \$42,000,000,000 in Federal taxes, despite the tax reduction granted by the Eightieth Congress.

We saw the spending of a budget of about thirty-seven billions. Both in and out of that budget, we saw the spending of a total of \$9,000,000,000 in foreign nations.

The State Department's estimate of foreign expenditures for the fiscal year 1949, as presented to the Eightieth Congress, was as follows:

European relief program, \$5,300,000,000.

China, \$570,000,000.

Greece and Turkey, \$257,000,000.

International Children's fund, \$60,000,000.

Army's disease and unrest program in occupied areas, \$1,483,000,000.

Other occupational costs, \$908,000,000.

Economic reconstruction in Japan and Korea, \$220,000,000.

Latin-American loans from the Export-Import bank, \$500,000,000.

Perhaps, Mr. President, you might say: "Why not stop here and take an inventory of the benefits derived from our spending both here and abroad these many years?"

To such a suggestion, Mr. President, I should like to answer thus: "Wait. You have heard only part of the story."

We are well into a new year on the calendar, and it is by calendar years that our people pay their taxes. Our Government may spend money by the fiscal year, but it is collected by the calendar year. So I suggest, Mr. President, that for once we talk in terms our people know best.

We are well into a new year that has not given any signs of being nearly as prosperous for our people as was 1948, when the national income was \$225,000,000,000. I have no fear of an economic collapse, Mr. President; I wish to make that clear. But we do not need an economic collapse to find ourselves in a bit of a predicament financially. We have

gaged our cost of government on the 1948 flow from the horn of plenty. What happens, Mr. President, if that flow is not maintained? Let us stop, look, and listen for a moment.

At this session of the Congress, bills which, if enacted, would add billions of dollars to our current domestic costs, have already been introduced. I say "if enacted"; but when I say that, I fully realize that the administration now in power in this country has promised that they will be enacted.

So, Mr. President, we have some indication of what we are facing in the way of problems of our own. At the same time, we are becoming aware that we might be mistaken if we should continue to gage the cost of our Government on the intake of revenue from our most prosperous years.

Only a few days ago our own Department of Commerce reported that the outlook for 1949 indicates a decided drop in our national income.

Mr. President, let me say at this point that anyone who can find that two and two equal four, certainly must know that in the fiscal year ending June 30, 1950, we shall have a smaller national income than we had in the calendar year 1948; and anyone who knows anything about arithmetic must know that in the fiscal year ending June 30, 1950, we shall handle fewer dollars, for he must realize that farm prices have fallen, that in some instances wages are falling, that business is declining. So he must know that we shall handle fewer dollars and shall have less tax revenue. Here and now I wish to make the prophecy that for the fiscal year ending June 30, 1950, the total revenue, in the form of taxes of all sorts collected by our Federal Government, will not exceed \$35,000,000,000. I do not need to call the attention of the Senate to what would happen to the Nation if our revenues were \$35,000,000,000 and we spent from \$42,000,000,000 to \$45,000,000,000.

Mr. President, the national income is our sole source of revenue with which we must operate the Government. Let me remind all within hearing that our Federal revenue in 1948 was derived in the following manner: \$22,000,000,000 from individual taxpayers, \$10,000,000,000 from corporations, \$7,000,000,000 from excise taxes which were paid by the people, \$2,000,000,000 from unemployment insurance, \$1,500,000,000 from old-age and survivors insurance assessments, \$400,000,000 from customs collections, and \$2,000,000,000 from refunds on receipts.

Nearly \$14,000,000,000 more in taxes was collected from our people by State, county, township, and city governments. Has anyone read of tax reduction in any State, county, township, or city? In my State, the tax requirements were made greater by an addition to the gasoline tax and the gross-income tax. Property taxes by counties and cities are going up and up.

What the people have left for themselves, Mr. President, depends on how much they share in our national income. That means, then, that if our national income is reduced from its 1948 level and

taxes of all kinds become greater, our people have less. It is just as simple as that, Mr. President, when all the trimmings and trappings are taken away.

I do not know how long we can go on making believe that there is no limit to what our Government can give away. I do not understand what we are thinking about when we repeatedly appropriate and in many instances give away many billions of dollars taken from the American people in taxes. What are we thinking about? Let me remind Senators that during 1948 the most prosperous year in the Nation's history, the Government had the highest rate of tax collection in the history of the Nation, with the exception of the tax reduction provided last year, and that the Government, for all practical purposes, spent its entire income. That should make every man, woman, and child in America stop, listen, and think. Is there a Senator who believes our income in 1950 will be as great as it was in 1948? If our Government in the most prosperous year of its history cannot accumulate a surplus, what is to happen when business levels off? What is going to happen to our Government when the tax revenue based on existing rates is reduced to \$35,000,000,000, \$30,000,000,000, or perhaps less? What are we thinking about? I know of no greater catastrophe that could befall the Nation, possibly excepting war, than that during peacetime the Treasury should run into the red repeatedly year in and year out, when we already have a public debt of \$257,000,000,000. I do not know how long it will be before the people fully understand what is already happening to two of their most cherished beneficial programs. I speak of the unemployment and old-age and survivors' funds, which are dear to the hearts of our people, particularly to the hearts of our laboring people.

Do our people know, Mr. President, that those funds which they have paid in are actually a part of our national debt and can only be replaced by new taxation? They have been told that United States Government bonds are held in trust funds to the amount of the surplus that exists. That is true; but the money has been spent for other purposes and the bonds are a debt against the Government.

How would we pay off those bonds today, Mr. President? By taxing the people sufficiently to pay them, of course. In fact, the Government's budget requirements each year include \$5,000,000,000 to pay interest on the debt. Hundreds of millions of dollars of that interest are collected from the people to pay interest on the bonds in those trust funds. What happens then to the interest money that is collected? It is applied to the interest of the trust fund—more bonds go into the trust fund to cover the interest and the actual money is spent to cover the costs of Government. So we have a wheel within a wheel.

Our people pay the original assessments, then they pay a tax to pay the interest on that money, then they pay a tax to pay their own money back to themselves.



What does this have to do with European recovery financing? I will tell you, Mr. President. I, for one, do not want our people to face the day when the money they used to finance Europe may turn out to be the money they could have used to finance their lives in little less prosperous times or in the later years of their lives.

Mr. KEM. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Missouri?

Mr. CAPEHART. I am happy to yield.

Mr. KEM. Is the Senator in effect saying he believes that relief at home should come ahead of relief in countries overseas?

Mr. CAPEHART. There is no question that charity begins at home, and that relief also begins at home.

Mr. KEM. That is a rather old-fashioned doctrine, is it not?

Mr. CAPEHART. Yes, it is quite old-fashioned, but what I hope to prove in my speech this afternoon is that we can appropriate \$3,000,000,000 for European aid and still give the people of Europe all the money they need; that we can get the job done, and still save the American taxpayers approximately \$3,000,000,000.

Mr. JENNER. Mr. President, will my colleague yield at that point?

The PRESIDING OFFICER. Does the senior Senator from Indiana yield to his colleague for a question?

Mr. CAPEHART. I yield.

Mr. JENNER. I noticed the Senator referred to the old people and to the welfare program of the Government, intimating that apparently fraud is being perpetrated upon these people, because the money is not at hand for them, and the only way they can get the money is as the result of additional taxation. Is that correct?

Mr. CAPEHART. The money is invested by our Government in bonds, and becomes a part of the national debt. Then, when the Government retires or redeems the bonds, it must again, of course, tax the people in order to pay for them.

Mr. JENNER. Then, I ask the Senator, by espousing the so-called Fair Deal program nobody will be helped, because whatever money a man receives now he will have to repay eventually by way of taxes; is that not true?

Mr. CAPEHART. Yes. The money of course is deducted from pay rolls and collected in other ways, in order to pay for those benefits.

Mr. JENNER. In other words, the Government will have more money received from pay roll taxes to spend for Fair Deal programs, but will not have the money to pay back to the people, when the time comes, without a great many additional taxes. Is that not correct?

Mr. CAPEHART. The Government will have whatever amount it collects each year above the benefits paid out by the Government. Bonds are placed in the till to cover the surplus, and, of course then become a debt which will have to be repaid through taxation when the bonds are redeemed.

Mr. JENNER. But as the Senator said a while ago in his remarks, if we keep

running the Government into the red, the whole situation becomes more complicated; is that correct?

Mr. CAPEHART. That is correct.

Mr. LANGER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from North Dakota for a question?

Mr. CAPEHART. I am very happy to yield.

Mr. LANGER. Does the Senator's statement apply not only to the money set aside for the old people but also to the more than \$1,000,000,000 in the fund established to guarantee bank deposits? That fund is in exactly the same situation, so that if a severe depression should come and the banks were to close, that \$1,000,000,000 would have to be made available, would it not?

Mr. CAPEHART. I am certain the \$1,000,000,000 of which the Senator speaks is in Government bonds and is a part of the national debt, and that as the bonds are retired naturally the people must be taxed in order to get the money with which to retire the bonds in return for the money invested in them. I believe today the Government has above \$25,000,000,000 in trust funds, that is to say, money which it has collected from different sources, money collected honestly, and which the Government is holding for the beneficiaries. But, unfortunately, the \$25,000,000,000, or whatever the exact figure is, is in bonds. It is a part of the \$257,000,000,000 debt. As those bonds are paid, the people must be retaxed to pay them off. I shall speak on that subject a little later.

I have not been opposed to this country's participation in European aid and financing.

I have been opposed, however, to the methods used, and I am opposed to the utter disregard shown for our own economy in determining how extensive our aid to Europe should be.

Senators who were in this body at the time of the origin of European aid a year ago remember that I offered a substitute bill providing for assistance to Europe. That bill required the European nations to share in the cost of the assistance on a matching-dollar basis for the purpose of creating the inspiration within those countries to succeed.

My bill also provided that the assistance program be carried out entirely on the private-enterprise system, a system which has made us the greatest nation in the world and a system we had hoped other countries might see fit to adopt.

True, I voted against final bill, but because of the manner in which we were going into the program; not because I did not recognize the need for some participation on our part.

I am not against continuing to finance Europe's success, but again I come before this great body and make the plea that we consider carefully our own economy as we study and discuss the extent to which we should proceed.

Mr. President, it seems as though some persons have the idea that money grows on trees. That seems to be the idea throughout the world. They seem to think that money is everywhere in the United States, when the fact is that if

we take into consideration our debt, which amounts to \$257,000,000,000, I am not certain that we are not bankrupt. I believe I am about to make a true statement, which is that the combined assessed value of all physical things in the United States does not amount to as much as \$257,000,000,000. Where do we get the idea that we have unlimited resources and that we have unlimited money? A man might have \$100 in his pocket, but if he owes \$200 to someone else, he is not very prosperous. Where do we get the idea that we can spend and spend and spend? There is a day of reckoning coming. What would happen to us, with a budget of from \$42,000,000,000 to \$50,000,000,000, if our national income should drop and continue to drop? I read in this morning's newspaper that the cost of living is coming down. I think it was stated that it had come down as much as the rise during the past year had amounted to. As the prices of articles come down we pay that much less in taxes. The Government secures that much less in revenue. What are we thinking about? I am fearful that in 2 or 3 years the European countries may be talking about a finance plan or a recovery plan for us, if we are not careful.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from New Hampshire.

Mr. BRIDGES. Mr. President, I wonder if the Senator from Indiana has ever heard of the statement which was made by a very distinguished Senator from Mississippi, Pat Harrison, who was a member of the Senate when I first came to the Senate. In those days, when the New Deal started to spend and spend and spend, Pat Harrison stood on the floor of the Senate and said, "This country can no more spend its way to prosperity than can a drunken man drink himself sober."

I think that was a very timely statement, and I think it is something that people need to remember. We want to give European countries the money which is actually needed to do the job, but we should not try to spend our way to prosperity in this country, because it will lead only to trouble.

Mr. CAPEHART. I thank the Senator very much. I am in favor of giving those countries what they actually need, say, \$3,000,000,000, but I shall try to prove that we can still save possibly \$3,000,000,000.

I am sorry that the able Senator from Texas, the chairman of the Foreign Relations Committee, and the able Senator from Michigan, are not present to listen to me. I appreciate the fact that they have passed upon this problem and are satisfied with the figure suggested, but I feel it is my duty, as a United States Senator, to call to the attention of the Senate and to 147,000,000 Americans what may be in store for them in the future.

We have only to look back to the words of the man for whom the program was named—the Honorable George Marshall—to recognize our responsibility in considering a reduction in the amount of money we authorize for extension of the program. As Secretary of State, General Marshall said before the joint



session of the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs, on Monday, November 10, 1947:

The program of United States support will achieve its objective only if it is kept responsive to changing situations and varying supply conditions.

Mr. President, what did he mean? It seems to me he meant that if conditions in Europe had improved—and I shall prove later by ECA's own reports that they have—we could well reduce the amount of our appropriations. I think that is what he meant; I am certain that is what he meant. I expect to show later in my remarks, by the very words of those in charge of the European Economic Administration, that the situation in Europe has materially changed since General Marshall made that statement.

It is also interesting to note that in the same statement General Marshall said:

At the same time, every encouragement should be given to early initiation of private financing so as to eliminate as far as possible the necessity for direct assistance from the United States Government.

General Marshall earlier in that statement had indicated that full and complete European recovery might require from \$16,000,000,000 to \$20,000,000,000. It is not reasonable to think that General Marshall recognized the burden it would be on our economy if our Government were required to carry the full load of financing Europe to that extent?

Near the end of his statement, General Marshall said:

It is designed specifically to bring to an end in the shortest possible time the dependence of these countries upon aid from the United States.

Again I say, Mr. President, General Marshall must have had in mind the preservation of the economy of his own country. General Marshall would be among the first to realize that if we were to weaken our own economy in order to strengthen that of Europe, we would not have gained a single inch toward the objective he was seeking.

Now, Mr. President, I desire to turn to a document entitled "A Report on Recovery Progress and United States Aid." This is a pamphlet of 269 pages, dated February 1949—bear in mind, it was dated February 1949, just a month ago—and it contains an opening statement by Mr. Paul G. Hoffman, Administrator of ECA. It presents a complete review of what Europe has accomplished with our assistance, and a smattering of what ECA intends to accomplish in the future. The very first sentence of chapter I is as follows:

The United States of America has made about \$5,000,000,000 available to western Europe during the first 12 months of the European recovery program.

The next sentence reads:

It is estimated that if this great effort is to be carried forward effectively, \$1,150,000,000 will be required in the last quarter of 1948-49, and \$4,280,000,000 in 1949-50.

That refers, of course, to the fiscal years.

In view of what I intend to show later from this same report, it is important

that we turn our attention for the moment to the eighth report of ECA to the Public Advisory Board, issued on February 16, 1949. Here we find evidence tending to indicate that the quotations heretofore made, while accurate in a sense, do not tell the whole story.

In this report we find a chart on page 2 revealing that only \$2,300,000,000 in authorizations had actually been shipped from our shores as of January 31, 1949. That means, then, that \$2,700,000,000 in authorizations have not yet been shipped.

Mr. President, I wish to talk about that a moment.

Mr. WHERRY. Mr. President—

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Nebraska?

Mr. CAPEHART. I yield for a question.

Mr. WHERRY. As I have read the RECORD for yesterday, there seems to be some question as to the cash on hand, and commitments which will be made in the future if the authorizations are granted now. The argument is made that the authorizations should be entered into by April 3, and as the orders come along on which commitments have been made, for which the cash is available, it will be used up to the extent of nearly thirty or forty or fifty million dollars; that the authorization is needed now because it will keep a steady flow of the goods which are in the pipe line, which will continue right on through, without any difficulty or any break.

As a member of the Committee on Appropriations I may say that we are always confronted with the balance on hand, and the commitments which have been made under authorizations which have to be made good during the fiscal year, or afterwards, against which the money is appropriated.

I wish the Senator would clear up for me the question I have suggested, because I am interested in the amounts which have to be allocated as the result of authorizations, and certainly we should know what the cash balance on hand is. We should know what it will be at the end of the fiscal year. We should know what is on order. We should know what the firm commitments are. If there is to be a surplus, it seems to me that figure should be definitely arrived at, without any question.

Mr. CAPEHART. Mr. President, I shall endeavor to answer the distinguished Senator's question. My answer can be had by reference to the pages of the ECA's own report.

According to ECA's own report, there has been remarkable recovery in Europe. Production is back to prewar levels in almost every instance, and in many instances it is above prewar levels. I am delighted that has been accomplished. I am not criticizing; I think it indicates excellent management on the part of the Administrator. It has all been accomplished with \$2,700,000,000. While another \$3,000,000,000, approximately, has been appropriated, and that money has been allocated, and a part of the merchandise has been bought and placed in what we normally refer to as the pipe

line, it has not yet arrived in Europe to do the ECA nations any good.

Therefore we have this situation: According to the ECA's own report, the ECA nations have made fine progress, they have made fine recovery and it has been accomplished with \$2,300,000,000. Another \$2,700,000,000 from last year's appropriation is available; and that is why I say that with \$3,000,000,000 this year to add to the \$2,700,000,000, from which they have had no benefit as yet, making a total of approximately \$6,000,000,000, we are doing all this Nation should be called upon to do at this time.

Mr. President, this is of extreme importance when we take into consideration the data I shall review as printed in the report I have mentioned, signed by Mr. Hoffman.

On page 76 of the report, under a section designated as "G" and entitled "Industry and Agriculture," I find this very pertinent paragraph, and I ask Senators to pay close attention to it:

On the whole, industry in western Europe has now recovered to a level roughly comparable with prewar. The period between now and mid-1952—

Which is a warning that Congress is going to be appropriating, I presume, three, four, five, or six billion dollars until 1952—

The period between now and mid-1952 will be devoted to the elimination of the remaining industrial bottlenecks; to development of the industrial facilities which will make the greatest contribution to the solution of the balance-of-payments problem—

And get this—

and to reductions in costs so that exports can compete in world markets.

Mr. President, there we have the story; first, that there has been recovery to a level comparable with prewar. Second, that ECA appropriations from now on will be used for the elimination of remaining industrial bottlenecks, and, third, that they will be used to make reductions in costs so that exports can compete in world markets.

Mr. President, I wonder what our business interests think of that. I wonder what our millions and millions of wage earners think of that. We are taking their money, the taxpayers' money, to untangle the bottlenecks, to prepare the Europeans to reduce costs so that they can compete with our own laboring men and our own manufacturers in world markets.

I have no particular objection to that, except that I think it can be done with \$3,000,000,000. If we did not have a \$257,000,000,000 debt, if our taxes were not almost unbearable, if we did not have requirements calling for billions upon billions of dollars for our own people, I should have no particular objection to that, but I call attention to it because I want to tell what they have in mind themselves. I shall quote from the ECA report. Senators can get the report and read it themselves.

The recovery of European production to prewar levels is confirmed in another ECA report issued for the quarter ended September 30, 1948, and transmitted to Congress by letter of President Truman, signed by him on February 11, 1949. On



page 22 of this report is the following statement:

Total output of factories and mines in the third quarter of 1948 was 10 percent above the previous year and nearly equal to the 1938 rate.

1938 was prior to the beginning of the war in Europe. The report continues:

Excluding western Germany, production in the first 9 months of 1948 was reported at 12 percent above prewar.

Mr. President, would I be unkind if I asked this question at the moment of the ECA, and of those who are advocating that we spend nearly \$6,000,000,000: Are we, the American people, burdened as we are with a debt of \$257,000,000,000 and burdened with demands upon our own resources to the extent of from \$35,000,000,000 to \$40,000,000,000 to keep our own economy going, under any obligation to put the people in Europe back in any better shape than they were prior to the war?

If a friend gets into trouble and I am willing to help him, am I under any obligation to help him beyond the point he was in before he got into trouble?

I know there are other matters to be considered in connection with this subject, and if I were asking to eliminate the entire amount of approximately \$6,000,000,000 one might be justified in bringing those matters into the question. But I say, let us give them \$3,000,000,000.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Michigan for a question?

Mr. CAPEHART. I am happy to yield.

Mr. VANDENBERG. It would be quite futile for me to undertake to put in the form of a question my statement in reply to the Senator's question and I shall subside.

The VICE PRESIDENT. Does the Senator from Indiana desire to ask unanimous consent that the Senator from Michigan may make a statement in reply to the Senator's question?

Mr. CAPEHART. I should be glad, Mr. President, to have the Senator from Michigan ask me any question or make any statement he desires to make.

Mr. WHERRY. Mr. President, I ask unanimous consent that permission be granted the Senator from Michigan, without prejudice to the Senator from Indiana, to answer the question the Senator from Indiana has posed to him.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. VANDENBERG. Mr. President, I simply wanted to address myself very briefly to the Senator's question as to whether we are under any obligation to put the industrial levels of European countries back to a point beyond the prewar levels. My response to the able Senator would be this: First, if we are under any obligation at all in ECA we are under obligation to do the complete job of providing the commodities essential to permit them an export trade sufficient to bring their total economic situation to prewar levels.

It seems to me that the able Senator from Indiana ignores, both in his question and in his conclusion, that in the prewar economy of these countries there were many other contributing factors besides industrial production and besides exports. There was a tremendous factor of invisible contribution from earnings on foreign investments, for example, which no longer exists. There was a tremendous income from shipping fees and insurance fees which substantially no longer exist. There was a tourist trade far in excess of the present tourist trade. The disappearance of all these other factors of contribution to their balances has now to be made up exclusively from increased industrial production for export. Therefore, when industrial production for export reaches prewar it has not remotely reached the point necessary to bring the total economy to prewar. And when, in addition, it is remembered that the population has substantially increased since prewar, when it is remembered that these areas suffered destruction the like of which we have never even remotely contemplated in this country, even in the presence of our greatest disaster—destruction which has to have recuperation and recovery—when we combine these factors, I respectfully submit to the Senator that he cannot apply solely the yardstick of prewar industrial conditions as a basis for saying that certain countries are back to a total prewar economy.

My view, I may say to the Senator from Indiana, is that we certainly should not undertake even in our wildest dreams to bring them back to any economy in excess of their total prewar economy, but I respectfully submit that if we are going to undertake the recovery objective at all it does no good only to half undertake it, and it is only half undertaken if we confine ourselves to the figures to which the Senator from Indiana refers.

Mr. CAPEHART. Mr. President, I am going to cover in my speech later a portion of my answer to the able Senator from Michigan. I should like to call to his attention that it is estimated that England's deficit from all sources is about one and a half billion dollars. I believe that at the end of the fiscal year 1950 it will be down to about one and a quarter billion dollars. I wish to call the able Senator's attention to the fact that as far back as 1931, and on up through the thirties, England continually carried a deficit of from about one billion dollars to one billion and a quarter to one billion and a half.

Mr. President, I cannot agree with the able Senator from Michigan that Europe has lost all its tourist trade.

Mr. VANDENBERG. I did not say that Europe had lost it all.

Mr. CAPEHART. I cannot agree with the able Senator from Michigan that Europe has lost much of it. I cannot agree with the able Senator from Michigan that they have lost their shipping. I shall touch upon that later. In fact, I shall prove, before I conclude this evening, that their tonnage has been increased and will be further increased.

I will not question the statement of the able Senator from Michigan, but I will say that he dealt considerably in the abstract. I am willing to admit that everything he said is true, but keep in mind that I propose to give them \$3,000,000,000 more next year. We are committed for 4 years. Say we might give them \$3,000,000,000 the next year and \$3,000,000,000 the next year. But I do not see where we are going to get the money to give them approximately \$6,000,000,000 each year.

Mr. JENNER. Mr. President, will my colleague yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to his colleague for a question?

Mr. CAPEHART. I yield.

Mr. JENNER. It is a fact, is it not, that England has had a shrinking world trade and a constant deficit, therefore, for many, many years prior to the war?

Mr. CAPEHART. Yes.

Mr. JENNER. And it is also a fact, is it not, that as a result of India's freedom, and so forth, England's economy on a world-wide basis must naturally shrink still further?

Mr. CAPEHART. That is correct.

Mr. JENNER. And yet England, when she was a world power, dominating the world-trade situation, was maintaining with a cheap "cop" her interests all over the world as we are now proposing to maintain ours? Is that not correct?

Mr. CAPEHART. Yes.

Mr. JENNER. And with the services of a cheap "cop" she got back natural resources from almost three-quarters of the world, did she not?

Mr. CAPEHART. I do not know how cheap the "cop" was.

Mr. JENNER. I am talking of the expense of maintaining her Navy, compared with our expense in maintaining our Navy, and the difference between the expense of her maintenance of armed forces all over the world, as compared with ours.

Mr. CAPEHART. Yes, that is correct.

Mr. JENNER. So on that basis, and that basis alone, can we ever pull England, as such, out of her predicament without bankrupting ourselves?

Mr. CAPEHART. I would say England has been going down grade for many years. I am going to read a portion of a report which so states. I do not think it is necessary to do so at the moment, because I will cover it a little later.

Now, Mr. President, I should like to read another sentence from this same report on page 25 under the section title "Trends in industrial production":

Industrial production in western Europe has expanded steadily since the end of the war.

Hear this, Mr. President:

During 1946, the first postwar year, production moved ahead vigorously and by the end of the year the index, excluding western Germany, approached the 1938 level. Further advances were recorded in 1947 despite the setback caused by the severe winter.

There we find, Mr. President, in two ECA reports, not only that European



production has returned to the 1938 peak level, but that it returned to that level before there was a Marshall plan.

I have just quoted from their own reports. Those were not my words. Before one single dollar of the appropriation we made last year arrived in Europe and was spent, they were approaching the 1938 level. These are not my revelations, Mr. President. They are revelations of the ECA itself.

As we proceed through the two reports we find this statement on industrial output in the September 30 report:

Industrial output in western Europe has shown a tendency to increase at a slower rate as production approaches prewar levels. The principal reason for the leveling off seems to lie in the fact that much of the readily available labor and idle manufacturing capacity was gradually absorbed into productive activity during 1946 and 1947 as plants were repaired and the supply of raw materials increased.

Mr. President, the report again was referring to postwar years prior to the Marshall plan—1946 and 1947:

On page 27 we find an interesting chart showing that by the third quarter of 1948 industrial production had passed the index 100 mark in England, France, Belgium, Netherlands, and Norway.

The same chart reveals that by the third quarter of 1947, before the Marshall plan, the 100 index had been passed by England, Belgium, and Norway, while France and the Netherlands were very close to 100.

The year 1938 was chosen for the index because it was the last prewar year and was topped in Europe's prosperity only by 1937. Using 100 as a base, representing the production enjoyed in the year 1938, we have all the countries whose names I read above the 100 mark in industrial production.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I am glad to yield for a question.

Mr. KEM. I was reading through the evidence which was taken by the Foreign Relations Committee in connection with its hearings on the bill, and I came across a very interesting document, the speech of Christopher Mayhew, a Member of Parliament, before the United Nations Economic and Social Council, on Wednesday, February 23. I invite the attention of every Senator who has not already read it to that very interesting speech. I should like to ask the Senator from Indiana if, as a result of his investigation, he is in accord with the conclusion of Mr. Mayhew, which is as follows:

From what I have said, Mr. President, it is clearly time to cease talking of the recovery of Britain. We have long passed that stage. For us the social and economic standards of the prewar years are not things to be recovered, but rather things to be repudiated. Big problems still face us, but we are no longer interested in recovery, but in breaking fresh ground in terms of new social and economic experiments.

Mr. CAPEHART. I think some political Scotsman, in commenting on that speech, stated that Christopher Mayhew had said the right thing at the wrong

time, and possibly in the wrong place. I do not think there is any question that they have recovered.

But we are not talking about not lending them any money—or giving them money. It is not a loan. If I were standing here fighting to eliminate the program entirely, those who believe in it so strongly—and there are many who do—might question my motives. I am not trying to eliminate it entirely. I am asking, in the face of all the facts and conditions, in the face of all the reports, in the face of what men who are in a position to know say, that we consider our own situation.

A moment ago the able Senator stated that production had increased. Except for western Germany and Italy, there is no unemployment in Europe. I believe it to be a fact that there is more unemployment in America today than there is in all the countries about which we are talking. If we had the money, and if we were talking about cutting out the program entirely, that would be one thing. But they still have nearly \$3,000,000,000 to arrive of last year's appropriation. If we appropriate another \$3,000,000,000, making a total of \$6,000,000,000, it seems to me that should be sufficient. If we can save approximately \$3,000,000,000, we can use it for other purposes.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. JENNER. Is it not also a fact that the western European countries have more than \$14,000,000,000 worth of securities in America?

Mr. CAPEHART. I do not know what the figure is at the moment, but not long ago they had \$14,000,000,000 worth of gold.

Mr. JENNER. If it is desired to carry on further experimentation in socialization in England, rather than ask our taxpayers to pay for it does not the Senator believe that it would be reasonable to ask them to take some of the billions of dollars of securities they have in this country and play with those experiments?

Mr. CAPEHART. It certainly would help our taxpayers.

Industrial output, of course, is dependent upon the supply of coal and electric power.

The ECA reports show that coal production remains below the prewar level and attributes a part of that cause as follows:

The present difficulties of the coal-mining industry in many countries are not products of the war but can be attributed to conditions between the wars which discouraged investment and modernization and deterred young men from entering the mines. Both of these deficiencies will take years to overcome.

That is a quotation from the ECA report. This report by ECA leaves me a bit cold, Mr. President. Is there an inference in that remark that we are to have a part in the modernizing of those mines which have been scorned by the investors of those countries? Are we to consider that our money is to be used to overcome the deficiencies that have existed for years in the face of absolutely

free know-how which could have been obtained from our mines all these years?

I do not believe that we are under obligation to use the money of American taxpayers to do that which our friends across the sea should have done themselves years ago.

Offsetting the coal deficit to European industry, however, is the report by ECA showing that electric power output is far greater than before the war.

In fact, excluding western Germany, the electric power output is shown to be 58 percent greater than in 1938. Mr. President, how are we going to get away from those facts? Those are not my words. Those are the words of ECA. Those are the facts. The gage of prosperity in America is the output or consumption of electricity.

Again omitting western Germany, we find that ECA reports steel output in Europe to be 31 percent above the prewar quarterly rate on the basis of the output in the third quarter of 1948.

With western Germany out, ECA reports that cement production in the third quarter of 1948 surpassed the 1938 production rate by 22 percent; and with western Germany's meager effort included, the production is still 4 percent above prewar levels.

In lumber, Mr. President, ECA reports that European production was close to prewar levels and increasing steadily.

The production of yarns is reported from 17 to 32 percent below prewar levels; but, Mr. President, after inspecting the ECA purchases of cotton in this country through the firm of Anderson, Clayton & Co., I can well imagine that the shortage of cotton yarn will be alleviated very, very soon.

Mr. JENNER. Mr. President, will the Senator yield at that point?

Mr. CAPEHART. I am indeed glad to yield.

Mr. JENNER. Is it not a fact that under the European recovery program last year Anderson, Clayton & Co. furnished cotton in export from this country in the amount of \$800,000,000 worth?

Mr. CAPEHART. I do not know the amount; but I hold in my hand ECA reports showing various amounts of such exports. For instance, just one of the full pages which I have before me shows various items of purchases of cotton from Anderson, Clayton & Co. One of them is an item of \$139,000; another is an item of \$104,000; and then I have page after page after page of similar items of cotton purchases by ECA from Mr. Clayton's firm. I do not know how many dollars all those purchases total. I read in a newspaper that they amounted to approximately \$800,000,000. If I remember correctly, that is the same Mr. Clayton who formerly was Under Secretary of State.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CAPEHART. I am glad to yield for a question.

Mr. WHERRY. I should like to ask this question: Did the European Economic Cooperation Administration buy that cotton? What agency bought it? I should like to know. A moment ago



the Senator stated that ECA purchased from that company \$800,000,000 worth of cotton.

Mr. CAPEHART. I said I read that in a newspaper. I do not know the exact amount.

Mr. WHERRY. I do not care about the exact amount, but I should like to know who purchased the cotton. Did ECA purchase it?

Mr. CAPEHART. I cannot answer that; I do not know.

Mr. WHERRY. I ask that for the reason that I have been endeavoring to have included in this bill an amendment in behalf of small business. Just a few minutes ago I was told by an assistant to the chairman of the committee that ECA has no purchasing agents.

Mr. GEORGE. Mr. President, if I may enter the discussion, with the permission of the Senator from Indiana—

Mr. CAPEHART. Certainly.

Mr. GEORGE. Let me say that ECA does not purchase cotton. ECA finances the purchases which are made by the users or consumers of cotton, whether they be governments or cotton mills.

Mr. WHERRY. Then let me ask a question of the Senator from Indiana: Do the agents of the governments which are the beneficiaries of ECA come to the United States and purchase the cotton?

Mr. CAPEHART. In the report from ECA, I find reference, for example, to several dozen purchases made from November 1 to November 15. They appear on just one page of the report. I find that in every instance the importer was one of the 16 ECA countries. I assume that they purchased the cotton directly from this concern.

Mr. WHERRY. Does the foreign country itself buy the cotton?

Mr. GEORGE. Yes; the foreign country buys the cotton.

Mr. CAPEHART. I yield to the Senator from Georgia.

Mr. GEORGE. The ECA finances the purchase. Anderson, Clayton & Co.—and I hold no brief for that company, although I do know Mr. W. L. Clayton very well—is the largest cotton merchant in the world, and has for a long time had its trade connections all over the world. Therefore, it is quite natural that the foreign governments should be trading with a great cotton merchant in this country.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield.

Mr. WHERRY. The Senator has raised a point which is very important to me, and for that reason I wish to follow it up with another question. Although it is true that this particular firm is a large corporation, yet the Senator from Indiana has stated that these very large purchases of cotton were made under ECA, and financed by ECA from the firm of Anderson, Clayton & Co. Aside from the fact that it is large company, does not that information indicate to the Senator from Indiana that ECA does know where these countries go to purchase their merchandise; and does not it also indicate that when such loans are made it might be possible for ECA to help small business in the same fashion, through a

liaison officer who, while acting as an administrative assistant to Mr. Hoffman, would be able to help the foreign countries determine where to purchase their supplies in this country, and would also be able to suggest methods whereby that could be accomplished?

Mr. CAPEHART. Yes; I think there is no question that a better job could be done in respect to having purchases made from small concerns. However, in such a situation as this, it is inherent and natural that they should go to the large corporations. They should not but they do.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. CAPEHART. I am happy to yield.

Mr. VANDENBERG. In order to keep the record completely straight, let me say I am advised that under ECA the purchases made through the concern to which the Senator has referred, when compared to such purchases made from other concerns are almost exactly in proportion to the average purchases under normal private operations. In order to be sure that the situation is not misunderstood, I wish to add that, in the first place, ECA does not have anything to do with the actual purchases, and does not know who the purchaser is until the final papers arrive to be cleared.

Mr. CAPEHART. Yes; I understand. I think it is only natural that those countries would favor a person who was very, very active in instigating and helping to get the ECA appropriation. I think that is a natural thing, and I think it possibly has happened not only in the case of Mr. Clayton but, I presume, in dozens and dozens of other instances.

Mr. VANDENBERG. The Senator is not inferring any favoritism; is he?

Mr. CAPEHART. No; I think it is inherent in the proposition. It is simply human nature that if I do a good deed for you, you in turn will try to help me.

Mr. VANDENBERG. That is a statement to which I wish, very respectfully, to object, because I do not think there is any such implication inherent in this situation. It is my understanding, I repeat, that the average cotton purchasing practice over the pre-war years in relationship to this particular firm is approximately the same as it has been under ECA.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I am glad to yield for a question.

Mr. KEM. I know the Senator from Michigan with his characteristic candor is anxious to have the record complete. Will the Senator be good enough to tell us what were the commissions of Anderson, Clayton, & Co. on that volume of business during the period mentioned?

Mr. VANDENBERG. I do not have that information. If it is available, I shall be glad to obtain it for the Senator.

Mr. KEM. I assume that they were paid at the regular rates; were they not?

Mr. VANDENBERG. I assume so, but I know nothing about that.

Mr. GEORGE. Mr. President, Anderson, Clayton & Co. are cotton merchants. They buy cotton; they carry cotton in large quantities. They are not recent

suppliers of cotton to European governments or European consumers, but they have been in that business for years and years and years. Of course, I do not know what profits they make; but they operate just as other merchants do in buying cotton.

Mr. KEM. They bought and sold cotton so that if there were a rise in the market during that period, they would profit accordingly; is that the case?

Mr. GEORGE. I do not know. I suppose they make a firm contract with any government which wishes to buy their cotton.

Mr. KEM. I know the Senator from Georgia is very familiar with the cotton business. Can he tell us whether during those periods there was a gradually rising cotton market, or otherwise?

Mr. GEORGE. I do not think it was rising; I think it was going down. It was never rising during those particular purchases.

But I suppose they were firm contracts; and that company simply made an offer to, let us say, the British Government, and the British Government bought so many thousand bales of cotton from Anderson, Clayton & Co. or from any other cotton seller or merchant.

Mr. KEM. The profits of Anderson, Clayton & Co. in the transactions are not easily computable or available; are they?

Mr. GEORGE. No. They would be simply the ordinary profits, of course.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. JENNER. Would the Senator agree that such a magnitude of business on the part of Anderson, Clayton & Co. is liable to put them in the category of a glutton or privilege?

Mr. GEORGE. Oh, I am not talking about that at all. I simply gave an explanation.

Mr. JENNER. I was speaking to the senior Senator from Indiana. I say, by reason of the size of their business which has been carried on for many years, they might be classified by some people as gluttons of privilege.

Mr. GEORGE. Is the Senator addressing his question to the senior Senator from Indiana?

Mr. JENNER. Yes. I am asking the senior Senator from Indiana if that would not be true.

Mr. CAPEHART. I assume they have already been so classified.

Mr. BRIDGES. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from New Hampshire for a question?

Mr. CAPEHART. I am happy to yield.

Mr. BRIDGES. Would they be among the "princes of privilege" that the late Franklin D. Roosevelt used to talk about and condemn so righteously, even though about all the business of the New Deal, when it was done, was done through the "princes of privilege," just the same?

Mr. CAPEHART. I would say that during many years past, anyone who was successful in this country was of course characterized as some sort of undesirable individual. It is unfortunate—but true—that the complaint was made.



Mr. WHERRY. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Nebraska for a question?

Mr. CAPEHART. I yield.

Mr. WHERRY. I should like to ask the Senator from Indiana this question: He has brought to the attention of the Senate purchases by ECA beneficiaries, who received loans of money through the ECA, in the amount of \$800,000,000 worth of cotton from one firm. Has the Senator made any further analysis of the purchases of cotton during the past year?

Mr. CAPEHART. I have not. I made an effort to do so but did not have the time.

Mr. WHERRY. If anyone knows, I should like to ask what the report discloses? Were there purchases of cotton in smaller amounts from small-business men, individual merchants throughout the Nation? I think we are entitled to know that, because that is what the amendment I expect to offer is designed to reach. If there have not been any purchases from them, why was it? Why cannot a liaison be established so the smaller dealers can find out from some source where they can go to get the necessary papers and information? Furthermore, why should we not insist there be some method of enabling them to compete in the cotton markets of the world with larger firms?

Mr. CAPEHART. Mr. President—

Mr. BRIDGES. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield further to the Senator from New Hampshire.

Mr. BRIDGES. I wonder if the Senator has made any study of or has any facts or figures as to the amount of goods purchased under ECA for various countries that has been procured through agents or commission houses, or, in other words, not as directly as they could be purchased.

Mr. CAPEHART. My answer is that the ECA issues a report, such as the one I hold in my hand, which is available to everyone. Of course, I understand it is a report issued after the transactions have already taken place. I shall be glad to hand it to the Senator from New Hampshire if he cares to peruse it. Perhaps he can find the information he seeks.

Mr. BRIDGES. My point in raising the question is that a good many complaints have been made that purchases are in many instances going through agents who in turn receive commissions, and that one must be a favored person in order to get an order. While the ECA is not doing the purchasing, it certainly might and should have a will to regulate it.

Mr. CAPEHART. Mr. President, Europe's railroads, despite the war damage, are hauling one-third more freight than they hauled before the war, according to the ECA report.

We have heard a lot, Mr. President, about the food situation in the ERP countries, but we do not have to go any further than ECA's own report to be convinced that the situation is not so bad. For 1948-49 ECA reports that the aver-

age consumption of food is expected to be 2,700 calories a day. That is about 5 percent below prewar, but it is dietetically sufficient according to our best advices in this country. I recognize readily in the ECA report that certain types of foods are in supplies short of prewar levels. An increase in these foods would tend to make a better-balanced diet. However, there has been no intention on my part to deprive Europe of plenty to eat and wear. I am sure that with the \$3,000,000,000 recommended in my amendment, plus the \$2,700,000,000 in unshipped authorizations, making a total of \$5,700,000,000 for the next 15 months, the few shortages in desired foods could be supplied. The ERP countries only produced about two-thirds of their food supply before the war anyway, so imports of food are not surprising. From the report of Mr. Hoffman to the Senate we are led to believe the European food production situation will improve somewhat rapidly.

In that report we find this statement concerning fertilizer consumption:

The consumption of commercial fertilizer in 1949-50 is expected to increase more than 10 percent above that in 1948-49. If realized, the program would thus attain a level of about 50 percent above the 1934-38 average.

What does Mr. Hoffman say about European fertilizer production? Reading again from his own report, we find this statement:

In 1945-46 fertilizer supplies in the participating areas approximated only 70 percent of prewar supplies. By 1946-47, however, supplies had climbed back to prewar levels. They increased to about 20 percent above prewar in 1947-48 and in 1948-49 to more than one-third above prewar.

There, again, is proof that their production is above the prewar level. There again we see where considerable recovery had been realized before we entered into the Marshall plan.

In England alone, according to the report, more than three times as much nitrogen is being used now as was used before the war and plowland in the United Kingdom is 45 percent above the prewar acreage. It is shown in the report by Mr. Hoffman that bread-grain imports should be slightly lower in the future and that sugar imports will be reduced by the participating countries.

All this, Mr. President, indicates the European food supply is reaching a point where it no longer can be considered serious.

Even in the case of fats and oils, probably among the shortest in supply of necessary food items in Europe, we find that Mr. Hoffman anticipates that increased imports into those countries will cost less due to the decline in the world prices of fats and oils. As we proceed through the ECA reports to which I have referred thus far, we can find great encouragement for reducing the tremendous financial burden on the American people, unless, of course, we wish to call the program from this point on by its true and rightful name—the European finance plan.

I have covered as briefly as possible, but with factual material from ECA's own re-

ports, the recovery phase of our European program. Much time could be consumed in referring to the charts and drafts in ECA's reports showing the extent of recovery in each commodity in each country. But those reports are in the hands of every Member of this Senate. It will be found that in most instances the recovery of production in Europe has reached a point where it should no longer take \$60 a year from every man, woman and child in this country. It is obvious, Mr. President, that from this point forward the plan is to underwrite the success of the existing forms of European governments, no matter what that form of government may be.

Those are harsh words, I grant, but I can prove from ECA's own reports that our program for the future, as drafted by ECA, is to raise the European standard of living above that which their own governments are able to reach.

We are asked to make successes of monarchies, republics by minorities, and state socialism.

Mr. President, we have recognized the present English Government as state socialism and have witnessed the acquisition of the railroads and coal mines by the Government.

We frown on this type of economy, but as Americans we determine that what the English people want for a government is their business, not ours.

Mr. KEM. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from Missouri.

Mr. KEM. Reference was made a few minutes ago to an address by the Honorable Christopher Mayhew, a member of the British Parliament, on Wednesday, March 23. In connection with what the Senator from Indiana has just said, I wonder if he had in mind that Mr. Mayhew had this to say:

We have not the slightest intention of modifying our economic or social or political plans in order to qualify for aid.

Mr. CAPEHART. Yes; I remember when that statement appeared in the newspapers. I remember that the Senate Foreign Relations Committee called Mr. Hoffman before it, after that statement was made. I remember, also, as I said before, that a very famous Scotchman said that Christopher Mayhew had said the right thing at the wrong place. There is no question that they are socializing their industries, and yet we are supporting them with our dollars.

Mr. KEM. There is not the slightest thought, is there, that they intend to deviate in any respect from their program of socialism?

Mr. CAPEHART. I see no signs of it. Only last Wednesday we read this item in the Washington Times-Herald:

LONDON, March 23.—Labor Party leaders today approved an 18,000-word platform for the next year's general elections that reportedly proposed nationalization of the production and distribution of cement, meat, sugar, and water.

Prime Minister Clement Attlee and other high party officials spent more than 3 hours drafting the document for submission to the annual party conference at Blackpool in June.



In the same newspaper, Mr. President, we found the following item:

LONDON, March 23.—Civil estimates for Britain's 1949-50 financial year made public today revealed a huge increase in the cost of the nationalized health system put into effect 8 months ago.

Health Minister Bevan said the plan will cost \$1,036,000,000 in the coming year, an increase of \$204,000,000 over the current outlay.

How much of all this socialization of England is being made possible by our assistance?

How much of this socialization of England will be successful because it is underwritten by money from the private-enterprise system of the United States?

Mr. President, the answers to those two questions cannot be found in the ECA reports to the Congress on the progress of European recovery.

I say to you, Mr. President, that it is no longer a European recovery plan; it is a European finance plan.

Let me recall another news story which appeared here a few days ago—also from London.

The headline read:

British sell us more tractors than we give.

Let me read that article to the Senate.

BRITISH SELL US MORE TRACTORS THAN WE GIVE

LONDON, March 14.—American taxpayers, who started converting British farms from horses to tractors under lend lease, are now sending British tractors worth \$2,992,000 and other agricultural machinery worth \$5,092,000 under the Marshall recovery program.

At the same time, British manufactures are selling in the United States 17,000 tractors worth about \$20,000,000, a study of British and American reports disclosed today.

The reports show, furthermore, that the tax-bought tractors and machinery are being handed to Britain at a time when British farms already have twice as many tractors as have American farms, per acre of cultivated land, and at a time when British tractor builders, who already have a monopoly on the British market through government ban on imports, anticipate capturing the world market for tractors within 2 years under ECA-planned programs.

Until now, American tractors and farm machines have dominated the world market.

The startling story of the evolution of British farms from the age of horses to tractors in only 10 years and the even more rapid rise of British tractor makers since the war is told in a study by a private nonparty research organization, political and economic planning, supplemented by British and American Government reports. Here are the details:

Before the war, Britain farmed about 12,000,000 acres with 55,000 tractors, 724,000 horses, and 711,000 men and women. Today Britain farms 18,000,000 acres with 300,000 tractors, 500,000 horses, and 849,000 men and women.

During the war Britons were forced to plow up their treasured grassland, which outmeasured crop land 3 acres to 2, and made the country one big park. Because labor was not so plentiful and almost twice as expensive, the farmers had to turn to tractors.

During World War I, farmers tried tractors, but after that war, when foreign food was cheap and labor was plentiful, Britons went

back to horses. During the 1920's, British manufacturers made fewer agricultural machines than they did in 1913.

The first tractor factory in Britain was established by the Ford Motor Co. in 1933, but it was able to sell only about 7,000 a year in Britain. The combine harvester, first patented in the United States in 1836, was virtually unknown in Britain 100 years later. Binders and combine drills also were rare.

The German submarine in World War II, torpedoed the British farm horse, making farm expansion necessary in a hurry. In the wartime lend-lease years, Britain received 31,872 tractors. It also got 2,823 combine harvesters, 38,127 binders and 29,395 combine drills. Since the war, under ECA, the British farmer is discovering the joys of hay bidders.

Ford was ordered to expand its tractor plant and its production in Britain reached an average of almost 20,000 a year during the war. Thus, with the American shipments and the home-produced models, Britain, which had gone into the war with 55,000 tractors, came out with almost 200,000.

Since the war, tractor production in Britain has boomed. Farmers have accepted them and the Socialists have seen in tractors a chance to earn some foreign currency.

And now we turn for a moment to the March 15 release of the National Federation of American Shipping, Inc:

The merchant fleets of Marshall-plan nations have recovered from their war losses amazingly well. When their present building programs are completed, they will surpass by more than 5,000,000 deadweight tons their aggregate size in 1939, National Federation of American Shipping reported today.

In a survey of the 10-year status of the merchant fleets of the Marshall-plan nations, the Federation stated that not only will their aggregate size be greater, but their ships in operation, on order, or being built, will be more modern, speedier and have larger lifting capacities than prewar vessels.

That does not look as if they are losing out with respect to their shipping.

According to the survey, the Marshall plan nations had in September 1939, 46,503,300 dead-weight tons of shipping; in June 1948, 43,537,110 tons; and on order or being built an additional 8,160,000 tons; or a total of 51,697,100 dead-weight tons. This exceeds their aggregate size in September 1939 by 5,193,800 dead-weight tons.

The survey showed nearly six of the nations with sizable building programs as of June 1948 with the largest under way in the United Kingdom of 3,216,000 tons. Next in order of importance of new construction were Norway, 2,799,000 tons; France, 762,000 tons; Sweden, 683,000 tons; Netherlands, 279,000 tons; and Denmark, 254,000 tons.

The Federation survey showed three of the nations, Switzerland, Ireland, and Iceland, which had no merchant fleets in 1939, with presently possessing 70,200, 40,900, and 26,700 dead-weight tons respectively.

Twelve of the number of nations showed greater postwar than prewar fleets when considering ships on order or under construction. Five of the nations, even without including their building programs, have larger postwar fleets than before the war. These are Sweden, Turkey, Portugal, Belgium-Luxemburg and France.

In summarizing the survey, the Federation stated:

From time to time efforts are put forth to gain support in the United States for a

program to rebuild the merchant fleets of a Marshall plan nation. The factual situation justifies no such effort. Any proposal to rebuild such foreign fleets is a misnomer and any effort to do so at the expense of the American taxpayer should be opposed.

I read that release, Mr. President, with no intention of implying that the ECA bill before us provides for any aid to the European shipbuilding program, but to further show that we can no longer consider this legislation in the light of a recovery program.

Now I should like to refer to another National Federation of American Shipping release of just a few days ago:

United States flag ships carried only 43 percent of the aggregate ECA cargoes from the United States in January and February of this year, according to a series of ECA reports, the ninth of which was issued today.

This figure includes shipments on Army vessels averaging 10 percent of the aggregate, according to recent testimony of an ECA representative before the House Merchant Marine and Fisheries Committee.

The percentage of ECA cargo from the United States carried abroad United States flag commercial vessels was, therefore, approximately 33 percent of the aggregate.

As I recall, the law requires 50 percent. We find they are carrying only 33 percent.

A very small percentage of ECA cargoes shipped from the United States by so-called maritime recipient nations in northern Europe was carried on United States flag vessels.

From April 1948 to February 1949 the United Kingdom shipped only 17.6 percent of ECA cargoes from the United States on United States flag vessels, Netherlands only 29.8 percent, Denmark 17.7 percent, and Norway 30.7 percent.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I yield.

Mr. KEM. Is there any explanation for this apparent violation of the provision of the law?

Mr. CAPEHART. I have not found any. I do not know what the situation is. The Administrator claimed that it costs more money to ship in American bottoms than in foreign bottoms, and that he was going to save money.

Mr. KEM. Is not the law mandatory that at least 50 percent must move in American bottoms?

Mr. CAPEHART. That is my understanding, but the Administrator stated he was attempting to save money.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. WHERRY. Has the Senator in his figures compared the growth of the merchant marines of the countries coming under the ECA and what is happening to our own merchant marine?

Mr. CAPEHART. We all know, of course, that the merchant marine of our country is declining and the merchant marines of the 16 countries I have just listed are growing.

Mr. WHERRY. Does the Senator know what the personnel in our merchant marine is, what the number



of employees is compared with what it was during the war and before the war?

Mr. CAPEHART. I do not know.

Mr. WHERRY. I was told within the past few hours that our merchant marine had decreased in numbers from hundreds of thousands down to less than 50,000. I am wondering whether the Senator has run across any of those figures in his research.

Mr. KEM. Mr. President, will the Senator yield further?

Mr. CAPEHART. I yield.

Mr. KEM. I notice the distinguished chairman of the Senate Committee on Foreign Relations on the floor of the Senate. I wonder if the Senator from Indiana would care to ask the question of him as to whether his committee inquired into this apparent violation of the law.

Mr. CAPEHART. I shall be very happy to ask the able Senator from Texas.

The VICE PRESIDENT. The Senator can yield only for a question, unless he gets unanimous consent.

Mr. WHERRY. Mr. President, I ask unanimous consent that the distinguished Senator from Indiana may yield, without prejudice to his rights, to the Senator from Texas to answer the question propounded by the Senator from Missouri.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. CONNALLY. Mr. President, what is the question; is it about the 50 percent?

Mr. CAPEHART. Yes.

Mr. CONNALLY. The statistics show that during the operation of ECA the average was about 47 percent. The Senator is in error when he implies that the law has been violated. The law did not absolutely require the shipment of 50 percent in American vessels. It provided that if they were available, and if it were practicable under the circumstances, the goods should be shipped in them.

In the pending bill the matter is treated pretty fully, as the Senator from Indiana knows if he has read the bill. It refers to the fact that the goods shall go in ships charging American-flag ship rates.

Mr. CAPEHART. At the world rates, or the American rates?

Mr. CONNALLY. American rates; and a subsidy is granted to make up for the fact that they may not be able to ship the 50 percent.

If the Senator had read the report on the bill, he would not have had to ask me to respond. On page 8 this language appears:

The original Economic Cooperation Act requires in section 111 (a) (2) that the Administrator, so far as practicable—

It does not make it a felony if he does not send 50 percent—

shall see that at least 50 percent of the goods shipped from the United States under the program shall be transported on United States-flag vessels to the extent that these are available at market rates.

They are not going to sit down and wait for someone to build a ship or bring

one from South America. It must be available, charging market rates.

The proper interpretation of the words "at market rates" has been the subject of much dispute. The Administrator has taken the position that this meant "world market rates." Others have claimed that this meant "United States-flag vessel market rates." The difference in interpretation is important because, in the case of bulk-cargo vessels, the rates for United States-flag vessels are often substantially higher than those of flag vessels of other countries.

We have tried in the bill, so far as possible, to meet the complaints in this regard. So the Administrator is required to ship 50 percent in United States vessels, or in vessels charging United States-flag rates, and he is not required to make the foreign countries put up the counterpart funds to cover the increase in the cost of freight over world rates. Does that answer the Senator?

Mr. CAPEHART. Yes; I think so. The figures are a little different than those reported by the Federation, but they are close enough, I think, to serve the purpose.

Mr. CONNALLY. I thank the Senator.

Mr. CAPEHART. I continue to quote:

Certain American steamship lines provide regular and frequent year-around service to these northern European countries under contract to the United States Government through the United States Maritime Commission.

They are not assisted in earning the necessary revenues to maintain these services by being advised that the deficiency in the statutory 50-percent requirement is to be made up by some other country to some other shipping line.

Failure of these nations to provide their fair share of United States flag ECA cargoes, as required by law, is evidence of the necessity of a country-by-country administration of the ECA Act.

Here, again, Mr. President, we find the program one more of financing than assisting in recovery.

I know what the ECA answer is to the shipping controversy as revealed in the last release I read. ECA contends it is getting more for its money by shipping in foreign ships because of the higher shipping costs in American vessels.

Coupling this thought by ECA with an earlier statement by ECA, previously referred to, presents us with the question of what is in the future for any program we may adopt.

To refresh the memory of Senators, I quote the following comment from Mr. Hoffman's ECA report with regard to the intention of ECA between now and mid-1952:

To reductions in costs so that exports can compete in world markets.

We find that already United States shipping is being outbid by United States dollars in foreign hands.

I am not unaware of the argument that can be put forth that lower shipping costs mean more products for Europe at no more expense to the United States taxpayer. But I am not convinced that there is any saving there.

We are made aware of a tremendous fleet program abroad at one moment, and in the next moment we are made

aware of the fact that we are turning down our own merchant fleet. That might well prove to be false economy.

Regardless of the shipping policy, Mr. President, when we take the actual practice of shipping and couple it with the avowed intent of ECA to make Europe a competitor in the world market, we find it offers food for some very serious thought by Congress.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. CONNALLY. Does not the Senator know that, of course, for many years the United States maritime interests have not been able to compete with the ships of foreign nations, and that is why we enacted a Ship Subsidy Act, which is on the books now, in order to try to equalize the rates?

Mr. CAPEHART. I think the Senator missed the point I made in my speech. I am probably responsible for the fact that the Senator missed it. What I am trying to prove is that we are taking the American taxpayers' dollars and turning them over to European countries to build fleets to compete with the American merchant marine.

Mr. CONNALLY. Whose dollars can we take but the dollars of the taxpayers of the United States? The whole program is built on the idea that we are going to try to help Europe to rebuild her economy, and, of course, we have to spend American dollars.

Mr. CAPEHART. My point is—and if the Senator had been present earlier in my speech he would have heard me make it—that some of us are trying to save a little money for the American taxpayer.

Mr. CONNALLY. I shall be very happy if the Senator can do that.

Mr. CAPEHART. I say that God help us if we do not start looking after the American taxpayer.

Mr. CONNALLY. I agree that the American taxpayer ought to be looked after. I have been trying to look after him insofar as I can. But the program we are discussing is going to require the expenditure of a good deal of money. We have entered into that program. Did the Senator vote for it when we passed the law?

Mr. CAPEHART. No; I did not.

Mr. CONNALLY. Then I can understand the Senator's attitude. He was against it then and he is against it now.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I am happy to yield for a question.

Mr. KEM. I should like to ask the Senator if he does not recollect that the present chairman of the Senate Foreign Relations Committee was very specific and very definite when the original bill providing for ECA was before the Senate, in saying it did not set up a legal commitment or moral commitment or any other kind of commitment beyond the period of the first year, and that when it came before the Senate again we could take a look at it unhampered by the fact that we had made the original appropriation. I do not mean to say that I quote



the Senator's exact language, but was that not the effect of it?

Mr. CAPEHART. Yes. One of the unfortunate things about government is fortunate things about government is that it does not back up. We started out with a 4-year program to spend 15 billion or 16 billion dollars. I am trying to show by ECA's own reports that the recovery in Europe is such that we can well at this time spend \$3,000,000,000 or appropriate \$3,000,000,000, instead of approximately \$6,000,000,000.

Let me quote again from Mr. Hoffman's report on this same thought of world-trade competition:

Engineering industries (excluding ships, aircraft, and consumption goods) are expected to expand from an output of \$9,800,000,000 in 1948-49 to \$10,600,000,000 in 1949-50 and to \$12,700,000,000 in 1952-53.

Capital equipment production (excluding tractors, agricultural machinery and transportation equipment) is expected to expand from \$5,500,000,000 in 1948-49 to \$5,900,000,000 in 1949-50 and to \$7,400,000,000 in 1952-53.

To a very great extent, Europe must look to this sector of its economy as a spearhead of its exports drive.

Success in this field, in turn, will depend both on quality and on price.

To continue with the statement from the Hoffman report:

Investment in industrial reasearch and in the development of new machines of more efficient design should provide an extremely high rate of return in a relatively short period.

Western Europe has a tremendous reservoir of skilled industrial workers, but in order to take advantage of this very great resource, these workmen must be put to work producing types and qualities of machinery which can successfully meet world competition and which keep in the forefront of technological advance.

Can that be classed as recovery, Mr. President?

I say that is a case of financing European business and the underwriting of the success of whatever form of government they have.

We are to play in this poker game with all the players using our money.

Mr. President, is it not strange that today the American taxpayers are being forced to burden themselves to pay for giving Europe what has been free to them for so many years.

Our production methods and skills have never been closed secrets to anybody. We even gave them away for years to Russia.

I am willing to help Europe enjoy life as we enjoy it here in the United States, but not at the expense of having American labor outbid on the world markets, and not at the expense of making a success out of state socialism with the dollar earnings of a successful free-enterprise system.

Very soon, Mr. President, the North Atlantic Pact will be placed before us for our consideration and approval. Shortly after that business is disposed of we are expecting to have to act on the armaments for the treaty nations. How much that program, of supplying arms, is going to cost us has been but a guess in the minds of all. No matter what the amount is, Mr. President, it will be an additional burden to our taxpayers.

I think the American people are fully aware of the intent and purpose of such a treaty. They were aware, too, of the intent and purpose of the United Nations, I might add. We can not weigh dollars against peace, to be sure. But, Mr. President, we must weigh the advantage of a strong economy against everything, including peace and war.

In speaking of the North Atlantic Pact and the anticipated preparations against aggression, I come to a very discomforting disclosure in the ECA report. Keep in mind that the nations who will come within the pact and who will receive arms from us are, in most instances, at least, in our European finance plan.

At the outset of ECA the Eightieth Congress stressed the point that particular attention should be paid to the acquisition of strategic materials from participating countries in return, at least in part, for our assistance in their recovery.

All the participating nations presumably are now hailing the North Atlantic Pact as the savior of world peace. It is, therefore, difficult to absorb with any degree of satisfaction the attitude of those nations as expressed in the January 27, 1949, report of the progress of ECA by the Joint Committee on Foreign Economic Cooperation.

On page 122 of this document is the following statement:

ECA has decided not to request repayment of loans in strategic materials.

The committee then states that ECA's position is contained in a letter from the ECA Administrator dated November 3, 1948, and that letter, published in the report, reads as follows:

We gave careful consideration to a proposal to insert into the loan agreements with each participating country a provision which would provide for repayment of principal and interest in specified materials.

The provision was strongly opposed by some of the participating countries.

Mr. President, I should like, if I may, to call the attention of the able chairman of the Senate Foreign Relations Committee to the words I just read:

The provision was strongly opposed by some of the participating countries.

I should like to know why any participating country should be opposed to repaying us in strategic materials.

Mr. CONNALLY. Does the Senator wish an answer from me?

Mr. CAPEHART. It might be a little enlightening if we could know by what reasoning—

The VICE PRESIDENT. The Senator can yield only for a question.

Mr. CONNALLY. Mr. President, I shall abide by the rule.

Mr. WHERRY. Mr. President, I ask unanimous consent—

Mr. CAPEHART. No; I do not want unanimous consent to ask a question.

Mr. President, I have been a Member of the Senate for 4 years, and it has been customary for Senators to talk back and forth, and for a Senator to ask the manager of a bill a question. For the first time tonight it has been called to my attention that it is against the rule for a Senator to ask the manager of a bill to make an explanation.

The VICE PRESIDENT. Permit the Chair to reply to that remark. The present occupant of the chair has been trying to enforce the rules of the Senate. Under the rules of the Senate no Senator who has the floor may yield to another Senator except for a question from that Senator. That has been the rule all the time. At times there has been some laxity in its enforcement, but the Chair is trying to enforce it.

Mr. CAPEHART. My observation has been that when there are few Senators in the Chamber, as is the situation now, it has been customary to permit Senators to talk back and forth. It has always been customary since I have been here for a Senator to ask the manager of a bill to explain the bill.

The VICE PRESIDENT. And it has always been against the rule.

Mr. CAPEHART. That might well be. If we are to live up to the rules to the letter, from now on I shall make certain that we do.

The VICE PRESIDENT. The Chair is endeavoring to enforce the rule in good faith.

Mr. CAPEHART. I am not questioning the good faith of the Chair. I am simply saying that when I see the rule violated in the future I shall invite the attention of the Chair to it.

The VICE PRESIDENT. The Chair will try to beat the Senator to it.

Mr. CAPEHART. I suspect he may. At least I hope he does. I hope we can get back to the practice under which it will be possible for a Senator to ask the manager of a bill a question.

Mr. WHERRY. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. CAPEHART. I yield.

Mr. WHERRY. I realize that the distinguished occupant of the chair is enforcing the rule which, as we all know, is interpreted as he has stated it. I should like to propound this parliamentary inquiry: If the junior Senator from Nebraska desired to ask a question of the manager of a bill, would it always be necessary to obtain unanimous consent to propound such a question?

The VICE PRESIDENT. The rule states that a Senator who has the floor can yield to another Senator only for a question. It seems to the Chair that that is a simple parliamentary situation. It does not matter whether the other Senator is the chairman of a committee or not. A Senator who has the floor cannot yield to another Senator except for a question. Under the rule he may not ask another Senator a question. That is why it has been necessary to obtain unanimous consent.

Mr. WHERRY. The Chair has correctly stated the rule, and I am not quarreling with the opinion of the distinguished Vice President. However, we might find ourselves in a situation in which, no matter how much I wished to obtain information, if I could not get unanimous consent I never could get an answer to the question.

Mr. CAPEHART. Mr. President, have I the floor?

The VICE PRESIDENT. The Senator from Indiana has the floor.



Mr. CAPEHART. Mr. President, inasmuch as only a few Senators are present in the Chamber, and it is impossible to ask questions of the manager of the bill, I ask unanimous consent to have printed in the body of the RECORD the remainder of my speech, in order to save the time of the Senate, because I see nothing to be gained by reading it. I think it would serve the same purpose to have it printed without reading.

The VICE PRESIDENT. The Senator from Indiana asks unanimous consent to be permitted to print in the RECORD the remainder of his address. Is there objection?

Mr. CONNALLY. Mr. President, reserving the right to object, I do not want to eliminate the Senator's speech. However, under the rule, Senators cannot place speeches in the RECORD as though they had been delivered, when they are not delivered. I would consent to the Senator inserting a statement at the conclusion of his remarks. I have no objection to permitting him to have the remainder of his address printed as a statement by the Senator from Indiana, but not as a speech made on the floor of the Senate when it is not made.

I do not take this position through pique at the Senator from Indiana, but that has always been the rule in the Senate. That is one thing which distinguishes the Senate from the House of Representatives. When one picks up the CONGRESSIONAL RECORD and looks at the Senate proceedings and finds a speech, he knows that it has been delivered on the floor of the Senate. On the other hand, under the procedure in the House a Member may obtain unanimous consent to speak for 1 minute and then insert a great quantity of material.

Mr. CAPEHART. Mr. President, I shall finish the speech. I must say that I am certainly not getting much cooperation.

I continue to quote from the letter from the ECA Administrator:

The provision was strongly opposed by some of the participating countries.

The agreement to deliver materials and the agreement to accept materials over a long period in the future are both highly speculative.

Since any material delivered to the United States under the loan agreement would be in lieu of dollars, the inclusion of such a provision would not result in any saving in dollars to the United States Government.

It seemed that the objectives of the act would be more successfully attained through separate agreements covering the acquisition by the United States of materials.

For these reasons, among others, it was therefore decided not to insert this provision in the loan agreements.

The joint committee follows that letter with the following comment:

The conclusion that there will be no saving in dollars rests upon the assumption that the debtor on the due date, will have dollars with which to make payments.

This position leaves us with the quite clear understanding that the participating nations, those who will get arms from us in addition to the recovery assistance, would rather pay us in dollars which they might have, rather than in strategic materials.

I note that the joint committee has this additional comment in its report:

The failure to provide for payment of loans in strategic materials as well as dollars may result in the recovery of neither.

I believe that the joint committee has given a good answer to that portion of the Administrator's letter. Mr. President, what did the Administrator mean in his letter when he said:

For these reasons, among others—

What other reasons, Mr. President? Perhaps the joint committee answers that question part, in its following statement—

ECA is content to finance in whole or in part the cost of any increased production of strategic materials that might occur, without a binding international commitment, and then is prepared to buy back the increase in dollars, assuming always that dollars alone will overcome the historical prejudice of foreign governments and foreign producers to the accumulation of an American stock pile—a reluctance based on the fear of Government stocks overhanging the market as a threat to maximum prices.

At this point, Mr. President, I cannot help but think what our hard-working taxpayers think of such an attitude. In the first place we cannot help but notice that the joint committee made reference to the fact that foreign governments held a historical prejudice against an American stock pile—the very same governments we are underwriting with the hard-earned dollars of a free people who love and fight and die for a free government.

Which government holds that prejudice, Mr. President? Is it a monarchy? Is it a republic of minorities? Is it a Socialist state?

They are reluctant to build a stockpile in America because of a fear of overhanging the market. What happened to the American taxpayers' market while we were building a stock pile of commodities in Europe? The dollars we pour into Europe through ECA are not enough to enable us to obtain strategic materials. No, we must pour more into those countries through another agency in order to get the materials with which to build the arms we are going to send back to those countries.

In the midst of our preparations to act on the European finance plan and the North Atlantic Pact, the Hoover Commission issues appendix G and on page 92, section 68, reports that the stockpiling of strategic materials in the United States is deplorable. Somewhere, Mr. President, there is a limit to three things with which the American taxpayer has been so generous: first, his monetary resources; second, his natural resources; third, his patience.

After studying the ECA and joint committee reports on the strategic-materials problem, I hasten to say that the matter was too briefly covered by the report of the Committee on Foreign Relations—and, I might add, too elastically covered by the committee's bill.

There is, hardly any hint in the Senate committee's report of the true condition surrounding the failure of ECA to obtain strategic materials. We find

this vague comment in a section that covers less than one page of the report:

However, the testimony indicated that no substantial amounts of materials can be purchased unless additional dollars are provided and authority granted to make long-term contracts in order to provide assured markets for the producers. Such assured markets will encourage the capital investment required for increased production.

Mr. President, I fail to find in the committee's coverage of the strategic materials problem any explanation as to why the dollars the committee suggests be spent by another agency would be more attractive to foreign nations than the ECA dollars.

I also fail to find anything in the Senate committee's report which would tend to convince anybody that another agency's interest in stock piling strategic materials in the United States would overcome the historical prejudice about which the joint committee reported.

The Senate committee might well have other information which it did not see fit to print in its report.

We find a provision in the committee bill for the allocation of funds to the Bureau of Federal Supply for the acquisition of strategic materials.

But we also find provisions for other agencies of our Government to obtain other materials in which we are in short supply, or in which there is a potential deficiency.

Obviously, Mr. President, the European finance plan is a strictly business deal flowing in our direction and strictly our generosity going the other way.

For example, we find that a major argument presented for more than five billions in new appropriations is the position of dollar deficits still hovering over the participating countries. Yet in studying the case of England, which is asking for nine hundred and forty millions of the new funds, we find an interesting situation. England's 1948 dollar deficit was approximately one billion, five hundred millions. If we give her another nine hundred and forty millions her dollar deficit at the end of the 1949 finance period will be about one billion two hundred millions. Thomas K. Finletter, who is in charge of ECA in England, told the Senate committee that he felt that was quite a big gap to close. Yet, in the ECA report we find that England has had that much, or more, of a dollar deficit ever since 1931. She had a dollar deficit, Mr. President, of that amount or greater right through her boom years of 1937 and 1938.

Trade balances are desirable. No one will quarrel with that. But that alone, Mr. President, is not enough to convince me that the entire ECA fund is necessary.

To get some idea of what I mean we only have to turn to Mr. Hoffman's report again. On page 82 there is this startling information:

An investment program of \$1,000,000,000 is planned for the further electrification of European railways.

Immediately below that paragraph is the following paragraph:

Expansion of Europe's truck fleet by 1,000,000 trucks is contemplated between now and 1952.



When the matter of electrifying the railroads was presented to Mr. Hoffman in the Senate committee's last hearing on ECA, it was interesting to note in the transcript that Mr. Hoffman first indicated that he knew nothing of such a program. In fact, his first answer to the question put to him by the Senator from Arkansas [Mr. FULBRIGHT] was:

I will just check that.

Then the Senator from Arkansas asked if such a program was being considered. Mr. Hoffman replied that it was being considered.

In the same hearing and during a continuation of the same conversation between the Senator from Arkansas and Mr. Hoffman, mention was made of a commitment by ECA of \$15,000,000 for participation in a steel program in Norway.

We turn now to other evidence of the future thinking along ECA lines.

On page 79 of the ECA report called European recovery program, United Kingdom, country study, we find this statement:

Total investment in petroleum development during 1949-50 will be about \$500,000,000, nearly \$400,000,000 of which will be for expenditures on overseas production, maintenance, and new construction; and \$100,000,000 to \$120,000,000 of which will go toward expanding refinery capacity in the United Kingdom itself.

One large new refinery is planned in the south of England, and the capacity of a number of existing installations is to be expanded considerably.

The substantial overseas investment involves projects to increase the production of refineries in the Middle East, the Caribbean, and in Holland, some of which are already underway.

Rehabilitation work will be continued on the war damaged refineries and oil field in the Far East.

Mr. President, I believe that in order to understand better this ECA thinking it is important that we turn to a portion of a speech by Walter J. Levy, consultant in the petroleum branch of ECA. This speech was made on March 8 of this year, before the National Federation of Financial Analysts' Societies in New York:

Our American oil industry faces a difficult but in my judgment, a not at all impossible problem of adjustment to existing conditions.

It is the problem of maintaining outlets for dollar oil in Europe even though the dollar resources of the importing countries are severely limited and even though sterling oil competes with dollar oil for such outlets.

Skillful planning by our American oil companies will be necessary, therefore, during the next few years.

It is, of course, in the economic, political, strategic interests of the United States that these companies maintain their oil interest world-wide and obtain fair and equitable treatment in the oil markets of Europe.

On the other hand, if Europe is to survive without the continuing American assistance, it must increase production for its own use and for the expansion of exports into dollar areas.

In this process of making Europe self-sustaining, somebody may well get hurt, but I believe it is imperative that no vital interest of the United States be sacrificed; and that no legitimate business interest be hurt unnecessarily.

The expansion of refineries in Europe and of crude oil production controlled by British companies outside Europe is one of the most effective means of reducing Europe's dollar deficit.

According to the British, and I am sure these figures will make you sit up and take notice, an investment of about 2 billion dollars, perhaps 40 percent of it in dollars and 60 percent in sterling and other currencies, will lead to an increase in the annual value of crude oil and refined products output by the British of nearly a billion dollars by fiscal 1953.

Of course, only part of the billion-dollar increment in value will result in dollar savings or dollar income, even; therefore, if the original plans of ECA countries do not completely materialize as we believe they will not, the contribution of which oil refining in Europe and oil production outside Europe will make to recovery will be extraordinary.

From what I have said before about the likelihood of a continued dollar shortage in Europe, even in 1963, and about the expansion program and the expansion possibilities of the British oil industry, it is obvious that grave and very serious problems now confront and are likely to remain with our American oil industry.

Mr. President, that is another bold admission that we are to finance Europe from this point on. Is the problem of recovery involved in what Mr. Levy said? I think not, Mr. President. It is purely and simply a matter of financing our own competition.

Just as all workingmen in this country should be interested in what I have read from the ECA report about developing European competition on the world market for skilled craftsmanship, similarly the oil workers of America should be interested in this plan of ECA. Labor in this country has always recognized the fact that foreign labor is difficult competition because foreign labor is cheap.

What is happening right this minute in the shipping of ECA supplies from our shores? The American sailor is not hauling what he expected to haul, because ECA has decided that the materials can be shipped cheaper in foreign vessels.

That is what we are heading for, Mr. President, in the world market for oil.

That is what we are heading for in the world market for technical machinery.

I was under the impression when President Truman in his inaugural speech recommended the development of underdeveloped lands throughout the world with American know-how and skills, he meant only those lands which have not had an opportunity to share in such wealth in the past. Perhaps that is what he meant, but obviously that is not the case with ECA.

Mr. President, we built one Frankenstein by the same methods.

Since the ECA world oil program centers to a certain extent around English development for the future, let us examine for a moment the testimony of Mr. Finletter on February 28 before the Senate Committee on Foreign Relations. In that testimony he revealed that Britain's export plans call for increasing her over-all exports to all countries by 50 percent above prewar exports. But her

goal for exports to the United States, Mr. Finletter said, is 83 percent above prewar levels. In commenting, Mr. Finletter said:

It will be a great achievement if Britain gets there.

There we have the story, Mr. President.

In Mr. Hoffman's report we find ECA striving to develop low prices for European export competition on the world market.

In Mr. Levy's speech we find ECA outlining a world oil market that is threatening the future of American oil exports.

In Mr. Finletter's testimony we find ECA encouraging and promoting greater export markets for England.

Mr. President, who is thinking about the American worker and American business? After all, Mr. President, exports by American business form an important part in the national income of which I spoke earlier.

Mr. LUCAS. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I yield.

Mr. LUCAS. The Senator has just asked, who is thinking about the American worker, I believe.

Mr. CAPEHART. I asked: Who is thinking about the American worker and American business?

Mr. LUCAS. I should like to ask the able Senator whether he thinks Mr. Hoffman, who is one of the big businessmen of the country, is giving any consideration to the workmen of America and the business of America as he administers the program as the head of ECA.

Mr. CAPEHART. I think he has done a good job. According to his own reports, the recovery has been remarkable. I think he is wrong, in one respect; it is wrong, I believe, to build up in Europe competition which will tear down our own markets and will throw our own people out of work. I do not know what Mr. Hoffman is thinking about. I have great respect for him. However, he and I may well differ on principle, and possibly we do in this instance.

Mr. LUCAS. Will the Senator yield further, Mr. President?

Mr. CAPEHART. I yield.

Mr. LUCAS. I am very happy to hear the Senator from Indiana, who is one of the successful businessmen of the Nation, say, as a Member of this body, that Mr. Hoffman, who has been a very successful businessman in his line of endeavor, has done a good job as head of the ECA. I take it that the Senator from Indiana in no way questions the good faith of Mr. Hoffman who, in what he is doing in connection with the administration of ECA funds and its entire program, believes it is for the best interests of the economy of the United States and its workers, as well as for the business interests of the United States. Does the Senator agree to that?

Mr. CAPEHART. I wish to say that my whole endeavor in this matter—and I have tried to make it perfectly clear in the speech I have made—is to try to take



ECA's own reports and Mr. Hoffman's own words, to show that we can reduce the amount of the authorization and appropriation for ECA to 3 billion dollars, and yet not interfere with what Mr. Hoffman and others wish to do in that connection.

Mr. LUCAS. I appreciate what the Senator is trying to do. Will he yield, to permit me to make an observation along that line?

Mr. WHERRY. Mr. President, does the Senator from Illinois wish to make an observation?

Mr. LUCAS. I should like to.

Mr. WHERRY. Well, Mr. President, there goes the rule.

Mr. LUCAS. Does the Senator object?

Mr. WHERRY. No; I do not object.

Mr. CAPEHART. Mr. President, I am happy to yield to the Senator from Illinois.

Mr. LUCAS. Mr. President, I was going to make a statement or observation with respect to Mr. Hoffman; and I intend to, unless it is objected to. I think it is most fortunate that Mr. Hoffman is the head of ECA. I say that because he is one of the most successful businessmen America has ever produced. I say it because I further know that he pays the Government of the United States a tremendous amount of taxes each year, and that he employs thousands upon thousands of people each year. With the kind of background, Mr. Hoffman has and with his enthusiasm for the program of ECA as a means of rehabilitating the nations of Europe, I cannot help but believe that overwhelmingly the businessmen of America are going along with Mr. Hoffman in his belief that he is doing the proper thing in the rehabilitation of those countries, with one ultimate view, which is that the program will bring about that peace among nations for which we are all striving. It may not do it, but let me say, if it does do it, the cost we are paying for it will seem infinitesimal.

Mr. CAPEHART. Mr. President, I may say if it were a matter of peace or war, the cost would not make any difference, but I think we must remember that the war has been over for 4 years, that we have the United Nations to take care of future wars, that we are setting up the North Atlantic Pact, and that at some time—the Senator's answer may well be that that some time is a year from now or 2 years from now—we have got to stop, think, and listen and consider just how much money we as a Government can spend. I do not think anybody has done that.

Can we as a Government maintain a sound economy and spend \$35,000,000,000, \$40,000,000,000 or \$50,000,000,000 a year? As I tried to point out, the recovery of Europe, according to the reports of ECA itself, has been so phenomenal that from this point on we are simply financing them in order that they may compete with us in world markets, thereby taking business away from our own industrial interests, taking wages and jobs away from our own people.

In reply to what the Senator says about Mr. Hoffman being a successful businessman, and his statement that Mr. Hoff-

man is in favor of the bill, I may say that Mr. Hoffman is a successful businessman, but as the head of ECA, while I do not know, I am of the opinion that possibly he had nothing to do with whether the figure should be \$3,000,000,000, \$4,000,000,000, or \$5,000,000,000. My other answer to that is, Mr. Hoffman has a job to do in connection with ECA, and like anybody else, the more money he can get to do the job, the better he thinks he can do it. I have found it so in running my business. A department manager asks for more money. He wants to make a great record. He wants all the money he can get. Finally, the board of directors must say to him, "This is what you can do." Do not forget that though Mr. Hoffman is president of his company, he has a board of directors to determine its policies.

Mr. LUCAS and Mr. WHERRY addressed the Chair.

The VICE PRESIDENT. Does the Senator from Indiana yield; and if so, to whom?

Mr. CAPEHART. I yield further to the Senator from Illinois.

Mr. LUCAS. Is the Senator saying that Mr. Hoffman is one of the bureaucrats now in Washington, ready to take all the money he can get?

Mr. CAPEHART. I am not saying he is a bureaucrat. I am not saying what he is. I am saying it is possible, in my personal opinion, to take his own reports and his own words and statements and prove to Mr. Hoffman or to anybody else that it will be possible to get along with \$3,000,000,000 equally as well as with \$5,000,000,000, and that \$3,000,000,000 is the most this Nation should appropriate for next year.

Mr. WHERRY and Mr. LUCAS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Indiana yield; and if so, to whom?

Mr. CAPEHART. I yield to the Senator from Nebraska for a question.

Mr. WHERRY. There has been some discussion about what Mr. Hoffman would do. I think Mr. Hoffman, as Administrator, would do what the law required him to do. In keeping with what the distinguished Senator has said about building up business in beneficiary countries to compete with American business, I should like to ask him a question. When I turned to page 8 of the pending bill beginning with line 10, I was amazed to find these words:

The Administrator shall, to the greatest extent practicable without detriment to the European recovery program—

Now, Mr. President, get this: initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies—

That is, with respect to any material—or potential deficiencies—

Any deficiencies we might have within the next few years—

in its own resources; and in furtherance of those objectives the Administrator shall, in addition to the local currency—

I may ask the Senator, in the event the language I have read from page 8 is adopted, will it not permit the Government of the United States and the participating countries to go into any oil field or into any steel-producing area, and in connection with any material they want, go into business in any way, shape or form they see fit, to sell those products anywhere in the world, even though they sell them in competitive markets, including our domestic market in the United States?

Mr. CAPEHART. I do not think there is any question about it. I believe that is another speech.

Mr. WHERRY. I am not here to make a speech. I am here to ask the Senator if he does not feel that the Administrator would be required to do that, if the Congress should pass the bill in this form.

Mr. CAPEHART. I do, and I hope much will be said about page 8, from lines 10 to 20, because I fail to find anything in the report of the Committee on Foreign Relations on that particular phase. It is a most interesting phase, and we shall talk about it later.

Mr. WHERRY. Mr. President, will the Senator yield for one more question?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Nebraska?

Mr. CAPEHART. I yield for a question.

Mr. WHERRY. I cannot find in the report any reference to this matter, except on page 15—

Mr. CONNALLY. That is it.

Mr. WHERRY. Where in three little lines it is stated:

Paragraph 1 emphasizes the Administrator's obligation to make use of his bargaining power to increase the production of materials and to assist other agencies of the Government in purchasing materials.

In those three lines, we have language so all-inclusive that, if the Congress passes the bill and the Administrator is charged with its responsibility, the United States Government and the participating countries certainly can be put into the oil business, the steel business, and any other business, in the countries receiving relief.

Mr. CAPEHART. Mr. President, can we maintain our export trade when we are competing in markets where prices are established by our own tax dollars? The taxpayers of Indiana contributed about \$170,000,000 to European recovery in 1948. The recovery of Europe was not only important to them, but they felt it an obligation to help restore those nations to the condition they enjoyed before the war. But are the taxpayers of Indiana, and the other 47 States obligated to finance Europe to unlimited prosperity?

In the face of the tax demands which are being made on our people to maintain this overgrown Government of ours and the mounting costs that go with it, I do not believe they are.

That is the reason, Mr. President, that I have placed before the Senate an amendment limiting the new appropriations to ECA to \$3,000,000,000.

The pipe lines to Europe are full and overflowing.



More than two and one-half billions in materials and authorizations are still unshipped.

That is as much as Europe has had in the past 9 months during which every nation has recovered far beyond any condition that could be considered serious.

With an additional \$3,000,000,000, Mr. President, the ECA would have a total of \$5,700,000,000 with which to meet European requirements for the next 15 months.

In the past 9 months ECA has shipped from our shores less than half of what my amendment proposes to make available for the next 15 months.

That would permit the program to be carried on at the same rate, or even at a greater rate than it has been carried on in the past 9 months.

Mr. President, it would lift from the shoulders of the taxpayers of this Nation at least a portion of the burden.

It would place us in a better position as a nation to meet other obligations.

It would cushion us against a drop in our national income.

It would instill in our people, Mr. President, the confidence which they are entitled to have, that we, who are the guardians of the Nation's welfare, have had their welfare in mind in our deliberations of the European issue.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. CAPEHART. I shall be very happy to yield for a question.

Mr. LUCAS. I do not want to leave the subject in a state of confusion. I hope the Senator will agree with me that if Mr. Hoffman had not believed in and supported the program, he would never have accepted his position. Will the Senator agree with that?

Mr. CAPEHART. Oh, yes; I do not question his sincerity and honesty. I question only his judgment.

Mr. LUCAS. In other words, the Senator from Indiana, in the frame of mind he is in at the present time, as one who has been a successful businessman, would not take such a position at this time, because he does not believe in the program. But Mr. Hoffman, also being a successful businessman, must have believed in the program; otherwise he would not have accepted the position. Is that correct?

Mr. CAPEHART. That is correct. My position is a little different from Mr. Hoffman's, in that, as a Senator, I must accept some responsibility for the financial condition of the Nation. I am serious when I say that I am concerned about what may happen within the next 18 months or 2 years.

Mr. LUCAS. Let me say to my able friend that I do not question his sincerity and honesty. The only thing I was attempting to do was to contrast the viewpoints of two businessmen, both having come up more or less from the ranks and having been successful in the business world, but one having a viewpoint directly opposite from that of the other.

Mr. CAPEHART. That is correct. But I have a responsibility.

The VICE PRESIDENT. Is the Senator from Indiana offering his amendment at this time?

Mr. CAPEHART. Mr. President, I am not offering it now. It has been sent to the desk and will be printed.

I want to say, in closing, that we must take into consideration the amount of money the Government will need for other purposes. We must also take into consideration, in my personal opinion, the fact that revenues will fall off in the fiscal year ending June 30, 1950. I again want to say—and I believe I shall be found to be correct—that the revenues of the Federal Government for the fiscal year ending June 30, 1950, will not exceed \$35,000,000,000. I should like Congress to take at least \$8,000,000,000 off the Federal budget. I believe we can take approximately \$2,800,000,000 out of the ECA fund without in any way interfering with that which we desire to do in Europe. I believe, if Senators will study the reports and the record, and study the trends of business today, they will come to the same conclusion.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. CAPEHART. I am happy to yield to the Senator from Illinois.

Mr. LUCAS. I think I read a short statement in the newspaper this morning stating that the Senator from Indiana had made an address of that kind, and that he thought the budget ought to be cut \$8,000,000,000. I hope the Senator will break that sum down and place the result in the RECORD.

Mr. CAPEHART. I shall do that.

Mr. LUCAS. The statement which he made is very important.

Mr. CAPEHART. I am hopeful that it may be done. I will break the figure down, but I am starting today with the ECA funds.

Mr. LUCAS. Mr. President, with all due deference to my friend, I do not believe he should make a statement without giving the Senate and the country the facts upon which he bases it.

Mr. CAPEHART. I cannot do that at this late hour. As each appropriation bill is presented, I shall do the very best I can to take something off the budget, because I really should hate to see the Government of the United States start running into the red during peacetimes.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. CAPEHART. I shall be very happy to yield to the distinguished Senator from Texas.

Mr. CONNALLY. Mr. President, I have in my hand a break-down of the commodities we expect to ship under the program and their valuation. Would the Senator like to have it put into the RECORD?

Mr. CAPEHART. Yes; I would have no objection to that.

Mr. CONNALLY. Mr. President, I ask unanimous consent to have the statement placed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

*Economic Cooperation Administration—  
Estimated total dollar imports of 15 countries<sup>1</sup> participating in ERP and illustrative program of ECA-financed imports, 1949-50*

	Estimated total dollar imports	Illustrative program of ECA-financed imports
<b>FOOD AND AGRICULTURE IMPORTS</b>		
Food.....	1,958.1	879.1
Bread grains.....	1,162.2	411.8
Fats and oils.....	271.0	141.0
Sugar.....	95.1	65.5
Meat.....	111.2	95.4
Dairy products.....	77.3	75.8
Other foods.....	241.3	90.1
Feed and fertilizer.....	491.3	263.8
Coarse grains.....	395.9	199.4
Protein feeds.....	70.8	44.0
Fertilizer.....	24.6	19.9
Natural fibers.....	799.3	609.3
Cotton.....	668.8	581.4
Wool.....	104.3	21.2
Other fibers.....	26.2	6.7
Tobacco.....	196.2	111.9
Other agricultural products.....	50.7	30.4
Total food and agriculture imports.....	3,495.6	1,894.0
<b>INDUSTRIAL IMPORTS</b>		
Coal.....	119.5	96.3
POL.....	529.1	437.2
Iron and steel, including iron ore.....	139.0	100.1
Aluminum.....	49.8	29.8
Copper.....	130.6	130.6
Lead.....	36.7	36.3
Zinc.....	35.5	35.5
Paper and pulp.....	82.7	60.7
Lumber.....	153.8	100.9
Agricultural machinery.....	78.0	68.6
Machinery and equipment.....	762.0	489.6
Other industrial products.....	778.8	218.4
Total industrial imports.....	2,895.5	1,803.0
Total imports of 15 participating countries.....	6,391.1	3,697.0
ECA-financed shipping costs on above.....		298.0
Programs for—		
French dependent territories.....		145.0
Netherlands dependent territories.....		10.0
Portugal.....		10.0
Trieste.....		12.0
Turkey.....		30.0
Total direct country aid.....		4202.0
Rounded to.....		4200.0
Development of strategic materials.....		32.0
Technical assistance.....		15.0
Ocean freight on relief packages.....		15.0
Administrative expenses.....		17.5
Confidential fund.....		.5
Grand total.....		4280.0

<sup>1</sup> Excludes French and Netherlands dependent territories, Portugal, Trieste, and Turkey, for which illustrative programs of ECA-financing have not been prepared.

<sup>2</sup> Includes some POL for Belgium actually paid in non-dollar currencies but treated as dollar item in this tabulation since offset of equivalent nondollar exports has been shown as dollar item in balance of payments.

Mr. CAPEHART. Mr. President, I have no objection to anything on this subject going into the RECORD. I should love to debate the question with the able Senator from Texas. I may well be wrong in my point of view; but I want to say, in closing, that one thing I dislike—and I am not saying this in a critical vein—one thing that has dis-



appointed me—perhaps that is a better term; and I say it in the most friendly way, because I have the greatest respect for the able Senator from Texas—is that when we try to discuss and to debate foreign affairs there seems to spring up in the Senate a sort of—I wish I could describe the feeling—a sort of wall, something that only “we” or “thee” should handle, not a common fellow such as the Senator from Indiana and some other Senators. The sentiment seems to be “You know very little about it; leave it to us. Please do not ask us to discuss these things. We know best. Papa knows best. Let us handle it, and everything will be all right.” As a citizen, Mr. President, I have been listening to that sort of thing for 30 years, and I have found that it has not always been correct.

Mr. CONNALLY. Mr. President, I desire just a moment. The Senator from Indiana has fired his piece and then left the Chamber. I wanted to reply very briefly to his criticism of the Committee on Foreign Relations.

The Senator from Indiana says that when it comes to questions involving foreign relations, we throw up our hands and say “Unclean, unclean. You cannot discuss that. We are the only ones.”

Mr. President, that statement is not accurate. The Committee on Foreign Relations has no disposition to conceal anything from the Senate. We always welcome the attendance of Senators who are not members of the committee. If we have an executive session, they are welcomed. We do not throw up any bars against them. We want them to take an interest in our deliberations and discussions.

It is true that the Senator more or less absolved the present committee from his charge when he said he had been listening to that sort of thing for 30 years. If that is an old habit of the Senate, we are not responsible for any conduct except our own. I think the record will show that the present Committee on Foreign Relations has been absolutely considerate of other Members of the Senate, and we have never refused to hear a Senator, so far as I recall, on any subject pending before the committee.

I do not care to sit silent and have that sort of charge brought against the committee. I am sure I speak for the whole committee.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the Speaker pro tempore had affixed his signature to the enrolled bill (H. R. 2313) to suspend certain import taxes on copper, and it was signed by the Vice President.

#### EXTENSION OF RENT CONTROL—PERMISSION TO FILE CONFERENCE REPORT DURING RECESS

Mr. MAYBANK. Mr. President, I ask unanimous consent to be permitted to file the conference report on the bill (H. R. 1731) to extend certain provisions of the Housing and Rent Act of 1947, as amended, and for other purposes, up to Sunday night midnight, so that it may be printed and be before the Senate on

Monday. I make that request because the Government Printing Office does not operate on Sunday, and I wish to have the report printed on Sunday, so that it may be ready for the Senate on Monday morning.

The VICE PRESIDENT. Without objection, it is so ordered.

#### EXECUTIVE MANSION COMMISSION—LETTER FROM PRESIDENT

The VICE PRESIDENT. The Chair lays before the Senate a letter from the President of the United States, which the clerk will read.

The Chief Clerk read the letter, as follows:

THE WHITE HOUSE,  
Washington, March 25, 1949.

HON. ALBEN W. BARKLEY,  
Vice President of the United States,  
Washington, D. C.

DEAR MR. VICE PRESIDENT: On February 16, 1949, I addressed a communication to the Congress further advising the Congress of the critical structural conditions in the Executive Mansion and transmitting an estimate of appropriation for the renovation and modernization of the building.

I have given much thought to the interest of the Nation in the maximum retention of the architectural and historic features of the Executive Mansion and to the accompanying problems which must be faced in a renovation project of this magnitude and importance. I feel sure that the people of this country expect this major undertaking to be accomplished by the best qualified architects, engineers, and craftsmen available and that adequate authority will be granted by the Congress to the individuals who are made responsible for the satisfactory performance of the work.

With this thought in mind I consider it appropriate that the Congress should establish a commission which would exercise general supervision and direction of all construction work involved in the renovation and modernization of the mansion, including the approval of plans and the selection of contractors.

In the past the Congress has established commissions to select sites, procure plans, and exercise general supervision for the construction of our national shrines, as in the case of the memorials for Thomas Jefferson and Abraham Lincoln. The scope and character of the work proposed in this case, and the objectives which always must be kept in mind in the renovation of the Executive Mansion, will impose a great responsibility on a commission appointed for this work.

I trust, therefore, that at the earliest possible date the Congress will enact legislation to establish a commission for the purposes indicated.

Very sincerely yours,

HARRY S. TRUMAN.

The VICE PRESIDENT. The Chair refers the letter to the Committee on Public Works, as it asks legislation creating a commission.

#### GRAIN STORAGE FACILITIES

Mr. WILLIAMS. Mr. President, I send to the desk a resolution on behalf of the Senator from Indiana [Mr. CAPE-

HART], the Senator from Utah [Mr. WATKINS], the Senator from Pennsylvania [Mr. MARTIN], the Senator from Missouri [Mr. KEM], the Senator from Indiana [Mr. JENNER] and myself.

I ask first that the clerk read the resolution for the information of the Senate, after which I shall make a few remarks.

The resolution (S. Res. 94) was read as follows:

Whereas the financial transactions of the Commodity Credit Corporation, a Federal corporation, and of its predecessor, the Commodity Credit Corporation, a Delaware corporation, are required by law to be audited by the General Accounting Office; and

Whereas the books and records of such predecessor corporation for the fiscal years ending June 30, 1943, June 30, 1944, and June 30, 1945, are in such disorder that the General Accounting Office has been unable to balance them and complete its audit: Now, therefore, be it

Resolved, That the General Accounting Office shall, insofar as may be practicable upon the basis of the information available to it, complete its audit of the financial transactions of the Commodity Credit Corporation, a Delaware corporation, for the fiscal years ending June 30, 1943, June 30, 1944, and June 30, 1945, and make its reports of such audits to the Congress on or before April 1, 1949.

Mr. WILLIAMS obtained the floor.

Mr. CONNALLY. Has this resolution had the attention of any committee of the Senate?

Mr. WILLIAMS. No; but I am going to call it to the attention of the Senate at this time.

The VICE PRESIDENT. The Senator has not asked for the immediate consideration of the resolution.

Mr. WILLIAMS. Mr. President, I wish to make it clear that this resolution is not intended to be interpreted as a criticism of the work of the General Accounting Office which, as I understand, has been making an effort to audit the books of the Commodity Credit Corporation, but have not been able to verify certain items and therefore we have not had referred to us a copy of the report for the years mentioned.

It has been reported to me, from sources which I consider very reliable, that over \$350,000,000 of receivables in the general commodities purchase program could not be supported or verified because of faulty accounting policies and poorly devised procedures.

In the case of certain other programs it was also impossible to support the recorded balances of receivables, particularly in the case of claims in the case of cotton loans held by the Corporation. It had made no effort to prove the accuracy of the total amount of loans and, therefore, I understand that the total amount of loans reported by the Federal Reserve banks, as custodians, could not be reconciled with the records of the Corporation. At least one duplication of over \$2,000,000 has been reported to me.

I also understand that the wheat loans are overstated by about \$4,000,000 with the corresponding overstatement in accounts payable.

The book value of the inventories held by the Corporation as of June 30, 1943, was in excess of \$1,000,000,000, but it has



factory. The evidence showed that there were no specific plans and no specifications.

I hope the Senate and the House will immediately appoint a commission so that at a very early date some details may be obtained and the historic building of the White House may be preserved, and the work may be done on a business-like basis, and at reasonable cost. Originally the Appropriations Committee was asked for a great sum of money, \$5,400,000, without benefit of plans and specifications.

The President has evidently discovered that there is need for a commission. There is need for something definite by way of information as to the repair and remodeling of the White House.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. CONNALLY. Does the Senator conclude that the President's message should be observed?

Mr. FERGUSON. Oh, yes. I am urging that we give it immediate attention.

Mr. CONNALLY. There is no reflection on the President. He wants a commission.

Mr. FERGUSON. That is correct.

Mr. CONNALLY. So as to relieve him of the odium, or responsibility, as the case may be, in connection with having this work done.

Mr. FERGUSON. I have said that he has discovered that there is need for a commission to be appointed immediately.

Mr. CONNALLY. I assume that the Committee on Appropriations will, of course, also rigidly inspect whatever is done.

Mr. FERGUSON. Yes. We have attempted to place in the appropriation bill language which would protect the Government in the letting of contracts; but with the evidence which we had before us it was a very difficult task. The Commission will be of great help in this project.

The VICE PRESIDENT. The Chair has referred the President's letter to the Vice President to the Committee on Public Works, which has legislative jurisdiction over the creation of commissions of this sort.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. WHERRY. Mr. President, I do not wish to detain the Senate long. However, I desire to submit an amendment to the bill, and ask that it lie on the table and be printed.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

Mr. WHERRY. Mr. President, this amendment is submitted in a constructive spirit. The purpose of it is to make provision for a special assistant to the Administrator, to act as a liaison with small business.

The amendment is presented in answer to the complaints of business men

who have sought information about the operation of ECA and opportunity to participate in procurement inspired by the billions of dollars appropriated. We no longer have a legislative small business committee in the Senate. Whether or not we shall have one will depend upon future events. At the present time many letters are being received, which must be answered. I have done my best as an individual Senator to answer them. Many letters request information about ECA.

As chairman of the former Senate Small Business Committee, I conducted hearings. Also correspondence was exchanged between myself and the Administrator of ECA, in an endeavor to get light on the subject of what services and information would be made available to the large segment of our economy to which we refer as small business.

It was admitted by ECA on June 9, 1948, that no provision had been made for small-business consultation or information. On August 27, 1948, and again on November 24, 1948, I received letters from Administrator Hoffman stating that the matter was under consideration, and that certain steps were planned to assure a better flow of information regarding procurement authorizations. I think some improvement has been made.

I have no information that indicates that those steps have been accomplished; and complaints from smaller businessmen continue to come to me, as I am sure they do to all other Members of the Congress.

But beyond the need for better information on procurement programs and ECA-financed commitments, there are specific requirements under the ECA law in the administration of which the voice of small business should be heard.

Section 102 (a) of the Economic Cooperation Act states:

That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States.

Section 112 (a) of the act states that—

The administration shall provide for the procurement in the United States of commodities in such a way as to (1) minimize \* \* \* the impact of such procurement upon the domestic economy.

Who will feel the impact of large ECA commitments more than the smaller-business man?

It is reasonable that he should ask that foreign economic aid, which is being provided by American tax dollars, should result in business opportunity to as broad an area of our economy as possible.

In fact, I am sure that that was the intention when the law was passed. No doubt the administration has attempted to comply with the law so far as possible, but complaints are still being received.

ECA officials have repeatedly stated that ECA is primarily a bookkeeping function for the transfer of funds between the United States and the participating countries, and that procurement of the materials so authorized is a problem for the individual country so benefited and the individual businessmen in this country.

Yet it is inevitable that ECA programs have fostered the development of country-to-country purchasing between foreign nations or purchasing missions and the United States Government—or a relatively few producing or distributing firms in this country—to the disadvantage of independent business both in the foreign country and in the United States.

That was brought out rather forcefully this afternoon in my inquiry of the Senator from Indiana [Mr. CAPEHART] relative to statement about the cotton purchases from one firm.

I wish to say that in asking that question I intended no reflection at all upon the firm which did the business, because I asked the question only in regard to whether smaller firms had received any consideration in connection with those allotments. I wish the RECORD to show clearly that so far as I am concerned, I intended no reflection upon the particular firm which got the business; because, after all, it is in the business of selling cotton; and if the business had not gone to that firm, it might have gone to some other big business. What I was interested in was in inquiring whether the business could have been distributed among some smaller firms in the cotton business.

Mr. President, it is apparent that disadvantages to smaller, independent business are inherent in any Government-financed program involving such huge expenditures. For this reason, and this is my only purpose in this matter, I urge that a special assistant to the ECA Administrator be appointed—the Administrator would be able to choose his own assistant, of course—to be responsible for watching these developments and for formulating positive action to benefit smaller business. Such a special assistant would be a liaison officer between ECA and small-business men in the United States. I believe his function could be coordinated with and related to the responsibilities of other government agencies which participate or advise in the ECA program.

Mr. President, before I yield to the distinguished Senator from Texas, I should like to say that this amendment is offered constructively in the hope that it will help legislatively to show the businessmen of the United States that, so far as the Senate and House of Representatives are concerned, they will be glad to have ECA cooperate with small business in supplying information when it is requested.

Now I shall be glad to yield to the Senator from Texas.

Mr. CONNALLY. Mr. President, I do not wish to be hampered by being confined to asking questions.

Mr. WHERRY. I thought the Senator from Texas wished to ask me to yield for a question.

Mr. CONNALLY. I did sometime ago, but the Senator from Nebraska has covered the subject rather thoroughly.

However, I should like to ask the Senator this question: He has referred to one particular firm in the cotton business—

Mr. WHERRY. If the Senator from Texas will pardon me, let me say that matter was brought up by the distinguished Senator from Indiana [Mr.



CAPEHART]. When he brought it up, he mentioned that ECA had purchased \$800,000,000 worth of cotton. That point interested me, because a few minutes before that I had been told—and I thought the information was correct—that ECA does no purchasing, but is simply a lending agency. So I made that point on the floor of the Senate. I realize that ECA simply makes loans to the firms which furnish the goods; and I suppose it would be impractical for ECA to locate small business firms in all such cases. I referred to the statement that one firm had sold \$800,000,000 worth of cotton, and I used it as an example.

Mr. CONNALLY. I further assume that the Senator from Nebraska did not know that I have received from that company complaints that it had large stocks of cotton in Europe before the war, and that those stocks of cotton were caught there during the war, but ECA would not buy any of them, but insisted upon shipping other cotton to Europe. So that firm was having its difficulties.

I should like to know whether the Senator from Nebraska is aware of the fact that for the last 2 weeks of September 1948, Anderson, Clayton & Co., handled 10.06 percent of the total cotton shipments.

Mr. WHERRY. I think the Senator's point was fairly well covered by the statements which were made in connection with the previous statement by the Senator from Indiana.

Mr. CONNALLY. I did not hear them.

Mr. WHERRY. When the Senator from Indiana observed that ECA had purchased a large amount of cotton in the United States, I arose to correct the RECORD in that respect, because I knew that ECA does not make purchases, or at least does not make most of the purchases, but operates in the capacity of a banker, in that it does the financing in this country for those materials.

But after the matter was brought to the attention of the Senator from Indiana, I referred to Anderson, Clayton & Co., by way of illustration. I realize that it is one of the largest cotton brokers in the world. I understand that the Senator from Michigan [Mr. VANDENBERG] then said that the amount of cotton sold by that firm's representatives was not above the average for that firm in the years prior to the war. So obviously there is nothing unusual in that situation.

Mr. CONNALLY. Mr. President, will the Senator further yield?

Mr. WHERRY. I yield.

Mr. CONNALLY. Did the Senator from Nebraska know that for the last 2 weeks of December 1948, the cotton shipments made by Anderson, Clayton & Co. averaged 11.85 percent of the total cotton shipments?

Mr. WHERRY. No.

Mr. President, I shall be glad to yield further, if there is anything else the Senator from Texas wishes to place in the RECORD.

Mr. CONNALLY. Of course, I hold no brief for Anderson, Clayton & Co.

Mr. WHERRY. I understand that.

Mr. CONNALLY. But that firm has large stocks of cotton all over the world; and in Italy especially it has done a large

business. However, that business was cut off; ECA would not purchase the cotton that firm had abroad, but ECA wished to purchase cotton here in the United States. The result has been that that firm has had very serious difficulties along that line, and, of course, it wished to straighten them out.

Mr. WHERRY. Mr. President, does the Senator from Texas know of any small business brokers in cotton who have received business under financing from the ECA?

Mr. CONNALLY. I cannot answer the Senator. He realizes, I am sure, that ECA does not make these purchases.

Mr. WHERRY. Yes; I understand that.

Mr. CONNALLY. We are trying to preserve the normal operations. The foreign concerns have their regular purchasing agents and their regular customers in the United States; and when they make their purchases or business arrangements, it is the business of ECA to finance them.

Let me say that only today—and not knowing that the Senator from Nebraska was going to submit his amendment—I took up with ECA the matter of small business. Of course, we want small business to get its share. But the Senator from Nebraska can understand how difficult it is for a very small concern to transact business 3,000 miles across the sea.

Mr. WHERRY. Of course.

Mr. CONNALLY. Especially in view of the fact that ECA does not make these purchases.

Mr. WHERRY. Mr. President, the distinguished Senator from Texas has made my argument for me. It is because of that difficulty that I have submitted the amendment.

By the way, I submitted the amendment to the distinguished Senator's administrative assistant and to other Senators who are interested, hoping that they would accept it. I cannot see anything wrong with it. If the Senator from Texas will examine it between now and Monday, I think he will find that he will accept it, because I think both of us are attempting to do what is suggested in the amendment. Of course I wish to help the small-business man if I can do so, just as I have been attempting to do all along in connection with the Special Committee on Small Business. We realize that it is difficult for the small-business men to know just what agency to write to or go to in connection with these matters.

I feel that if an assistant to the ECA Administrator were to help, together with the Department of Commerce, to institute some sort of system for the benefit of small-business men, so as to provide them with assistance other than the information issued by the Census Bureau and the Department of Commerce in 30 or 40 cities—which is about all the help that small business is now receiving in this connection—such further assistance would be of great help to small business.

Mr. CONNALLY. Mr. President, will the Senator yield at that point?

Mr. WHERRY. I yield.

Mr. CONNALLY. Did the Senator from Nebraska know that the Senator

from Texas, without reference to the anxiety of the Senator from Nebraska in this matter, had taken up with ECA the necessity for supplying an increased amount of information to small business, so that small-business firms could obtain, either by letter, by telegram, or by personal conferences, all the information that is available?

Mr. WHERRY. In answer to the distinguished Senator's question, let me say I did not know that. But regardless of that, I wish to commend the Senator from Texas for doing it.

Mr. CONNALLY. I thank the Senator.

Mr. WHERRY. I think it is a proper course to proceed upon.

Mr. President, I did not intend to offer any amendments to this bill. Certainly I do not wish to be in the position of offering crippling amendments to a bill which has been worked on by the Foreign Relations Committee. If this bill is what the committee feels it should be, no doubt the committee has the evidence to support that view.

But since looking at page 8 of the bill and interpreting subsection (i) (1), beginning in line 10, and then upon referred to the report to find what the justification is, I wish to suggest to the distinguished Senator from Texas that I feel that the language there goes entirely too far, unless I misinterpret it. I would not object at all to having the Administrator "to the greatest extent practicable, without detriment to the European recovery program, initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources."

I think that is sound. I think it is within the meaning of the report. But I respectfully call to the attention of the distinguished Senator from Texas the fact that when the lines I would take out are read into it, it results in the ECA doing what? It shall "initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies or potential deficiencies." I respectfully call the attention of the Senator from Texas to that language. I do not want to detain the Senator now, unless the Senate desires to continue in session. Perhaps it might go over until Monday morning. In that event, I ask the Senator to give serious consideration to the suggested amendment, which I believe will take care of that.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Texas?

Mr. WHERRY. I yield.

Mr. CONNALLY. I can say to the Senator the language was embodied in the bill because of the desire of the United States Government to secure many of the rare commodities, such as



manganese and chrome. If in order to obtain them, it is necessary for the United States to initiate a project, it is wholly within the scope of the Act. It is also in the national interest that it be done.

Mr. WHERRY. Mr. President, I thank the Senator for his answer, but if that is to be the answer, I am satisfied that even though such be the intent, and I respect the sincerity of the Senator, yet I am sure if he will study the provision it will be seen to provide for a stimulation of the production and refinement of oil and the production of many other materials that I think the Senator himself would not want to see developed in the participating countries, to be brought into competition with the products of American industry.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Texas?

Mr. WHERRY. I yield.

Mr. CONNALLY. There is no need of stimulation. The oil industry is sufficiently scientific, sufficiently interested, and sufficiently virile to do all these things without any stimulation on the part of the Government.

Mr. WHERRY. Mr. President, I had already been told about part of the ECA money being set aside for that purpose. I heard of it in connection with the Saudi Arabia pipe line. I do not know whether it is true or not. I had not had an opportunity to study the alleged in-

formation that came to me, but I am satisfied the purpose of the language is to assist oil companies to get into the business of producing and refining oil, and that it puts the Government on a basis of world-wide participation in such projects. Certainly that is not the intent of the law. I hope the distinguished Senator will think it over during the week end and correct the language himself. I shall study it further myself. Perhaps I am wrong. But I wanted to bring it to the attention of the Senator from Texas tonight.

The VICE PRESIDENT. Is the Senator from Nebraska offering the amendment?

Mr. WHERRY. Not at this time, but I intend to offer it Monday if the chairman of the committee does not agree with me.

The VICE PRESIDENT. It will be printed in the RECORD, then, for the information of the Senator.

Mr. WHERRY. That is correct.

Mr. WHERRY's amendment is as follows:

On page 1, line 7, after "Sec. 2." insert "(a)" and after line 10 insert the following:

"(b) Section 104 of such act is amended by adding at the end thereof a new subsection as follows:

"(g) There shall be in the Administration a Special Assistant to the Administrator in Charge of Small Business Liaison who shall be appointed by the Administrator. It shall be the duty of such Special Assistant to formulate methods whereby American small business will be assured equitable participation insofar as practicable in the furnishing of commodities and services for pro-

curement with funds appropriated pursuant to this act. Such Special Assistant shall receive his instructions from the Administrator and shall report to the Administrator quarterly on the performance of the duties assigned to him."

#### RECESS TO MONDAY

Mr. LUCAS. I move that the Senate take a recess until Monday noon.

The motion was agreed to; and (at 6 o'clock and 43 minutes p. m.) the Senate took a recess until Monday, March 28, 1949, at 12 o'clock meridian.

#### NOMINATIONS

Executive nominations received by the Senate March 25 (legislative day of March 18), 1949:

##### UNITED STATES ATTORNEY

Warren G. Moore, of Texas, to be United States attorney for the eastern district of Texas, vice Steve M. King, term expired.

##### IN THE NAVY

Rear Adm. John W. Reeves, Jr., United States Navy, to have the grade, rank, pay, and allowances of a vice admiral while serving under a designation in accordance with section 413 of the Officer Personnel Act of 1947.

#### WITHDRAWAL

Executive nomination withdrawn from the Senate March 25 (legislative day of March 18), 1949:

##### SUPERINTENDENT OF THE UNITED STATES ASSAY OFFICE

Dr. Charles L. Singer, to be Superintendent of the United States Assay Office at New York, N. Y.



# House of Representatives

FRIDAY, MARCH 25, 1949

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D. offered the following prayer:

Gracious God, do Thou dignify and bless our fellowship one with another. Thou alone knowest what is best; do Thou help us and guide us, not according to our judgment, but according to Thy infinite wisdom and goodness.

As we are individuals, made in Thine image, endowed with powers of discretion and choice, we pray Thee to harmonize us into the spirit of patriotic duty which we owe to all our people. Give us directive force this day gathered together in unity, in common desire, and in common labors for the welfare of our land and for the honor of its great name. Hear us, O Lord, in this our petition. Through Christ. Amen.

## THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on March 24, 1949, the President approved and signed a bill of the House of the following title:

H. R. 2485. An act to authorize the attendance of the United States Marine Band at the eighty-third and final national encampment of the Grand Army of the Republic to be held in Indianapolis, Ind., August 28 to September 1, 1949.

## EXEMPTING FROM IMPORT TAX COPPER AND COPPER-BEARING ORE

Mr. MILLS. Mr. Speaker, I call up the conference report on the bill (H. R. 2312) to suspend certain import taxes on copper, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of March 24, 1949.)

The SPEAKER pro tempore. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

## ANNUAL REPORT OF THE GOVERNOR OF THE PANAMA CANAL—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the Presi-

dent of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Merchant Marine and Fisheries and ordered to be printed:

## To the Congress of the United States:

I transmit herewith, for the information of the Congress, the Annual Report of the Governor of the Panama Canal for the fiscal year ended June 30, 1948.

HARRY S. TRUMAN.

THE WHITE HOUSE, March 25, 1949.

## EXTENSION OF REMARKS

Mr. MASON asked and was given permission to extend his remarks in the RECORD on the subject Republican Party Policy Versus Republican Party Principle, and include an article taken from the Reader's Digest bearing on the same subject.

Mr. LANE asked and was given permission to extend his remarks in the Appendix of the RECORD and include a very interesting editorial appearing in the Daily Evening Item of Lynn, Mass.

Mr. TOLLEFSON asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous matter.

Mr. HILL asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article from the editorial page of the Christian Science Monitor, written by a former Governor of California.

Mr. ELSTON asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the Cincinnati Inquirer.

Mr. JONES of Alabama asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from Southern Agriculture for the month of April.

Mr. BLAND asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial by Louis Ludlow on the American merchant marine.

## PERMISSION TO ADDRESS THE HOUSE

Mr. BEALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

[Mr. BEALL addressed the House. His remarks appear in the Appendix of today's RECORD.]

## EXTENSION OF REMARKS

Mr. ANDERSON of California asked and was given permission to extend his remarks in the Appendix of the RECORD and include two communications.

## PERMISSION TO ADDRESS THE HOUSE

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks and include a newspaper article.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

[Mr. ANDERSON of California addressed the House. His remarks appear in the Appendix of today's RECORD.]

## PERMISSION TO ADDRESS THE HOUSE

Mr. SHAFER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[Mr. SHAFER addressed the House. His remarks appear in the Appendix of today's RECORD.]

## PERMISSION TO ADDRESS THE HOUSE

Mr. FARRINGTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the Delegate from Hawaii?

There was no objection.

[Mr. FARRINGTON addressed the House. His remarks appear in the Appendix of today's RECORD.]

## PERMISSION TO ADDRESS THE HOUSE

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

## THE MARSHALL PLAN

Mr. MILLER of Nebraska. Mr. Speaker, next week we will have before this House a request for more than \$5,000,000,000 to implement the Marshall plan for another year. I am concerned about the reply made by Hugh Wilson, a member of the British Cabinet, when he was asked in Commons concerning the policy of the Government with regard to trade agreements with Russia, Bulgaria, Rumania, and Hungary in view of the repeated breaches of peace treaties committed by all of these powers. News dispatches of yesterday quoted him as saying:

The Government is guided in its trade relations with these countries by considerations of economic advantage and cannot



all the households in Cincinnati with all their heating needs.

This doesn't make sense. And if the Atomic Energy Commission wants the confidence of the American people, it should itself show more interest in the welfare of the American people. It also should show a more intelligent grasp of the Nation's serious plight in respect to depletion of natural resources.

You asked for criticism, Mr. Lillenthal. There it is.

### Correction of the Record

#### EXTENSION OF REMARKS

OF

#### HON. JACK Z. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 25, 1949

Mr. ANDERSON of California. Mr. Speaker, under date of February 21, 1949, I placed in the CONGRESSIONAL RECORD an article containing excerpts from a communication which I received from one of my valued constituents in California. Certain paragraphs of this article reflected on the Marine Corps, and I have received information from General Cates which I wish to include with my remarks. I also include a communication from Glenn E. Rathbun which will be of interest.

Those of us who are aware of the splendid record made by the United States Marine Corps in World War II have no desire to in any way disparage their fine record.

The letters follow:

DEPARTMENT OF THE NAVY,  
HEADQUARTERS, UNITED  
STATES MARINE CORPS,  
Washington, D. C.

Hon. JACK Z. ANDERSON,  
House of Representatives  
Washington, D. C.

MY DEAR MR. ANDERSON: There has come to my attention an article which you read into the CONGRESSIONAL RECORD of February 21, 1949. Certain portions of that article, which you indicated had been written by an ex-soldier, a Lieutenant Colonel Rathbun, discuss an alleged controversy between the Army and Marine Corps over the adoption of the M-1 (Garand) rifle, and in doing so disparage the Marine Corps.

The passages in question are the following:

"A good example of lack of coordination in standardization between services can be seen in the case of the Army-Marine controversy over the adoption of the new semiautomatic rifle just before the war. A marine developed a new semiautomatic rifle and at the same time Garand developed the now famous Garand M-1. Many tests were made, and it was eventually decided by the General Staff to adopt the Garand M-1 as the primary rifle for all the services. Top Marine and Navy officers objected loud and long, claiming graft, foud play, and conspiracy, but of no avail. The new rifle was adopted, and used throughout the Army with great success. It is claimed that it gave the American forces enough added firepower to be able to make successful attacks with only half the number previously required. For all of this, the Marines refused to accept or use the new rifle even after the weapon had been proven in war. The prejudice was limited strictly to the high brass.

"On the battlefields of the Pacific, where both marines and soldiers were fighting side by side, marine riflemen would discard the old 1903 bolt-action rifle every time they could find an M-1 dropped by some Army casualty. Some even went so far as stealing M-1's before they went into combat. The effect of the Marine high command's policy can be seen in a study of casualty figures in battles where both soldiers and marines were involved; an excessive loss of life was the reward of such foolish prejudices."

These passages are completely at variance with the facts. The facts run as follows:

In October 1935, the Ordnance Committee of the Army approved a recommendation that the M-1 (Garand) rifle be standardized. As a result of the committee action, the M-1 rifle was classed as standard for the Army. The Marine Corps was represented on the Ordnance Committee, concurred in the committee's action, and expected to procure the M-1 rifle for its own use if the production articles proved satisfactory in tests. The Marine Corps had been buying its rifles from the Army for at least 50 years, and expected to continue to do so as long as the Army continued to put out a satisfactory product.

The M-1 production line started in late 1937 at a rate of 10 rifles per day, and reached a production of 20 per day in the spring of 1938. In 1939, the Marine Corps purchased 400 M-1's, putting most of them in the hands of rifle units, and the remainder in the Marine Corps schools. The purpose of this procurement was experimental, and experience soon showed the new rifle to be unsatisfactory in some important respects. The Army, meanwhile, had reached similar conclusions, as a result of which the rifle was partially redesigned. The redesign was standardized by the Army in October 1939.

In 1940, the Marine Corps procured 50 of the redesigned rifles and conducted further tests. These tests included comparative tests with the M-1903 rifle, the Johnson rifle, and the Winchester rifle. (The Johnson rifle had been developed by a nationally prominent ordnance expert who was also an inactive member of the Marine Corps Reserve. The Marine Corps was under no obligation to Johnson, however, and his rifle received no special consideration or treatment in the Marine Corps tests.)

In March 1941, as a result of the comparative tests just referred to, the Marine Corps notified the Army that the Marine Corps had adopted the M-1 rifle, and asked that the Army commence deliveries not later than April 1941, at a rate of not less than 3,000 per month. The enlisted strength of the Marine Corps at that time was approximately 46,000.

The Marine Corps received its first shipment of 3,000 M-1 rifles in May 1941. Between that date and September 1943, the Corps received a total of 132,000 M-1 rifles. The only M1903 rifles received by the Marine Corps during this period were some obtained from existing Navy stocks, and these were requested only because the Army could not supply the Marine Corps with M-1 rifles at a rate sufficient to keep pace with Marine Corps expansion. The M1903 rifles obtained from the Navy were used only for training and for security purposes within the United States.

The First Marine Division was committed to the Guadalcanal operation before the Marine Corps had received sufficient M-1 rifles to completely arm the Fleet Marine Force. It therefore fought the Guadalcanal campaign with M1903 rifles. Replacement drafts sent to Guadalcanal were equipped with M-1 rifles, however, as well as some units of the Second Marine Division which also saw service on Guadalcanal. In all other landings and battles in which marines participated, the marines were equipped, except as noted below, with the M-1 rifle.

Marines fought with M-1 rifles at Bougainville, Cape Gloucester, Tarawa, the Marshalls, Saipan, Tinian, Guam, Peleliu, Iwo Jima, and Okinawa.

After the Guadalcanal operation, the only M1903 rifles used by marines were those fitted with telescopic sights and used as snipers' rifles. The Army also made some use of the M1903 for this purpose.

When several paratroop battalions were organized by the Marine Corps, these units were permitted considerable latitude in their choice of equipment because of the newness of their specialty, and because of special operating conditions which were expected. The Johnson rifle was authorized for these special units because it possessed certain features which marine parachutists considered worth while, and which were not to be found in any other available arms. When these battalions were later disbanded, the personnel were issued M-1 rifles.

The foregoing makes it plain, I think, that contrary to the assertions and implications of the Rathbun article, there was no "Army-Marine controversy over the adoption of the semiautomatic rifle." The Army and Marine Corps both sought the most effective rifle obtainable, and their views coincided remarkably.

I am inclined to believe that Lieutenant Colonel Rathbun's motives in making his allegations were not malicious, and that he simply fell into the common error of accepting barracks gossip at its face value. Such errors, however, can be very unfortunate, particularly at a time when so much effort is being spent to create and reinforce inter-service harmony.

Knowing the reputation you enjoy, I am sure you will want to set the record straight on the points I have covered in this letter.

Sincerely yours,

C. B. CATES,  
General, United States Marine Corps,  
Commandant of the Marine Corps.

PALO ALTO, CALIF., March 21, 1949.  
Hon. JACK Z. ANDERSON,  
House of Representatives,  
Washington, D. C.

DEAR MR. ANDERSON: Thank you very much for both of your letters, dated March 8 and March 10; the former of which included General Cates' letter to you. I am returning this letter with my answer as requested.

General Cates' comments and references to supporting official reports are very interesting and more than a little formidable to answer. I can well appreciate his position in this matter and feel sure that I would have reacted in precisely the same manner if I were in his place. Admittedly, he has all the documentary evidence on his side, and I am in no position to dispute his assertions. Even so he has made one point that I feel is very important. It is that this is not the time to arouse any controversy among the branches of the service, when harmony is of the utmost importance.

This point leads me to believe that the general wrote his letter for two reasons. First, to have had answered a claim that he felt was in error, and secondly, to advise as to the facts as he sees them. The first point reflects his strict adherence to duty and devoted loyalty to his branch of the service. The second amplifies his admirable trait of forthright honesty, so characteristic to his profession. He has made his views known in the most direct manner he knows, rather than a public display of superior knowledge. His approach and implied attitude to the problem increases my admiration for the general and leaves me little grounds for dispute.

Even so, I feel that some statement in defense of my own remarks is expected. My personal observance of the marines in action was limited, so I was forced to rely on the



next best evidence, that is information gained from interviews with officers who had actually seen front line service in the Pacific theater, and from the various accounts published just prior to the war concerning the alleged controversy. As I stated in my report, I cannot divulge the identity of those interviewed, because many are still on active duty or in the Reserve Corps of Army, Navy, and Marines. Since I can see no reason why they should tell me false tales, I am inclined to believe that the general is unwittingly a victim of one of the most common practices in all branches of the service. This practice being that those in the lower brackets when put on the spot to report compliance with a directive, will report what they think the higher officers want to hear. The variance between cold facts and what is stated or implied in the report is often amazing.

An example of this is the actual case of a general who made an inspection of an infantry division. He reported the division was fully equipped and ready for any action, when in actuality he had inspected several pieces of equipment more than once and the division was not as fully equipped as it appeared. His report as far as he knew was as accurate as he could make it and yet it did not contain actual facts. This is only natural, men will always try to cover discrepancies in their compliance to duty simply because they always feel they can correct the shortage before the truth is known.

This in no way reflects discredit upon the general but merely a fault in the system. I speak of this fault reluctantly because I have no constructive suggestion to offer. I hope that you can see there are many times wide variations between what is stated in an official report and the actual conditions existing in the field. In this particular case I am representing the facts as I have learned them while the general is presenting his facts from his point of view.

I wish to again state that I share the general's viewpoint and do not want to stir up any friction between the services. Such a condition could only have an adverse effect upon the goal which we have set. It is my opinion that it would be best to drop the issue.

I would enjoy and appreciate it very much to be able to be in Washington as a witness. Thank you very much for considering the idea.

Sincerely,

GLENN E. RATHBUN,  
Lieutenant Colonel, Infantry, Retired.

### What Other Countries Think of Oleo

#### EXTENSION OF REMARKS

OF

HON. REID F. MURRAY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, March 25, 1949

Mr. MURRAY of Wisconsin. Mr. Speaker, the following is from Mr. Milton D. Button, director of the Wisconsin Department of Agriculture:

#### OLEOMARGARINE CONTROLS IN OTHER COUNTRIES

The following regulations pertaining to oleomargarine are enforced in the countries listed under each heading:

1. Artificial color prohibited: Cuba, France, Uruguay. Hungary permits use of approved dyes. Ireland prohibits use of specified coloring materials.

2. Artificial flavor: Prohibited in France. Greece permits artificial flavor in exclusive grade only.

3. Mandatory ingredients: Certain proportions of sesame oils, unrefined cottonseed oil, or starch required in Union of South Africa, Brazil, Chile, Cuba, Austria, Belgium, Finland, Greece, Ireland, Sweden, Peru, Uruguay, and Venezuela. The purpose of these ingredients is easy identification. Hungary requires chemical identification.

4. Specified size or shape of container required: Union of South Africa, Chile, Austria, Belgium, Finland, Greece, Iceland, Poland.

5. Special container markings required: Chile, Austria, Belgium, Finland, Norway, Poland, Uruguay.

6. Specified labeling required: Union of South Africa, Belgium, Chile, Cuba, Austria, Brazil, Finland, Iceland, Ireland, Norway, Poland, and Sweden.

7. Use of dairy terms prohibited: Poland, Sweden, Denmark.

8. Artificial preservative prohibited: Ireland, Norway, Iceland permits salt only.

9. Fortification: Advertising of vitamin fortification prohibited in Sweden and Denmark.

10. State monopoly: Norway controls include regulations of production as well as complete control of ingredients used.

11. Taxation: Sweden and Norway.

12. Price control: Norway, Sweden, and Denmark.

13. Manufacture and sale prohibited: New Zealand, Mexico.

14. Imports prohibited: Trinidad, New Zealand.

15. In the Union of South Africa manufacture of oleomargarine permitted only under emergency control law expiring July 1, 1948.

Sources: Compiled from reports of Foreign Service officers of the United States to the United States Department of Commerce. Some of the reports have been published in Industry Reports, Fats and Oils, and World Trade in Commodities; others were consulted in the offices of the Foodstuffs Division, Office of International Trade, United States Department of Commerce.

Published: Hearings on oleomargarine tax repeal before the Committee on Agriculture, House of Representatives, Eightieth Congress, second session, pages 280-283.

O. B. Grimley, the New Norway (Oslo, 1939), pages 86-89.

Supplementary information on Norway and Sweden, by Rolland Von Euler, office of Scandinavian area studies, University of Wisconsin, February 18, 1949.

This product was first made in France in response to a prize offered by Napoleon. However, you will note that France does not allow artificial coloring nor the use of artificial flavoring. Many countries do not permit the use of artificial preservatives.

In the United States, as permitted by Mr. Paul V. McNutt, artificial flavoring, artificial preservatives, and vitamins from fish oil are allowed.

### House Builds the Man

#### EXTENSION OF REMARKS

OF

HON. ROBERT E. JONES, JR.

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 25, 1949

Mr. JONES of Alabama. Mr. Speaker, under leave granted me to extend remarks in the RECORD, I include the following editorial carried in the April 1949

issue of Southern Agriculturist entitled "House Builds the Man":

#### HOUSE BUILDS THE MAN

A city dweller whose income is no greater than his country cousin's usually lives in a much finer home. Why is this?

The answer is simple. A man in town can finance an expensive house without gambling on his entire business. A farm man, if he must borrow money, risks not only his new home, but his entire farm.

There is another reason. A man on a salary can fairly well predict the installments he can afford on paying off his mortgage. But a farmer can't accurately predict his income any more than he can predict next year's weather. By obligating himself to make regular future payments of a specific amount, he places himself in a precarious business position and his farm in jeopardy.

Therefore, many farm families with production capacity to justify a \$10,000 home, end up with one much less attractive and adequate. Most farmers do not hesitate to obligate themselves by purchasing machinery, equipment, or fertilizer—with a goal of improved production and greater long-range income. But they understandably hesitate to take the perilous step of investing in a home much beyond their usual cash reserve.

And private institutions cannot usually lend a farmer money for home construction and let him fit his payments to the irregular pattern in which he receives his income.

Rural housing legislation now being considered in Congress would allow the farmer to repay a loan according to the ups and downs of his farm income. After a good year he would be expected to make a sizable payment. After a year of low return his payment would be reduced and carried over to the next year. In certain extreme cases he could delay payments for as many as 10 years.

Money lent to a farmer for building a home should be a strict business proposition, of course. The ability of a piece of land and its operator to eventually pay for a home should be closely figured before a loan is made.

If Government loans are kept on a business basis at fair rates of interest, we can see little reason for opposition to the program.

The farmer produces most of the Nation's children as well as its food. The farmer is the backbone of the Nation. He is the salt of the earth. He is lots of other flattering things. But to keep the best farmers—and their children—on the land, there should be home-making opportunities which are equal to those available to the man who moves to town.

We feel that the last good reason for moving to town will be gone when the man in the country can provide his family a home that will compare favorably with homes in town.

"It takes a heap o' living to make a house a home." But the type of houses in which we dwell determines the level of our living and, in a large measure, determines our character and the extent of our contributions to society.

### Wheat Shipments to Marshall Plan Countries

#### EXTENSION OF REMARKS

OF

HON. THOR C. TOLLEFSON

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Friday, March 25, 1949

Mr. TOLLEFSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include a letter from Mr. Ted Hop-



kins, district vice president of the American Federation of Grain Millers, International, A. F. of L. I am placing this letter in the RECORD since it very fairly and objectively states the viewpoint of a sound A. F. of L. labor leader who is concerned with certain harmful practices either now being performed or contemplated by officials of the ECA.

AMERICAN FEDERATION  
OF GRAIN MILLERS,

Minneapolis, Minn., March 4, 1949.

Hon. THOR C. TOLLEFSON,  
House of Representatives,  
House Office Building,  
Washington, D. C.

DEAR CONGRESSMAN TOLLEFSON: Our organization, the American Federation of Grain Millers, an international union, comprising 35,000 members, affiliated with the American Federation of Labor, and represents the vast majority of the production employees in the American milling industry. Our union is charged with primary responsibility in maintaining and uplifting the employment standards and economic opportunities of these workers and insuring continuity of their employment at decent wage levels.

As a spokesman for these workers our union has a profound interest in the congressional determinations with reference to the Economic Cooperation Administration law.

The Eightieth Congress provided in the Economic Cooperation Administration Act that 25 percent of wheat shipments to Marshall plan countries must be in the form of milled flour. Cogent reasons and compelling statistics submitted in 1948 by the management and labor representatives of our industry persuaded the Eightieth Congress that such a congressional mandate was fair and reasonable.

Even with the effectuation of the 25-percent flour mandate, hours of work in the flour-milling industry have steadily declined during the past year. The take-home pay for the average member of our union has been drastically cut by the decreased demand for milled food products.

In the face of this decline, ECA Administrator Hoffman and the State Department now proposes that the 25 percent flour mandate be deleted from the Economic Cooperation Administration law.

Spokesmen for our industry have made statistical projections concerning the effect upon the milling industry of mandate cancellation. We believe that these projections are accurate. We are advised that the dropping of the mandate will curtail available man-hours of work in our industry. Based upon present pay-roll averages, the total annual price of mandate cancellation in earnings to the milling-industry employees will be \$7,794,000. Total annual man-hours of work lost would be 6,388,200, the equivalent of annual employment at 40 hours per week of 3,070 workers.

The only reason which Mr. Hoffman and the State Department can give for their request for cancellation of the mandate is a potential saving in food-purchase prices of \$7,200,000. The total pay-roll loss alone to the members of our union will exceed this amount by \$594,000.

As a constituent unit of the A. F. of L., our union has staunchly supported the principles underlying the European recovery plan. As a vigorous foe of communism and Communists we joined with the American Federation of Labor in supporting a program that would enable Europe to recover from the disasters of war without recourse to totalitarian methods. However, we do not think that it is or should be the congressional intent to meet the threat of communism abroad by promoting unemployment and wage losses in a basic American industry.

We must stress that in urging retention of the ECA flour mandate we are not soliciting for ourselves or for our employers any advantage which we did not enjoy in normal times. We ask only that the same flour export ratio be maintained in connection with each of the Marshall-plan countries as prevailed prior to 1941.

The Congress must recognize that to do otherwise would be to destroy the employment continuity, earnings, and job opportunities of thousands of American workers. These workers were induced to pursue careers in the milling industry because of a given economic prospect which the cancellation of the flour mandate would seriously disrupt.

We do not and cannot purport to speak for our employers. We believe, however, that the examples they cite of additional losses of State and national tax revenues by unwarranted discrimination against the American milling industry and its employees should be additional compelling and persuasive in the formulation of a congressional policy against mandate cancellation.

We reiterate: as members of a democratic society, and as general taxpayers, the members of our union wholeheartedly support American foreign policy as embodied in the Economic Cooperation Administration law. But we think that it is unfair and inequitable to expect us to additionally subsidize the Marshall plan by a reduction in our own general earnings or by the forfeiture of our jobs in the milling industry.

May we respectfully request that you give full consideration to the retention of the 25-percent mandate.

Very truly yours,  
AMERICAN FEDERATION OF GRAIN MILLERS,  
INTERNATIONAL,  
TED M. HOPKINS, Vice President.

### Operation Snowbound

#### EXTENSION OF REMARKS

OF

HON. KARL STEFAN

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 25, 1949

Mr. STEFAN. Mr. Speaker, the mission of operation snowbound was accomplished to the great comfort and convenience of many thousands of Nebraskans, as well as other thousands of citizens of neighboring States. Grateful acknowledgment of the assistance received by Nebraskans is shown by the following testimonials that have been sent to me so that the Congress may hear of them, and that are hereby made a part of these remarks:

Whereas the blizzard conditions of this past winter, from November 18, 1948, marooned and isolated Knox County, Nebr., from the rest of the State with a blanket of 71 inches of snow on our 1,800 miles of roads, 3,500 farms, and 9 towns; and

Whereas the repeated and unprecedented high winds accompanying our nine blizzards caused huge drifts to envelop the highways, towns, farmsteads, and haystacks, which conditions made it impossible for traffic to move, and thereby brought about the acute possibility of human suffering to 18,000 or more persons, as well as to 200,000 or more head of livestock; and

Whereas the enormity of the task of clearing the snow from the highways, farms, and towns was far beyond the financial means of the county, and, in addition, the necessary volume of snow-clearing equipment, to do the task, was unavailable locally; and

Whereas such conditions prompted us to appeal for aid; and after our urgent appeals were answered, we were able to clear our highways of snow and make available to our citizens access to the much-needed feed, food, and medical attention to alleviate the desperate conditions that existed; and

Whereas the measures made available to us to relieve our disastrous predicament were swift and complete, the cases of human tragedy and livestock losses were slight; and

Whereas the people of Knox County feel a deep sense of appreciation to all of those persons and governmental agencies who made "operations snowbound" available to us; and

Whereas the County Board of Supervisors of Knox County, as the local governmental body representing all the people of our county, desires to express for all of our citizens appreciation of the splendid work done: Now, therefore, be it

Resolved by the County Board of Supervisors of Knox County, Nebr., That those persons and governmental agencies responsible for "operations snowbound" be informed of our appreciation of their efforts in our behalf, and, as a token thereof, that a copy of this resolution be delivered to each of the following persons and governmental agencies, namely: The President of the United States, Harry S. Truman; the Governor of the State of Nebraska, Val Peterson; the Congress of the United States; Gen. Lewis A. Pick; Corps of Engineers of the United States Army; the Fifth Army of the United States; the national Red Cross; the National Guard; the Legislature of the State of Nebraska.

Dated at Center, Knox County, Nebr., this 21st day of February 1949.

COUNTY BOARD OF SUPERVISORS OF  
KNOX COUNTY, NEBR.,

JOHN D. FORSYTH, Chairman.  
P. T. MALONE,  
T. E. TIKALSKY,  
AUG. BOELTER,  
ALFRED HARM,  
RUEBEN E. ANDERSON,  
ERIK RIISNESS,

Supervisors.

Attest:  
[SEAL]

GEO. W. PETERSON,  
County Clerk.

To the President of the United States, Harry S. Truman; the Governor of Nebraska, Val Peterson; the Congress of the United States; the Legislature of the State of Nebraska; Gen. Lewis A. Pick; Engineer Corps of the United States Army; the Fifth Army of the United States; the National Red Cross; the National Guard; the Knox County Board of Supervisors:

We the undersigned have been authorized by the Bazile Creek District No. 4, an Indian community of the Santee Sioux Tribe, to write you a letter of appreciation for the aid given during this winter. Our gratitude goes out to the above-named persons and agencies for the time and energy spent to alleviate suffering to members of our community and their livestock. Special mention is made to the operators of the caterpillars and others with whom we had personal contact. Only in our country do we find people who will go to aid of suffering in this world. We are indeed grateful.

PAUL ROBERTSON,  
PATRICK J. FRAZIER,  
THEODORE ROBERTSON,  
Committee.

NIORRARA, NEBR., February 28, 1949.

Whereas the President and Congress of the United States made it possible for the Fifth Army to move into Nebraska to use whatever money and other resources are appropriate to relieve storm-stricken areas to isolated humans and farm animals; and

Whereas Gov. Val Peterson declared Platte County as part of Nebraska's emergency storm area; and



Whereas at the request of this board of supervisors, Maj. Gen. Lewis A. Pick, United States Army engineers, Omaha, Nebr., sent into Platte County Government dozers and set up an area substation in Humphrey, Nebr., to assist in the opening of roads and clearing operations; and

Whereas the Platte County Board of Supervisors have adopted a motion declaring the emergency completed at 6 p. m., February 21, 1949; and

Whereas in accordance with the reports turned into the county clerk's office, by the respective board members and their representatives in the townships the following are the results of the road opening and cleaning operations:

Name of township in Platte County:	Miles of road opened
Creston.....	58
Sherman.....	0
Grand Prairie.....	26
Bismark.....	0
Granville.....	51½
Humphrey.....	33
Burrows.....	36
Walker.....	80½
St. Bernard.....	59½
Woodville.....	27½
Joliet.....	31
Monroe.....	12
Shell Creek.....	20
Lost Creek.....	26
Oconee.....	0
Loup.....	23½
Butler.....	4½
Columbus.....	0
Total miles of road opened in county by Government dozers.....	489
Total miles retracing by reason of snowfall and drifting.....	98
Total number of people liber- ated by Government dozers.....	2,289
Total number of cattle liberated by Government dozers.....	11,571
Total number of other animals liberated by Government doz- ers.....	10,404

Now, therefore, be it.

Resolved, That the Platte County Board of Supervisors express their appreciation for the Government dozers and other resources sent into Platte County during the emergency to assist in the opening of roads and clearing operations, and to relieve the need of food for humans and feed for farm animals; be it further

Resolved, That a copy of this resolution be mailed by the county clerk to President Harry S. Truman, Senators KENNETH S. WHERRY and HUGH BUTLER, Congressman KARL STEFAN, Gov. Val Peterson, Maj. Gen. Lewis A. Pick, and Col. Louis W. Prentiss.

ED. WOLLBERG,  
EDWARD ASCHE,  
HERMAN W. MEYER,  
JULIUS RUDAT,  
JOHN BRANDL,  
ERNEST A. KORTE,  
E. E. JOHNSON,

Platte County Board of Supervisors.

### Necessary Gamble

#### EXTENSION OF REMARKS

OF

**HON. THOMAS J. LANE**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 25, 1949

Mr. LANE. Mr. Speaker, under leave to extend my remarks, I wish to include

the following article from the Daily Evening Item, Lynn, Mass., Tuesday, March 22, 1949:

#### NECESSARY GAMBLE

The first apparent objective of a North Atlantic security pact is the creation of a plan of mutual defense among the western European nations, Canada and the United States. The second apparent objective is a program of assistance from the United States which would do for Europe militarily what the Marshall plan is doing economically.

The bulk of western Europe's military equipment was lost in the war's general destruction. What remains, outside of Great Britain, must be outdated, since the armies of France, the low countries, and Norway were knocked out of action in 1940. So the problem is to restore Europe's armed strength as well as its economy to the prewar level.

The American Government has now let it be understood, however, that economic aid will have priority over military aid. This should quiet some unfounded rumors of a big-scale arms expansion program and reassure all concerned that American aid is proceeding on the right track.

A North Atlantic defense alliance is something of a gamble, although a necessary one. No one outside the Communist sphere knows definitely when or if the Russians are planning to start another war. But the probability of the if is strong enough to demand joint preparations for defense.

There is no gamble connected with economic aid as far as Russia is concerned. The Soviets are openly making economic war by such means as closing trade channels and stirring up industrial and political disturbances in non-Communist countries.

It stands to reason that Russia is just as anxious to dominate Europe without going to war as we are to assure Europe's freedom without going to war. This is reason enough for giving the European recovery program first call on money, materials, and men.

But success of the recovery program carries its own risk as well as its own victory. If Russia is thwarted in its bid for European domination by economic war, the Soviet leaders may risk a shooting war when they feel they are ready.

If this should happen there is little doubt that the Russians would win some important early victories, defense pact or no defense pact. As James P. Warburg pointed out in a recent speech, a really adequate preparation for defending Europe would involve either the rearming and remilitarizing of Germany or a big American force stationed in Europe before a war began.

We are committed not to rearm Germany, as Mr. Warburg recalled. And even if the American people would sanction the sending of an American Army to Europe in time of peace, its presence might provoke rather than prevent hostilities.

Strategists of the western European government are reported to agree that the Rhine would be their natural line of defense in a war with Russia, but that it would be years before they would be strong enough to defend it. Even with American aid, perhaps their best hope would be to slow up the speed of a first Russian blow and protect the channel ports until the full strength of American power could be applied.

One thing seems certain. If we should attempt to build up our own and Europe's military strength to match Russia's, the economic recovery program would fail. We should dangerously weaken ourselves and our friends in an effort to make ourselves strong.

This Government has surely chosen the wisest course in deciding to concentrate on building up a productive and rewarding strength in Europe while at the same time giving Russia notice that the free world is not blind to the threat of a war which, in the end, Russia would lose.

### The World Struggle

#### EXTENSION OF REMARKS

OF

**HON. LAWRENCE H. SMITH**

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, March 25, 1949

Mr. SMITH of Wisconsin. Mr. Speaker, Alfred Kohlberg's writing in *Spiritual Mobilization* on January 29, 1949, pointed out the struggle that is now going on in the world, especially as China goes down under the impact of Chinese Communist armies. Under leave to extend my remarks, I am including the article in question:

#### THE WORLD STRUGGLE

As China slowly succumbs to the triumphant march of the Russian commanded and advised Chinese Communist armies; as the "battle-fatigued" Chinese people turn in exhaustion from the war for their liberty to an acceptance of peace without liberty; as the iron curtain slowly descends over the nearly one-quarter of the human race that makes up China; the time approaches when America must examine its own will for freedom.

Today we speak for peace everywhere. Not peace with justice; not peace on the principles of the Atlantic Charter; not peace with the "four freedoms"; not the peace of the Moscow Declaration, or the Cairo Declaration, or the UN Charter; but just "peace." And what a peace it is, as we spend nearly \$20,000,000,000 a year to slowly replace the armament we destroyed so thoughtlessly in 1945.

We have forgotten the promises we made when we called our allies together on January 1, 1942, and all of them, including Russia, solemnly signed the Atlantic Charter.

Of the nations who signed this solemn document on that great day, Poland, Estonia, Latvia, Lithuania, Czechoslovakia, and Yugoslavia, with our approval, have been turned over to their Soviet-directed Communist minorities, or actually, incorporated in the Soviet Union. In solemn treaties we signed our enemies Hungary, Bulgaria, and Rumania into the same slavery in spite of the promises of the Atlantic Charter, which were made to them as well as to our allies.

At Cairo, on December 1, 1943, Roosevelt, Churchill, and Chiang Kai-shek agreed:

"That all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores, shall be restored to the Republic of China."

Yet 14 months later, at Yalta, China not being present, we gave Manchuria to Russia.

Then by pressure on a war-weary and war-wrecked China, first using General Hurley and then General Marshall as our Ambassadors of ill-will, we attempted to force the Republic of China to accept its Communist traitors into controlling positions in a so-called coalition government. To gain our ends we destroyed the lend-lease arms and ammunition en route to China, embargoed further shipments and forced truces for nearly 18 months during which the Russians armed the Communists with captured Japanese and German arms as well as surplus American lend-lease shipped by us to Siberia. Having destroyed the wherewithal for nationalist resistance against the Communists, we wring our hands as we see the iron curtain descend and regret it is now too late.

Following China behind the iron curtain in due course will go all southeast Asia, leaving the Philippines (no longer our ward) and inadequately occupied enemy Japan, both untentable and unfeedable, the only white spots in a Red Western Pacific. Meantime



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 25 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz: On page 6, between lines 13 and 14, insert a new subsection as follows:

1       (c) Section 114 (c) is further amended by adding at  
2 the end thereof the following: "The Administrator is author-  
3 ized and directed to set aside not less than 5 per centum  
4 of the funds hereby authorized to be appropriated as a  
5 positive incentive fund, and to make additional allocations  
6 out of such fund to finance the transfer of commodities and  
7 services required to carry out specific measures of mutual  
8 assistance taken by two or more participating countries  
9 looking toward the union of such countries."

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## AMENDMENT

Intended to be proposed by Mr. FULBRIGHT to  
the bill (S. 1209) to amend the Economic  
Cooperation Act of 1948.

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MARCH 25 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed



# S. 1209

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IN THE SENATE OF THE UNITED STATES

MARCH 25 (legislative day, MARCH 18), 1949

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## AMENDMENT

Intended to be proposed by Mr. FULBRIGHT to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz:

1 On page 1, line 6, after "the" insert "political".

3-25-49—D

81ST CONGRESS  
1ST SESSION

## S. 1209

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### AMENDMENT

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Intended to be proposed by Mr. FULBRIGHT to  
the bill (S. 1209) to amend the Economic  
Cooperation Act of 1948.

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MARCH 25 (legislative day, MARCH 18), 1949  
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# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 25 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. WHERRY to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz: On page 1, line 7, after "SEC. 2." insert "(a)" and after line 10 insert the following:

- 1       (b) Section 104 of such Act is amended by adding  
2 at the end thereof a new subsection as follows:
- 3       “(g) There shall be in the Administration a Special  
4 Assistant to the Administrator in Charge of Small Business  
5 Liaison who shall be appointed by the Administrator. It  
6 shall be the duty of such Special Assistant to formulate  
7 methods whereby American small business will be assured  
8 equitable participation insofar as practicable in the furnish-  
9 ing of commodities and services for procurement with funds  
10 appropriated pursuant to this Act. Such Special Assistant

- 1 shall receive his instructions from the Administrator and
- 2 shall report to the Administrator quarterly on the perform-
- 3 ance of the duties assigned to him."

81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

## S. 1209

### AMENDMENT

Intended to be proposed by Mr. WHEAT to  
the bill (S. 1209) to amend the Economic  
Cooperation Act of 1948.

MARCH 25 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed



81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

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IN THE SENATE OF THE UNITED STATES

MARCH 25 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. MAGNUSON to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz:

- 1 On page 10, beginning with line 3 and ending with
- 2 line 20, strike out section 11 (b).

3-25-49—F

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## AMENDMENT

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Intended to be proposed by Mr. MAGNUSON to  
the bill (S. 1209) to amend the Economic  
Cooperation Act of 1948.

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МАРЧ 25 (legislative day, МАРЧ 18), 1949  
Ordered to lie on the table and to be printed



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 25 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. MAGNUSON to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz: On page 5, line 7, of section 7, insert a new subsection to read as follows:

1       (c) Section 112 of such Act is hereby amended by  
2 adding at the end thereof the following new subsection:

3       “(j) No funds authorized for the purposes of this title  
4 shall be used for the payment for charter hire, freight or  
5 passenger charges, or for any other purpose, to, on behalf  
6 of, or for the account of vessels documented under the laws  
7 of countries differing from the citizenship of the person or  
8 persons in whom is vested a controlling interest or a majority  
9 of the voting power in such vessel.”

81ST CONGRESS  
1ST Session

## S. 1209

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# AMENDMENT

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Intended to be proposed by Mr. MAGNUSON to  
the bill (S. 1209) to amend the Economic  
Cooperation Act of 1948.

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MARCH 25 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 25 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. KNOWLAND to the bill (S. 1209)  
to amend the Economic Cooperation Act of 1948, viz: At  
the end of the bill add the following new section:

1        SEC.    . The balance of any funds appropriated for  
2 carrying out and accomplishing the purposes of the China  
3 Aid Act of 1948, unobligated as of April 2, 1949, or sub-  
4 sequently released from obligation, is hereby made available  
5 to the President for obligation through December 31, 1949,  
6 for assistance to China, to be furnished in such manner and  
7 on such terms and conditions as the President may pre-  
8 scribe. The authority granted to the President under this  
9 subsection shall terminate if, in his opinion, the Government  
10 of the Republic of China becomes Communist-dominated.

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## **AMENDMENT**

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Intended to be proposed by Mr. KNOWLAND to the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

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MARCH 25 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed



# S. 1209

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IN THE SENATE OF THE UNITED STATES

MARCH 25 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENTS

Intended to be proposed by Mr. CAPEHART to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz:

- 1        On page 8, line 13, strike out the word "and".
- 2        On page 8, line 14, strike out the words "stimulating
- 3 increased production".
- 4        On page 8, line 15, strike out the word "of".
- 5        On page 8, line 16, strike out the words "or potential
- 6 deficiencies".

81ST CONGRESS  
1ST SESSION

## S. 1209

### AMENDMENTS

Intended to be proposed by Mr. CARNegie to  
the bill (S. 1209) to amend the Economic  
Cooperation Act of 1948.

MARCH 25 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed









called forthwith to consider the proposed scheme. The outcome of these deliberations will be important. It will not only determine the future of the tin industry, in which the two wealthiest British colonies—Malaya and Nigeria—are vitally interested, but may also establish the pattern for other international schemes for the regulation of raw materials, just as the tin agreement of 1931 became the model for other commodity schemes before the war.

At first sight the proposal for an international tin scheme at this stage may seem surprising. There is at present no surplus of supplies or capacity to be catered for. The tin-mining industry suffered more from the war than any other major raw-material industry. From 1942 to 1945 territories normally supplying about two-thirds of the world's tin were occupied by the Japanese. The widespread damage caused during that period has not nearly been made good. Last April the study group concluded that world consumption of tin, if freed from restrictions, would reach an annual rate of 190,000 tons. This estimate has since been reduced to about 175,000 tons. World production, in spite of an increase of 30 percent in a year, amounted in 1948 to less than 153,000 tons.

Tin, indeed, is the only industrial raw material which still remains subject to allocation on a world-wide basis. The price of tin, which before the war had been artificially raised by a comprehensive restriction scheme, has, compared with 1939, risen less than the price of copper, lead, or zinc, but at £554 a ton (the official buying price in Malaya), it is far and away the highest price in history. The peak before the war was reached during the height of the 1920 boom and amounted to £419 10s.

#### THE QUESTION OF PRICE

Yet it was the question of price that originally set the ball rolling. At the study group meeting last April the delegations of the producing countries tried to secure a higher price. As the study group has no authority to consider prices the demand was referred to the steering committee, which suggested that the practicability of an intergovernmental agreement should be examined. It is not clear why short-term price anomalies should be used to justify the adoption of a long-term scheme of a general character. If the price is too low at any given time it should presumably be corrected in the buying contracts, and in fact the price was advanced by £50, or roughly 10 percent, on June 1 last year.

Meanwhile, however a new development had occurred. The United States had set out to accumulate a strategic stock pile of tin, and her aim was believed to be to acquire between 200,000 and 250,000 tons, which is the equivalent of the largest annual world output so far attained in the industry's history. At its meeting last April the study group concluded that stock piling in future years would be possible only if world consumption fell or production rose more than expected. Its conclusion was that American stock piling would make necessary a fresh effort to increase production.

In undertaking such an effort producers naturally take risks. Stock piling may last for years, but it is by nature a temporary policy, and on its completion the industry may be left burdened with surplus capacity. Moreover, the large amounts of tin acquired by the American stock pile must constitute a potential threat to the regular market, in spite of the safeguards in the United States Stock Piling Act of 1946. Tin producers have an obvious right to ask that the freezing of the strategic stock pile in time of peace should be the subject of an effective international undertaking. Article 32 of the Charter cannot be regarded as sufficient safeguard.

The scheme proposed by the study group and worked out in draft last December has not yet been made public, although article

60, clause 1 (e) of the World Trade Charter requires that "full publicity shall be given to any intergovernmental commodity agreement proposed or concluded." Sufficient details have become known, however, to give attentive observers a general picture. The scheme is apparently to come under chapter VI of the Trade Charter, and to last in the first instance for 5 years. It will be administered by a council on which producing and consuming countries are each to have half the voting rights.

Under the scheme producers will be expected to stimulate production, but the obligation of the consuming countries to foster consumption will not become effective until sufficient quantities of tin are at their disposal. There will be export targets for the producing regions and fixed purchase obligations for the signatory consumers. For 2 years the international allocation of supplies is to be maintained and prices are to be fixed. Afterwards distribution will be determined by quotas, while prices are to be kept within a set range, with fixed maximum and minimum prices for each year. There is to be a clause safeguarding the release of tin supplies from noncommercial stocks (i. e., the stock pile). Two years before the agreement expires it is to be decided whether the scheme should be renewed in its original or a revised form.

In part the proposed tin scheme follows last year's international wheat agreement. There are, however, vital differences. The most important is that there will be a prolonged period during which the present system of international allocation is to be maintained. The tin scheme is to cover world supplies as a whole and not, as the wheat agreement, only part of it. There will be a sole residual buyer (the United States) for noncommercial purposes, a provision for which the world trade charter does not provide. The general exemption from the charter for military agreements cannot change this fact.

#### COMMODITY AGREEMENTS

The proposed scheme, indeed, differs fundamentally from the general pattern of commodity agreements for which the Charter provides. It is designed chiefly to promote a special noncommercial purpose—American stock piling for strategic purposes—and to protect the tin market from the risks and threats which these purposes may entail. In doing so it may come into conflict with the Charter. The maintenance of allocation in order to assist the building up of the American stock pile and the fixing of prices for 2 years to prevent the stock piling authorities from seeking lower prices for "residual tin" may certainly be regarded as restrictive. On the other hand, since the Charter does not provide for circumstances in which a residual buyer may enter the field, it may be technically difficult to draft an agreement which will satisfy its terms.

While the stock-piling purchases are in progress there is, in fact, no need for a comprehensive scheme on the lines proposed. It is when stock piling is completed that burdens and surpluses may arise, and this may then call for cooperative international action, but the proposed scheme does not provide for this. Producers have certainly a legitimate claim to be protected forthwith against possible releases from the stock pile, but no international scheme is needed to ensure these safeguards. They can be obtained by bilateral agreements between the tin-producing countries and the United States Government, regulating the conditions under which the producers will undertake to supply tin for noncommercial purposes. Such agreements are expressly exempted from chapter VI of the trade charter. There is much to be said for this alternative. Under it producers could not only demand guar-

which effectively freeze the stock pile in peacetime, but also assurances that regular United States consumption will not—as at present—be restricted to secure supplies for the strategic reserve.

#### A FREER HAND

Specific agreements would also give producers a freer hand in meeting the demand from non-American consumers. They would permit the lifting of strict allocation at an early date and allow the reopening of the London tin market and thus the reestablishment of a free tin price, as soon as production gets into full swing. Such agreements would not prejudice the adoption of a commodity control agreement if and when the need for it actually arose.

The tin industry, indeed, has good reason to refrain from measures which may hamper consumers and impede the reestablishment of a free tin market as soon as possible.

While potential production of tin, after rehabilitation in the East has been completed, will probably be greater than before the war, tin consumption, through the development of electrolytic tinplate and the intensive search for tin economies since 1942, has lost ground. It is in the interest of all sections of the industry to stimulate consumption by every possible means. The proposed scheme in its rigid form might act as a brake; but more flexible agreements would pave the way to the revival of a free market and might assist the industry in its primary task—that of removing any difficulty that might hamper consumers. Stock piling on a huge scale obviously sets the tin industry a serious problem, but it is not necessarily best tackled by adopting measures which may prove a diversion from the industry's chief task.

#### TABULATION OF CLOTURE VOTE

Mr. MORSE. Mr. President, on March 16, in the course of my remarks in opposition to the so-called Wherry substitute for Senate Resolution 15, I included a tabulation of the cloture votes since 1917, showing the yeas and nays, pairs, those voting present, and absentees. I have had prepared a revised and expanded table which separate the general pairs from the special pairs, and which also adds a new column showing the number of Senators present but not voting.

I ask unanimous consent that the revised table be substituted in the permanent edition of the RECORD for the table now appearing on page 2649 of the daily edition of the RECORD. The revised table will show that on the average 6 Senators have been paired and 6 Senators have been absent on each of the 19 cloture votes. Thus, assuming that 96 Senators have qualified, and that in the future the number of Senators paired and absent remains as the average shows that number to have been in the past, only 21 Senators need to vote nay in order to defeat cloture under the new requirement that 64—two-thirds of the membership—must vote in the affirmative before cloture can be invoked.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. SMITH of New Jersey. Mr. President, I propose to address myself today to the pending business, Senate bill 1209,



which is the amendment of the ECA Act of 1948.

At the outset, I wish to say that I have welcomed enthusiastically the debate on this bill, a part of which I heard in person and a part of which I read in the RECORD, because I feel that probably no more important piece of legislation will be considered by the Senate this year. I look upon this measure as an over-all part of our foreign policy. Therefore, in addressing my colleagues I shall address them as one member of the Foreign Relations Committee who has been living with this problem since its inception more than a year ago.

The pending legislation is in effect an extension for the second year of the so-called ECA program, the Marshall plan. Before I deal with some of the details of the debate on this subject, I wish to reflect my own perspective of the entire situation presented by the so-called Marshall plan.

I consider this plan a link in the chain of events developing our United States postwar foreign policy. I think we need an over-all picture of some of those events in order to understand the importance of the second year authorization.

This program should not be looked upon as an isolated program now to be considered and then passed over, but as part of a positive, aggressive program for world peace. Let us lift our sights to that over-all objective in discussing this program—the objective of world peace.

We should briefly remind ourselves again of the development of the so-called Marshall plan. Let me point out that when Secretary Marshall, in June 1948, first suggested this plan it was a program to bring about the peace of all Europe. It was not a relief program. He clearly pointed out that the United States could not continue indefinitely to furnish relief for the stricken countries of Europe; but he did say that, if the stricken countries of Europe could get together through mutual cooperation and mutual surrender of some of their hitherto claimed independence, they might present a plan whereby, in the course of 3 or 4 years, there would be hope that they might be on their feet and be self-sustaining. He also stated that the United States would be deeply interested in a program of that kind, because it meant an addition to those nations in the world which believed in preserving the peace, as provided in the United Nations program. The purpose was to restore all nations to economic health as members of the United Nations and to maintain the peace of the world. It was a cooperative peace policy. It was a pattern of expanding United States foreign policy, taking a new over-all vision of the world and of the part we might play as the strongest nation surviving the last World War, in bringing about a program for universal peace.

We all know that the great country of Russia and other countries, now called the satellite countries, were definitely included in the first proposal. We all know that it was hoped that they all might cooperate in bringing about the movement for world peace and getting back on their

feet economically. But we all know, much to our regret, and much to the shock of other nations of the world, that immediately there was opposition from Moscow to this worth-while attempt to help the other nations. The principle of unity and mutual help which Secretary Marshall suggested was opposed by Russia's policy of chaos and confusion and ultimate absorption through the creeping paralysis of communism. They did not want the western nations to recover. They wanted them left in a condition of chaos and confusion in order that their own program of communism might seep through.

We all know that certain of the so-called satellite countries were definitely kept out of the program—countries which wanted to come in. I need cite only two illustrations—Poland and Czechoslovakia, countries which had practically accepted until they were pulled back.

Ultimately the eastern European countries were organized into what was known as the Cominform, to oppose the successful advance of this plan for European reconstruction, and the cold war was on.

What happened when Russia took that attitude? We did not abandon the program. There were nations which desired to get together and see if they could cooperate in order to bring about a rehabilitated world. Without going into details I merely remind Senators that the ECA evolved from a meeting of those countries which tried to cooperate in presenting a program which might have in it the promise of their ultimate independence and recovery. First there was a meeting in Paris of the participating countries in the summer of 1947, at which the first goals were set by the group concerned, as an indication of what they felt they could accomplish if they had certain aids from the United States.

Mr. President, as you yourself will recall, we were abroad together at the time when those conversations were going on in Paris; and you will recall, as I recall so vividly, the interest we had in discussing with the heads of our missions in Paris, London, Italy, and elsewhere, the progress which they felt was being made, although at the initial stages those countries themselves met together, without any cooperation whatever or any instigation from the United States, to see what plans they could work out for themselves; and then they submitted their plans to us. When the plans were submitted, as we recall, they were sent here, and by means of a series of committees established by our Government, including a bipartisan business man's committee headed by Secretary Harriman, we thoroughly sifted the proposals with the idea, first—and I wish to emphasize this point—of determining whether the American economy could possibly stand a program of aid of that kind, which might last for 3 or 4 years and might call upon us for substantial contributions through that period, in order to bring about the ultimate result and to conclude the work not later than 1952. While I mention that date, I wish to say that every member of the Foreign Relations

Committee is definitely committed to the principle that this work must be finished by 1952, and that it cannot be continued beyond that date.

The result of the deliberations in France in the summer of 1947 by the cooperating nations—and there were 16 of them, to which afterward of course was added, as we know, the western part of Germany, the part which is under occupation by the United States, Great Britain, and France—was the development of a general outline of what might be needed over a period of years, considering especially, of course, in the first instance, the needs for the first year, in order to start the recovery program. But we found at the same time that three countries, France, Italy, and Austria, were in desperate condition. So before we even got started in our deliberations as to the set-up of the Marshall plan in 1948, the President of the United States called Congress into special session in the fall of 1947, advised Congress of the plight of France, Italy, and Austria, and requested emergency aid in order to save those countries from the threat of the creeping communism which was coming over them. To prevent the encroachment of communism upon them, we considered—even before we started the Marshall plan—the extension of emergency aid to those countries in order to keep them from going over to the blind side of the iron curtain, with the countries already behind that curtain.

All of us know what that emergency program was. Congress acted promptly in the fall of 1947 and passed the emergency-aid-program legislation; and we know beyond any question that the aid given at that definite moment was what kept France and Italy from collapsing and was what kept those two great countries from going the way of certain unfortunate countries which were so close to Russia that they could not resist.

Then, as we recall, we moved into the hearings on the first year of the Marshall plan. Those hearings had to be based on estimates of what might be the need for the program. From the beginning, we laid down two matters of policy which were most important. One was that, although we considered the program would take 3 or 4 years to accomplish, yet we did not propose to commit ourselves beyond 1 year at a time; and the estimates and authorizations under our first legislation of this subject, as of last year, were for 1 year, and the appropriation was for 1 year, with the possibility of extending it to 15 months. We were very careful to make it clear that in each step of the progress of the plan we proposed to check very carefully as to the results of each year's operations, so as to ascertain whether the nations which were trying to cooperate, and which we were trying to help, were meeting the goals of production which they had set for themselves, and which would be the yardstick by which we could determine whether we could continue our aid.

Mr. President, there was another matter of policy which we decided upon early in our deliberations of last year, and that was as to the administration of this plan. It was an economic rehabilitation plan,



and in no sense a relief plan, except in the preliminary stages, when some relief had to be provided in order to get the program under way; but the plan itself was an economic rehabilitation plan, to be built on sound business principles and to be based on a sound understanding by the administrators of what we mean by international relations and international trade. To that end we decided that the official personnel of the plan would be taken from leaders in American industry. As all of us know, the head Administrator, Mr. Paul Hoffman, was the president of one of the largest American corporations doing both national and international business; and he had had wide experience in dealing with international problems. His assistant was Mr. Howard Bruce, of Maryland, a man of wide experience, who had served during the war period with General Somervell, and had exhibited the skill and ability needed for this new job by his work at the head of the entire procurement for the United States armies in the great invasions which were undertaken during the war.

In my judgment, there could not have been found anywhere in the United States two men with greater combined ability and power to deal with this matter. We approved a program which they had studied with their staff, and which we studied with our staffs. That program was for the first year only.

Although it is true that the first year is the period when we had to get the project under way, and although the substantial part of the first year's funds had to be spent for relief assistance, that relief assistance has now flowered into the second stage or the second year's work of the program. From the task of setting up the program, appointing the heads and organizing the work in the various countries involved, and extending the necessary temporary relief which was needed, in order that people who had suffered from undernourishment, might be able to work at all, we have now moved into what for the second year is to be a great international economic going concern. It was estimated that in the first year or certainly the early part of the first year, 80 percent of the United States aid would be for so-called relief, and 20 percent would be for reconstruction, rehabilitation, and proceeding with the economic plan. It is estimated that in the second year not to exceed 20 percent will have to go for emergency relief, and 80 percent will move into the area of reconstruction, rehabilitation, the restoration of capital investments, and putting the ERP countries on a self-sustaining basis.

This is the part of the program that is most important for us to discuss, because it is now before us. I hope we shall have full public debate on this particular phase of the matter. As has been alleged here by some of our colleagues, those of us who are on the Foreign Relations Committee probably have been closer than have other Senators to the studies with the experts, who have tried to give us the figures on which to base the program for the coming year; but those of us who are on the Foreign

Relations Committee should be willing, and I know we are, to answer any questions by our colleagues or to give any information which any of our colleagues may want, and to do so in the fullest, freest possible way, as I shall try to do in my remarks, as I develop my own thinking on this subject.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Texas?

Mr. SMITH of New Jersey. I am glad to yield to the Senator from Texas.

Mr. CONNALLY. I shall put what I am about to say in the form of a question. Does the Senator agree, or does he not agree, that the second year or second period is of the greatest importance, in view of the fact that in the first year we were faced with much experimentation, as we were operating in a new field, having engaged in this enterprise without having had much experience of this particular character? Furthermore, does the Senator agree to the view that all the results which have been obtained are assurances of success to a greater degree this year, and that to cripple the program by cutting back the appropriation by any substantial amount, thus interfering with plans that have now been made, would be not to our advantage in bringing about the success of the plan?

Mr. SMITH of New Jersey. I thank the Senator. I certainly agree with that view. As I tried to point out a moment ago, the first year was taken up with experimentation and with providing a certain amount of relief for undernourished people so as to enable them to work. We were laying the foundations for broader expansion, and I may say, after talking with both the Administrator and Deputy Administrator, it was their feeling—I do not want to commit them or in any way compromise them, but I think they would be willing to have me say this—that perhaps this year is the most important year, because this is the year in which we are laying the foundation for the constructive work which must be done in order in the next 3 years of the plan to develop the returns which it is hoped will come to the respective countries from the productive capacities they will probably install this year. So I agree with the Senator; I agree with him entirely in what he has just said on that point.

Mr. CONNALLY. Is it not true that heretofore our efforts under the plan were largely in connection with relief needs, which were temporarily large?

Mr. SMITH of New Jersey. Yes. My figures show 80 percent the first year for relief, 20 percent for the go-ahead program. This year the figures are reversed—20 percent for relief, 80 percent for the go-ahead program.

Mr. CONNALLY. Is it not a new conception that the best way to give relief is to make possible for them to return to their normal activities and to increase their productive capacities, rather than simply to give them a loaf of bread and a jug of wine, and let them go?

Mr. SMITH of New Jersey. It is more important in any relief program to help a man help himself, because if we merely

go on handing relief out to him, he loses morale and everything else. We want to help people to help themselves; and that is this program.

Mr. President, with that introductory statement of the background, which as I said earlier I feel is a part of an over-all evolving foreign policy of the United States in its dealings with the other countries of the world, let me say that the bill (S. 1209) provides for an authorization. I emphasize authorization as distinguished from appropriation. It provides for an authorization in dollars from April through June 1949, of \$1,150,000,000 that is the 3-month period, to wind up this fiscal year—and for the fiscal year 1949–50, which we call it fiscal 1950, a total authorization of \$4,280,000,000. Last year, for the 12-month period, if I recall correctly, the amount was \$5,000,000,000-plus, so these figures for the 12-month period are as we anticipated last year, \$1,000,000,000 less.

In arriving at these figures, which of course all members of the committee scrutinized with the greatest care, because we realized our colleagues would want to know what they are all about, we had statements from the Administrator, Mr. Hoffman, himself, and the Deputy Administrator, from the special United States representative abroad, Mr. Averell Harriman, who had visited all the cooperating countries during the past year and had studied their respective needs. We also summoned to the United States for our hearings the chiefs of the ECA missions in the United Kingdom, Norway, France, Italy, western Germany, and the Netherlands in order that we might get first-hand from them their honest opinions, as good Americans, first whether they felt that the nations of the world were cooperating in the spirit in which the Marshall plan was conceived, whether they were doing their part in bringing about their own recovery, and whether the help we were providing was in line with the spirit and purpose of the Marshall program.

Mr. HENDRICKSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Jersey yield to his colleague?

Mr. SMITH of New Jersey. I yield.

Mr. HENDRICKSON. When the administrator for Italy was testifying, was the question discussed at all of the return to Italy of the Italian colonies?

Mr. SMITH of New Jersey. We did not discuss that question, because it was at the moment before the State Department and was not of course within the jurisdiction of the ECA program.

Mr. HENDRICKSON. Then, that was not at all reflected in the over-all survey by the committee of the Italian problem. Is that correct?

Mr. SMITH of New Jersey. As the distinguished Senator knows, that question was before the Assembly of the United Nations this spring, and we did not discuss it officially at all, but Dr. Zellerbach, chief of the ECA mission to Italy, was here, and I discussed it personally with him because of my profound interest in that subject.

Mr. HENDRICKSON. I thank the Senator.



Mr. SMITH of New Jersey. But as a committee we did not discuss it.

Mr. JENNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Indiana?

Mr. SMITH of New Jersey. I yield.

Mr. JENNER. While we are on the subject, since the Senator is a member of the Foreign Relations Committee, I ask him, does he know what the Italian Government's attitude was toward the Italian treaty ratified by the Senate? Were the Italians pleased with it or displeased with it?

Mr. SMITH of New Jersey. I do not know the attitude of the Government of Italy. I know a great many Italians of my acquaintance were very much displeased with it. I have talked to them. They felt bad, of course, about the northern area and about the colonies, and all matters of that kind.

Mr. JENNER. Of course, the Senator from New Jersey knows that the Italian people were forced under the treaty to pay communistic Russia millions upon millions of dollars by way of war reparations, does he not?

Mr. SMITH of New Jersey. I knew there were reparation provisions, but of course that program was discussed in the conference that was held in settling all those details. I could not answer how many millions of dollars were involved, but I know there were war reparations.

Mr. BALDWIN. Mr. President, will the Senator yield at that point?

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Connecticut?

Mr. SMITH of New Jersey. I yield.

Mr. BALDWIN. In the matter of the reparations Italy was required to pay to Russia, were the reparations to be paid in cash, or by way of goods of various kinds?

Mr. CONNALLY. I may say they were payable out of current production.

Mr. SMITH of New Jersey. My recollection is reparations were payable from production.

Mr. BALDWIN. That was my recollection. They were not payable in cash, were they?

Mr. SMITH of New Jersey. No; they were not payable in cash. I do not think the Italians were able to pay in cash. If I recall correctly, the Russians were to send raw materials to Italy, and the Italians were to process them and send them back. Things of that kind were worked out under the plan.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Texas?

Mr. SMITH of New Jersey. I am glad to yield to the Senator from Texas.

Mr. CONNALLY. The Senator has stated the situation practically. Italy did not have the cash with which to pay. Russia was insistent that Italy make reparations, and so the conference provided they were to do so, with the understanding that Russia was to furnish raw materials, and Italy was to fabricate and manufacture them. That is practically the situation.

Mr. SMITH of New Jersey. I may add, addressing the Senator from Texas, that Italy had a surplus of unemployed people.

Mr. CONNALLY. That is true.

Mr. SMITH of New Jersey. Therefore the load was not quite so heavy on them as it would have been otherwise. They were able to employ some of their people in manufacturing the raw materials. I am not personally familiar with just how far that program is being carried out.

Mr. WATKINS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Utah?

Mr. SMITH of New Jersey. I yield for a question.

Mr. WATKINS. Can the Senator inform us now to what extent Italy has paid the reparations bill to Russia and to Yugoslavia?

Mr. SMITH of New Jersey. I am sorry I cannot tell the Senator how far that has progressed.

Mr. WATKINS. Was any information on that subject presented to the committee?

Mr. SMITH of New Jersey. If I recall correctly, the treaty involved that question. The payments were to start this year, as I recall.

Mr. JENNER. There was reference in the treaty to a 7-year period.

Mr. CONNALLY. I cannot give the details. It is a moving situation. It is fluid. Italy turned over to Russia some ships, and things of that kind, as the Senator will recall.

Mr. SMITH of New Jersey. Yes.

Mr. WATKINS. The ships were warships, were they not?

Mr. CONNALLY. No; not all of them.

Mr. SMITH of New Jersey. I do not think they were all warships, but I am sorry I cannot answer the Senator's question directly.

Mr. WATKINS. The reason I am asking the question is that I want to know what, if any, effect the reparations bill Italy owes to Russia is having on the current economic conditions of Italy. I wonder if the Senator can give us any light on that point.

Mr. SMITH of New Jersey. I should think the processing of raw materials sent from Russia was not seriously affecting Italian economic conditions adversely. They are giving their labor, which otherwise, would be largely unemployed. It is not interfering with their own program, because many of their people otherwise might not be employed at all. I think it is working out that way. I do not think we have sufficient data to say just how it is working in all its details.

Mr. WATKINS. Is there any large unemployment problem in Italy at the present time?

Mr. SMITH of New Jersey. Oh, yes.

Mr. WATKINS. I understood there was not.

Mr. SMITH of New Jersey. I think that has been one of the headaches they have had. I understand Italy has in the neighborhood of 2,000,000 people unemployed.

Mr. WATKINS. What if anything has been done to send unemployed Italians to other nations who are under the Mar-

shall program in order to supply them with needed laborers? I understand laborers are needed in France, Belgium, and even in Great Britain.

Mr. SMITH of New Jersey. I understand the OEEC, the over-all committee of the participating governments, is considering that problem at this time. It is one of those things which has developed out of the Marshall plan in getting the nations together to study the problem. I think this is one of the indications that we are on the asset side of the ledger. We are trying to determine where labor will be needed. Italy has a surplus, and they are endeavoring to adjust it. In our amended bill we have provided for 10 ships in order to help move Italian workers to different parts of the world where they can be used.

Mr. WATKINS. As a matter of fact, ships would not be required to take Italians into France, would they?

Mr. SMITH of New Jersey. No. To take them to Latin America, of course, ships would be needed.

Mr. WATKINS. I understand that. I understood there was a demand for labor in many of the Marshall plan countries. The shortage of labor is one of the reasons why they felt justified in keeping German prisoners of war.

Mr. SMITH of New Jersey. That is true.

Mr. WATKINS. Does not the Senator agree that they are moving rather slowly?

Mr. SMITH of New Jersey. I think, on consideration, we must realize that great progress has been made. This is the first time in the history of Europe that the peoples of different nations have ever gotten together in the spirit of this program. They are sharing each others views, sharing their budgets, sharing their labor. It is an amazing accomplishment, brought about by the willingness of the United States to say to them, "If you will undertake this kind of a program, we are profoundly interested in your future."

Mr. WATKINS. I am afraid they are still in the talking stage.

Mr. SMITH of New Jersey. I cannot answer that. The subject has been before the OEEC and the United Nations. I think great progress has been made. We have the same problem in connection with the displaced-persons program. I am very much interested in that matter, and I am still interested in it. It involved a question of putting the displaced persons where they are needed.

Mr. WATKINS. That legislation has actually been passed, and displaced persons are landing in New York almost every day. That matter has gotten beyond the talking stage. What I should like to know is, What progress has been made? I am not asking the question in a critical way at all. I should like to know what progress we have made beyond talking about it. There have been consultations of various kinds which have always resulted in merely talk.

Mr. SMITH of New Jersey. If the Senator means the labor problem of Europe, I shall have to obtain the actual facts regarding that subject from the OEEC reports.

Mr. WATKINS. I should like to ask another question on another phase of the problem to which reference has been



made. It was referred to, at least, by the Senator from Michigan [Mr. VANDENBERG] and also, I think by the Senator from Texas [Mr. CONNALLY]. I have reference to what concessions in the way of customs have been made between the various nations under the Marshall program.

Mr. SMITH of New Jersey. Of course the Senator knows that in addition the Benelux countries negotiations are going on between France and Italy. In addition to that, the Scandinavian countries are negotiating and trying to work out a customs union. The Benelux countries, France, Italy, and the Scandinavian countries, have made a start, and there is real progress. When I was abroad I asked about that subject. It is a difficult thing at the start to get all 16 nations together to bring about a result. They are moving in groups, and those groups will work together.

I see the Senator from Arkansas [Mr. FULBRIGHT] is present. He has been interested in the unification of Europe, which involves all those considerations.

The Benelux countries have already gotten on a free-trade basis. I am advised that by 1950 the Benelux countries will have all tariff barriers removed. That is one of the hopeful signs brought about by the inspiration of the Marshall proposal which we in America are watching with the deepest interest—the getting together of the European nations for the removal of their prejudices and their differences, the removal of their trade barriers, and merging into agreements for the good of all.

Mr. WATKINS. Have any of those nations actually made any concessions with respect to trade customs as between the various countries?

Mr. SMITH of New Jersey. I do not think all 16 countries have done that, but I do know that the Benelux countries have.

Mr. WATKINS. Have they actually made concessions which are now in effect between them?

Mr. SMITH of New Jersey. I think they have removed the duties entirely.

Mr. WATKINS. That is what I am trying to find out. I am not so well informed as are Senators who are members of the Committee on Foreign Relations.

Mr. CONNALLY. Mr. President, will the Senator yield right there?

Mr. SMITH of New Jersey. I yield to the Senator from Texas.

Mr. CONNALLY. The Senator from Utah has been talking about unemployment in Italy and other nations. The report of the ERP shows that many of the participating countries took steps to attract workers to essential industries. In an attempt to overcome labor shortages, measures have been taken to attract women into industries. Italy has the most pressing unemployment problem, with more than 2,000,000 persons currently out of work. Several countries, notably France and Switzerland, are using Italian workers for seasonal employment. Some are going to Belgium, England, and Sweden. Although Belgium itself has experienced much unemployment in recent months, it continues to seek qualified workers from abroad.

I cannot tell the Senator just how many there are, but progress is being made. It is beyond the talking stage.

Mr. WATKINS. That is the sort of information I wanted to get. I thank the Senator from Texas.

Mr. SMITH of New Jersey. I want Senators to ask questions, so that the information may be put into the RECORD. I may say I understand that only a day or two ago France and Italy announced they were about ready to remove all tariff barriers between them. So progress is being made there.

If I may, I should like to continue, unless the Senator from Utah has another question.

Mr. WATKINS. How about Great Britain? Is there a free exchange of goods between Great Britain and the other countries without the necessity of paying customs duties?

Mr. SMITH of New Jersey. I do not know what the British trade position is at the moment. I do not think she is in any customs union. Agreements have been made between groups of countries that are more homogeneous than others. The Senator knows as well as I do that when we are concerned with the question of industries, international relationships, and tariffs, it is one of the most controversial subjects we can consider.

Mr. CONNALLY. Mr. President, will the Senator yield again?

Mr. SMITH of New Jersey. I am advised that the OEEC, which might be called the executive committee of the 16 cooperating countries, will devote a great deal of time next year to the problems of trade, obstructions to commerce, and, I hope, stabilization of currency. I think those are some of the keys to the whole program.

I yield to the Senator from Texas.

Mr. CONNALLY. Mr. President, I should like to say to the Senator from Utah, as well as to the Senator from New Jersey, that the reciprocal trade agreements will be considered shortly, and they will have the effect the Senator is so anxious to achieve.

Mr. WATKINS. Can the Senator advise me which reciprocal trade treaties are coming along, and between whom?

Mr. CONNALLY. Between the United States and foreign nations.

Mr. WATKINS. I think the Senator misunderstood me. I am asking as to Great Britain's attitude with respect to trading with nations under the Marshall program, outside the United States. We are the ones who are giving, and they are the ones who are cooperating to improve their economic condition. That is what I was trying to develop.

Mr. CONNALLY. I am sorry.

Mr. WATKINS. I started to ask a question a moment ago. Can the Senator advise us as to what is the attitude of Great Britain with respect to giving up all customs demands and regulations which would interfere with trade between Great Britain and the other nations under the Marshall program?

Mr. SMITH of New Jersey. I cannot answer specifically the question propounded by the Senator from Utah, because I do not know what their immediate policy is in that respect. But, as I said a moment ago, Great Britain is one

of the members of the OECC, and that organization is dealing with the whole question of customs barriers. That was one of their first pieces of business, and they have been working on it. We feel, and I think I speak for the committee, that real progress has been made. We realize the difficulties involved in doing it all in 1 year or in a period of a few months; but the fact that France, Italy, the Scandinavian countries, and the OECC, together with the Benelux countries, are tackling the problem, indicates that our hopes are being realized.

Mr. WATKINS. The Senator will agree with me, will he not, that this is a very important question?

Mr. SMITH of New Jersey. Absolutely, and I am very glad the Senator raised it.

Mr. WATKINS. May I inquire further if the Senator can advise us further whether any trade agreements have been entered into between Great Britain and any of the other Marshall plan countries, such agreements as Great Britain has with Russia and Poland?

Mr. SMITH of New Jersey. The Senator is of course aware of the fact that so far as the Marshall plan is concerned, the United States entered into bilateral agreements with each of the countries.

Mr. WATKINS. I am referring to Great Britain.

Mr. SMITH of New Jersey. Great Britain and the other countries?

Mr. WATKINS. Yes.

Mr. SMITH of New Jersey. I am not informed as to the details. I assume trade agreements have been entered into, of course, with the protections as to raw materials which we make imperative in our bilateral agreements with the participating countries, namely, potential war materials cannot be exported to other countries.

Mr. WATKINS. Is the Senator familiar with the details of the agreement covering trade, entered into between Great Britain and Russia in December, 1947?

Mr. SMITH of New Jersey. No; I am not familiar with the details of that agreement.

Mr. WATKINS. Is the Senator familiar with the treaty entered into between Great Britain and Poland some time subsequent to that, I think probably this year?

Mr. SMITH of New Jersey. I know only by hearsay in both cases. I have no familiarity with the details.

Mr. WATKINS. I happen to have copies of those treaties, and I think that for the information of the Senate I shall have them made a part of the RECORD a little later.

Mr. SMITH of New Jersey. I think they would be very valuable.

Mr. FULBRIGHT. Mr. President—  
The PRESIDING OFFICER (Mr. STENNIS in the chair). Does the Senator from New Jersey yield to the Senator from Arkansas?

Mr. SMITH of New Jersey. I yield.

Mr. FULBRIGHT. I am sorry the Senator from Utah is leaving. I wanted to point out that the question of tariffs is not the only question involved, that one of the greatest difficulties they have is the convertibility of currencies and



also direct trade restrictions. So the tariff matter is not the only one, and in many cases not the most important one.

Mr. SMITH of New Jersey. The Senator is entirely correct in that observation. I think he will agree with me that the signs are most encouraging of these countries actually getting together to clear up the difficulties, and work to the common end of removing tariff barriers and currency difficulties, and moving toward stabilization of currencies. It is all in line with the unification of Europe, in which the distinguished Senator is interested.

Mr. FULBRIGHT. If the Senator will permit me, I am not so optimistic about what has been done as the Senator from New Jersey is, and I expect to say something about that a little later. I noticed a few days ago, in the case of the Benelux countries, that they had postponed action for another 6 months. I think that is one phase to which a great deal of thought and attention should be given by ECA, and that is the purpose of one of the amendments I have offered. I think this intra-European trade question is right at the core of the difficulty.

Mr. SMITH of New Jersey. I thank the Senator for his observation. He will of course, recall that steps were taken to affect intra-European trade by using Marshall plan funds for that purpose. I need not go into the details of that. It is in the report of the committee. It is one of the important steps forward.

I had reached the point in my remarks where I was discussing the second step, of restoring the productivity of the Marshall-plan countries by 1952, which I said was the final year of the program.

Now we have a year of building, building in a way that will enable those countries as they build this year and in subsequent years ultimately to find themselves on a self-sustaining basis in 1952.

But there has been a byproduct of all this, because with the increasing tensions with Russia, including the Berlin situation, and other situations throughout the world, we almost unintentionally discovered that the Marshall plan was developing into the most effective way to halt the Communists in their attempt to absorb a chaotic Europe by the creeping paralysis of their communistic methods. The aim of the Communists is to divide and destroy; to bring about confusion and misunderstandings, and then to move in and absorb.

What we have done with the Marshall plan has been to unite the ERP countries and bring about a spirit of courage and of mutual aid, which has been a most constructive primary step, and in that way to answer the kind of threat we are facing from the Communist menace.

Of course, we might have tried any kind of a plan, we might have become desperate and tried to stop some of their activities by force, but we discovered that force was not the best way, that the way to success in meeting these menaces, which tend to demoralize peoples and to bring about economic deterioration was to build on the constructive side.

Mr. President, I shall pass for a moment to one of the matters which has been very much discussed, both on the

floor of the Senate and off the floor, namely, the question of the figures which are presented in the bill which is before the Senate, the figures I pointed out a moment ago, \$1,150,000,000 for 3 months, April to June, and then for fiscal year 1950, \$4,280,000,000.

Before any hearings were held I had the pleasure of talking, as one member of the Committee on Foreign Relations, with Mr. Hoffman and Mr. Bruce about their figures for the second year, and they stated then what I think was a very wise policy, that in presenting their figures to us they did not intend in any way, shape, or manner, to expand the needs or exaggerate them, that they were not going to anticipate any possible cutting down or trading for a lower figure, that they were going to seek to demonstrate to us by the witnesses they were bringing from Europe that every figure presented was the minimum as of the date when the figures were compiled, which was November 30, 1948.

I wish to pause a moment at this point to say that it was brought to the attention of the committee that possibly since November 1948 there had been a recession in certain prices, grain prices, for example. Whether that recession would call for a reorientation of the figures we do not know. How permanent the recession is we do not know. But it was the feeling of the committee that so far as any change in prices was concerned, which might vary from month to month, the problem could be tackled when the question of the appropriation came before the Committee on Appropriations. I am confident there is not a member of the committee who would not be in favor of reducing in the appropriation the over-all figures which we are urging in the authorization, in case reductions could safely be made. But the chances are that the Committee on Appropriations will not act until June of this year, and in the meantime we feel the necessary authorization should be passed, based on the minimum figures.

How were these figures arrived at? In the first place, the OEEC group met this year, as they did the previous year, to estimate what the economic requirements of the Marshall-plan countries would be in order that their rehabilitation might continue along the lines planned, to determine what they would have to do in order to meet their production goals, and to what extent they would need dollars, because the only aid we proposed to furnish them was to the extent to which they needed dollars.

There is a very good statement of their own definition of their program for the second year which I shall read before I consider further some of the questions concerning the figures, because I want the RECORD to show what the OEEC, that is, the committee of the participating nations, visualized their job to be in the coming year. That has been summed up for us by Mr. Hoffman and his staff based on the OEEC report. I quote now from page 4 of the report of the committee which accompanies the pending bill:

They must make renewed efforts to stabilize their currencies and to check inflation. The year 1949 should be the year of financial and fiscal stabilization in Europe.

I wish to emphasize that, "the year 1949 should be the year of financial and fiscal stabilization in Europe."

This requires increased and more effective taxes, balanced budgets, balanced investment programs.

Mind you, I am reading a summary of the objectives of the participating countries which are benefiting from the Marshall plan.

They must increase exports by increasing productivity per man-hour, by lowering prices, and by improving marketing techniques.

They must make much greater efforts to develop, at home, in their overseas territories, and in other countries, new sources of supply for these imports which Europe will not be able to afford to buy in dollars.

They must make a much greater effort to develop intra-European trade. This objective will require drastic changes from traditional patterns—

Let me emphasize that:

This objective will require drastic changes from traditional patterns—

Imagine a group of European countries admitting to themselves that the course which they are going to pursue will require drastic changes from traditional patterns.

It is going to require European government to agree on plans to break down tariff barriers, to build customs unions, and to modify immigration barriers to permit the sensible deployment of labor.

Those are two sensible statements of purpose which, I will say to the distinguished Senator from Utah, are covered by this statement of purpose by the OEEC nations themselves. If the Senator from Utah was diverted for a moment, I will read the sentence again, because I know he will be profoundly interested in this statement by the nations themselves:

It is going to require European government to agree on plans to break down tariff barriers, to build customs unions, and to modify immigration barriers to permit the sensible deployment of labor.

They must exchange full information concerning their respective investment plans and needs—

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I should like, if I may, to finish this quotation so that it may be consecutive, and then I shall be glad to yield for a question.

They must exchange full information concerning their respective investment plans and needs, so that investors, whether private or governmental, may be able to make their investment decisions in the light of all the facts, and thus reduce to a minimum the misdirection of resources.

They also must further curtail imports that are not vitally needed. They must forestall the danger of drastic and sudden reduction of imports when the European recovery program ends.

That is a clear recognition by this group of nations that the European recovery program is to end in 1952 as planned. Mr. President, as an historical matter, I should like to ask whether any of my colleagues can point to any moment of time in the history of Europe when such a statement of a common purpose was made by a group of nations to work together for unification for mu-



tual help and for meeting the problems presented by such a crisis as the recent terrible World War II.

I now yield to the Senator from Utah.

Mr. WATKINS. If I understand correctly, the Senator from New Jersey quoted from the stated plans of these nations.

Mr. SMITH of New Jersey. I quoted from a summary taken from the testimony of Mr. Hoffman of OEEC's report of objectives of the cooperating nations for the coming year.

Mr. WATKINS. If I heard the language correctly, it was that the nations in question were going to do this, and they were planning to do so and so. My question goes back again to what have they actually done, not merely what have they planned to do?

Mr. SMITH of New Jersey. They have reported very fully as to what has been done during the past year. I was merely reading what their program is for the coming year, and the statement of purpose, in developing these points, among others about which the Senator inquired. It is a statement of purpose, I grant that, but that is what it was meant to be.

Mr. WATKINS. As I understand, it is something to be done in the future, but they were not reporting what had been done up to date?

Mr. SMITH of New Jersey. No; not in this statement.

Mr. President, there have been issues raised in the debate by my distinguished colleague, the senior Senator from Ohio [Mr. TAFT] and by my distinguished colleague the senior Senator from Indiana [Mr. CAPEHART]. In both cases the issues were raised whether the amount which is proposed in the bill is too great. Their arguments were made in favor of reducing the total appropriation. The point was made there was no need to appropriate for the so-called interim period, the third quarter of the present fiscal year from April to June. It has also been proposed that we can cut down our aid to the United Kingdom. There have also been objections, especially by my distinguished colleague from Ohio, to what he says is the wrong theory in the handling by Messrs. Hoffman and Bruce of the Marshall plan. Mr. President, no one could have a higher regard than I for the Senator from Ohio.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I shall yield in a moment. I merely wish to pay the Senator from Ohio a tribute before I yield to him. I want to say that when the Senator from Ohio raises with me points of economic importance, I am willing to be very humble and say that in the field of economics I would yield to the Senator from Ohio. What I wanted to do, therefore, was to find out, in answer to these particular points presented by the Senator, what the answers would be from the ECA group. So on Friday last I made inquiry and presented three questions to them, and presently I will present the answers to those questions from Mr. Hoffman and Mr. Bruce and their staff in order that I can make

clear for the record their program with regard to the three points.

I now yield to the Senator from Ohio.

Mr. TAFT. Mr. President, I want to make it clear that I am not criticizing Mr. Hoffman or Mr. Bruce for the manner in which they have administered the fund. I am objecting to the theory upon which the Marshall plan was based long before they ever came into it. The ECA countries figured out a plan showing finally a deficit of dollars or an excess of imports over the exports they could make, and then based their request for aid from us on that difference. That was the theory of the Marshall plan. I made a speech a year ago protesting against it. My only criticism of Mr. Hoffman and Mr. Bruce is that they apparently have accepted that theory in making their estimates for next year. That is the only respect in which I criticized their administration of the fund. I criticize their acceptance of the theory that America is obligated under the theory of this plan to make up the deficits of the various participating countries in accordance with the plan which they make, which we may criticize and change a little, but which basically we accept—in the case of England 100 percent this year. That is my only criticism. I am not criticizing their management of the Marshall plan or how they administer it, but the economic theory that we are supposed to make up a deficit based on economic plans made by these various governments.

Mr. SMITH of New Jersey. I thank the Senator. I am glad he is present. Mr. Hoffman for the time is in California, but Mr. Bruce is here. I had a long talk with him on Friday. He has submitted material upon which I have based a statement upon these points. I will present the statement, and I hope the Senator from Ohio will give me his attention and his judgment of it, because we are here discussing what the amount of appropriations shall be for this year. I can say without any hesitation that if there were any way by which we could reduce the amount without jeopardizing the program I would be the first one to advocate a reduction. But I think it is so important that we cover the entire ground, and understand what the positions are, that I have taken the pains to find out from ECA headquarters itself what their compilations are.

Mr. SALTONSTALL. Mr. President, will the Senator yield to me?

Mr. SMITH of New Jersey. I yield.

Mr. SALTONSTALL. Does the Senator believe that the Senator from Ohio uses the words "economic theory" in the right sense when he uses them as applied to the Marshall plan? I wonder about that.

Mr. SMITH of New Jersey. I am not sure just what any of us mean when we use the expression "economic recovery." We might differ as to what we mean by it. My whole conception of the Marshall plan is that certain things have to be furnished by the United States to make for the recovery of the participating countries, and unless dollars are avail-

able recovery cannot be obtained. All the Marshall plan has sought to do is to furnish the dollars to meet those needs, to fill the vacuums in order to put these countries back on their feet.

I felt gratified in securing this information from ECA headquarters, which seems to verify the statement I have just made. It is only because the commodities have to come from dollar countries that it is necessary for us to furnish the dollars to the purchasers.

Mr. WATKINS. Mr. President—

Mr. SMITH of New Jersey. I shall proceed with the first point, if I may.

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Utah?

Mr. SMITH of New Jersey. Would the Senator mind waiting until I present this argument?

Mr. WATKINS. I wonder if the Senator is now leaving the question of the amount of money which is required, which he thinks ought to be appropriated or authorized this year for the program. Is the Senator leaving that subject now?

Mr. SMITH of New Jersey. No; I am just beginning it.

Mr. WATKINS. Then I shall listen before I ask questions.

Mr. SMITH of New Jersey. I am beginning this phase of it. I am beginning the justification of the figures, so far as I can justify them.

With regard to the proposal of the able Senator from Ohio [Mr. TAFT], to the effect that since actual ECA expenditures are under \$3,000,000,000 so far, no more funds need be appropriated until July 1; in short the proposal, as I understand, is that we should not authorize an appropriation of \$1,150,000,000 for the period from April 3 to June 30, 1949, but should instead rely upon the remaining unexpended ECA funds to carry the program until July 1.

I may say that the distinguished Senator from Indiana [Mr. CAPEHART] in his speech last Friday developed that point very ably, and he tried to use that argument as a reason for reducing the entire ECA appropriation to \$3,000,000,000. It was a very good talking point as he presented it; but it seems to me that in taking that position we overlook certain fundamentals which I asked the ECA people to develop for me in this statement which I am presenting, showing why we feel the necessity of maintaining a continuous pipe line in our rehabilitation program if we are to accomplish the over-all objectives and bring this work to an end in 1952, which is what we are driving at, by having those countries released from their need for further aid from us.

The Senator from Ohio and the Senator from Indiana are both correct in stating that just under \$3,000,000,000 of the \$5,000,000,000 available to ECA has been expended. It is true that \$2,000,000,000 remains for expenditure on behalf of the countries participating in this program; but almost all these funds have already been firmly obligated. I am informed that by the end of this week prac-



tically the entire \$5,000,000,000 will have been firmly obligated for the various commodities and services needed by those countries. So unless we authorize and appropriate new funds for the coming 3 months, ECA will be forced to cease making further commitments, and the continuity of the program will be interrupted. It is a part of the facts of life in any program that a pipe line must be maintained. We cannot order an item today and have it delivered tomorrow. There is and must always be a lag between the ordering of goods and their delivery.

ECA authorized procurement with its funds in the form of procurement authorizations issued several months in advance, in order to permit proper planning and advance notice to private American exporters. These procurement authorizations can be issued only when funds not already obligated are on hand. Consequently, since ECA has already obligated the money it has, no further permissions to purchase can be given until new funds are made available. That is why the \$1,150,000,000 is needed for the next 3 months.

Let us look at the effect of not making these funds available upon the flow of aid in the European recovery program. These facts were given to me by the ECA office.

Without new funds until July 1 there will be no ECA funds available to finance shipments of wheat and coarse grains from the end of April to the middle of July, and ECA will be committed by the end of March only for shipments to be made through April.

Without new funds until July 1 there would be no ECA funds available to finance shipments of cotton from the middle of May to the middle of August.

Without new funds until July 1 there would be no ECA funds available to finance shipments of fats and oils from the middle of May until sometime in August.

Let us take a specific country. Let us consider the effect on Italy. While we are immensely gratified at the progress Italy has made in overcoming the Communist menace and attempting self-rehabilitation, we know that Italy is still in critical condition. Italy will require \$38,000,000 worth of wheat during the coming 3 months. These are facts furnished me by the ECA office. Only \$10,000,000 of this wheat has already been authorized out of funds now in hand. Without new funds until July 1, the Italian people would not get \$28,000,000 worth of ECA-financed wheat which is planned under the program during the months of April, May, and June. In such a situation Italy would be forced to cancel outstanding orders for industrial raw materials and machinery and equipment, and divert the funds thus released to wheat and other foodstuffs without which its people cannot survive. Without these industrial materials and equipment Italian production would slow down, and the momentum of recovery, which has been so painstakingly begun, would be lost, and many months would be required to make up lost ground. These facts illustrate the urgent need

for new funds during the coming 3 months.

Let me say, as I tried to emphasize earlier in my remarks, that we are now dealing with what we might call a going concern. We have taken a year to make it a going concern. We must consider the over-all implications of all these programs involving commodities, and the interrelationship of one with another.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. SMITH of New Jersey. I am glad to yield for a question.

Mr. KEM. The ERP program was described by the Senator from Michigan [Mr. VANDENBERG] the other day as a "shot in the arm." I should like to ask the distinguished Senator from New Jersey whether he thinks that Italy will have sufficiently recovered by 1952, at the end of the 4-year period contemplated by the present plan, so that additional funds for the purposes which the Senator has just enumerated will not be required?

Mr. SMITH of New Jersey. That is a very difficult question. It is a very proper question. It is a question which we have all been considering very carefully.

We have said definitely that the curtain falls in 1952 so far as this program is concerned. Italy has made wonderful progress, and we are hopeful that Italy will recover so that she can pick up at that point. But it is impossible for any of us to say definitely whether she will or will not. From the studies which have been made, and from my talks with the various heads of missions, such as Mr. Zellerbach, in Italy, I feel very hopeful in the case of Italy. Mr. Zellerbach also feels very hopeful that Italy may be in that position by 1952.

Mr. KEM. Is it only a hope?

Mr. SMITH of New Jersey. The whole thing is a calculated risk. It is a choice between this course and doing nothing, and having the imminence of chaos, confusion, and a third world war.

Mr. KEM. As the Senator knows, we have taken a great many calculated risks.

Mr. SMITH of New Jersey. I agree.

Mr. KEM. We took a calculated risk in the case of UNRRA.

Mr. SMITH of New Jersey. I have no defense for UNRRA, although I think it did some good work.

Mr. KEM. The Senator will recall that at the time it was authorized by Congress the representation was made that if that were done, no further funds would be required from the American people.

Then we had the Bretton Woods agreement, which was another calculated risk, which was represented to us as being sufficient to take care of the situation.

Mr. SMITH of New Jersey. Let me correct the Senator. I do not recall that it was represented as being sufficient. I do not believe any of these plans was represented as being sufficient in itself. I voted for all of them. I did not believe that any one of them was sufficient. I thought they were steps, milestones on the road to peace, but none sufficient in itself.

Mr. KEM. I shall be glad to look up the record, but as I recall, at the time

the \$6,000,000,000 Bretton Woods appropriation was recommended to us, it was represented that it would take care of the situation of dollar credits throughout the world.

Mr. SMITH of New Jersey. I think it was in the direction of currency stabilization, whatever that may mean to the economists.

Mr. KEM. As I understand, the trouble in Italy is a matter of dollar credits, exactly the situation which the Bretton Woods Agreement was designed to take care of. Is that not correct?

Mr. SMITH of New Jersey. That may be true. I am not claiming perfection in the carrying out of any of these programs. The Senator is bringing out for the RECORD exactly what we must bring out. We must bring out the problems which we must face in trying to rehabilitate a torn world and to take a position of legitimate leadership in helping the nations to find the solution. The Senator is making a great contribution.

Mr. KEM. Of course, all of us wish to assist the nations of the world, so as to help them work out their own destiny; but the question I wish to ask the Senator is whether we should go ahead this year on the theory that this program is a part of a more or less permanent WPA throughout the world, or whether we really are proceeding intelligently on a program the end of which is in sight.

Mr. SMITH of New Jersey. Mr. President, I should like to say, in answer to that question, that I have never considered this program as a part or parcel of a WPA. It has nothing to do with a WPA or with anything of that sort or with a relief program. It has to do with the economic rehabilitation of the nations concerned, so that they can take care of themselves and resume their rightful place in the family of nations.

Mr. KEM. The program is called the European relief program.

Mr. SMITH of New Jersey. No; it is called the economic reconstruction program.

Mr. KEM. I know it has obtained a somewhat more euphonious title as matters proceeded; but it is generally called the European relief program.

Mr. SMITH of New Jersey. No; it is the European recovery program, and recovery is a very different matter from relief. I agree with the Senator that it should not be a relief program. If it were a relief program, I would not be arguing for it.

Mr. President, before I leave the question of Italy, I wish to refer to an ECA report which I have on Italy, and this reference may be helpful for the RECORD in regard to Italian progress:

Despite production difficulties, Italy has made remarkable progress toward closing the gap in its balance of payments. Taking 1938 at 100, the volume of exports has risen from 39 in 1946 to 57 in 1947 and in the first 10 months of 1948, to 80 or 85. If prewar exports to the former Italian colonies are excluded from the comparison, the volume of Italian exports is already above the 1938 level. This remarkable rate of improvement has been due principally to: (1) exchange rate and exchange control policies adopted by the Italian Government which provided



a strong incentive to export and, in general, kept Italian export prices competitive in world markets; (2) the deflation which in 1948 helped reduce Italian costs and export prices; and (3) the exploitation by enterprising Italian exporters of a number of favorable, although frequently temporary, market opportunities which developed during 1947 and 1948. Principally as a result of this rapid improvement in exports, Italy's need for dollar assistance has fallen considerably since 1947.

I may add that in talking to Mr. Zellerbach, I learned that it is his hope that by 1952 we shall have reached a place where Italy will not need any more dollar aid. However, as I have said, of course that is a speculative matter.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. BRIDGES. The distinguished Senator from New Jersey stated that this program is not a relief program in any sense of the word, and that if it were a relief program he would be opposed to it.

Mr. SMITH of New Jersey. Of course, I meant that it is not a continuous relief program. We did have to provide some relief during the first year.

Mr. BRIDGES. One thing that has troubled me about this so-called economic recovery program, as it has been indicated to be—and I have followed it closely and have been in favor of much of it—is that so much of it has been in the nature of relief, rather than rehabilitation and recovery. The Senator from New Jersey does not mean to say that none of the funds have gone for what might be termed relief purposes; does he?

Mr. SMITH of New Jersey. No. In my opening remarks I pointed out that in the first year of our operations under this program a large part of the program necessarily had to be devoted to relief, in order to get the people of the participating countries back on their feet and to restore them to a physical state of health which would permit them to return to work. I pointed out that in the first year, 80 percent of the program was in the nature of relief and 20 percent was in the nature of rehabilitation, whereas in the second year, the opposite is true: 20 percent of the program for the second year is for relief, and 80 percent is for rehabilitation and reconstruction. That is why I have been arguing that the second year is so important, because we must get things going if we are to complete the program by 1952.

Mr. BRIDGES. Then it is true that, to date, 80 percent of the program has been in the nature of relief?

Mr. SMITH of New Jersey. In the first year, relief has amounted to as much as 80 percent, but that figure has been decreasing; the amount of the program devoted to relief has gradually been diminishing and slackening off. The estimate is that in the second year, relief will amount to 20 percent of the program.

Mr. BRIDGES. There will have to be a great change in the program in order to shift to that basis, so that relief will constitute only 20 percent of the program.

Mr. SMITH of New Jersey. Of course, the change has been gradual; relief has gradually diminished as progress has been made in the construction plants, and so forth, and in the taking of other steps by which to build up the economy of those nations, so as to permit them to obtain the necessary funds in order to be able to build up their export programs, and so forth.

Of course, everyone expected that in the beginning there would have to be relief in order to get things started. As the Senator knows, in the summer of 1947, when he was abroad with me, there was a great shortage of grain crops, and we had to help meet that shortage, and that help constituted a large part of the program at that time. But the Senator will also recall that in the past year there have been good grain crops, so more of the program is going into the capital goods industries and into recovery.

I am not troubled about that situation; I think it is the normal development, as we help get people back on their feet. As they become stronger, so that they are able to do a good day's work, they produce more.

Mr. BRIDGES. I wish to say that I have been disturbed about the amount of the program which has been devoted to relief. I supported the program on the basis that it was a recovery and rehabilitation program. So I am disturbed by the amount which has been devoted to relief. Of course, I realize that in the first year a larger percentage would have to go to relief, and that as the participating countries get on their feet, more of the program can be devoted to recovery of a permanent nature. Nevertheless, I am disturbed over the fact that we seemingly have centered the program on relief, and that, seemingly, many of those countries have been clamoring for the relief part of the program, rather than for the other part.

Mr. SMITH of New Jersey. I would not say rather than for the other; but both the Senator from New Hampshire and I are on the so-called watch-dog committee, and we have seen that situation. I agree with the Senator that I am sorry that so much relief seems to be necessary.

But now we find that the program is shifting to the rehabilitation work. I am glad the Senator from New Hampshire has brought out that point, because we must consider it as we deal with this matter over the years.

Mr. HENDRICKSON. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I should like to complete my remarks, but I shall be glad to yield to my colleague.

Mr. HENDRICKSON. Is it not true that in the case of Italy, the great, over-all problem is one of overpopulation and the need for migration outlets?

Mr. SMITH of New Jersey. That is quite true. We were discussing that point earlier in the debate, in connection with a question asked by the Senator from Utah.

As I have mentioned, under this program we are contributing 10 ships to help move some of the Italian surplus

population. That aid is part of the over-all ECA attempt to bring order out of chaos in connection with the difficulties facing these countries.

Mr. HENDRICKSON. Mr. President, will the Senator yield further?

Mr. SMITH of New Jersey. Yes.

Mr. HENDRICKSON. If the colonies which belonged to Italy before the days of Mussolini were now returned to Italy, would not that help her in connection with her problem of overpopulation, and also help us in connection with our extension of aid?

Mr. SMITH of New Jersey. I think that is true. But when the question of returning the colonies to Italy first arose, Italy was varying between communism and joining the ECA countries.

Mr. HENDRICKSON. That is true.

Mr. SMITH of New Jersey. At that time fear was expressed that if Italy had control of those colonies, and then turned to communism, the control of the Mediterranean would be in the hands of communism. That was a good reason for holding up the return of the colonies. I talked to many of my Italian friends, and they agreed that it was a sound reason.

Mr. HENDRICKSON. But now all that has changed.

Mr. SMITH of New Jersey. Yes; and I hope the problem will be settled to the satisfaction of Italy and also for the betterment of the entire international family of nations.

Mr. HENDRICKSON. I thank my colleague.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. Mr. President, I shall yield if requested to do so, although I should like very much to conclude my remarks, because I have been on my feet for about 2 hours now.

Mr. WATKINS. The Senator from New Jersey previously stated that he would welcome questions.

Mr. SMITH of New Jersey. Oh, yes; and I do. I yield.

Mr. WATKINS. I should like to ask about the Italian situation. Inasmuch as the Senator from New Jersey is a member of the Foreign Relations Committee, can he inform us now what, if any, additional burden will be placed on Italy in an economic sense by reason of membership in the proposed North Atlantic Pact?

Mr. SMITH of New Jersey. I am frank to say to the distinguished Senator that I have not studied that matter sufficiently to be able to give him a considered answer. But when the North Atlantic Pact debate occurs in the Senate, I shall try to inform myself as to that matter. I cannot answer because I do not know what share of united defense, if there is to be a share, we shall look to Italy or to the other countries to provide. It depends on that.

Mr. WATKINS. Mr. President, will the Senator yield for another question?

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Utah?

Mr. SMITH of New Jersey. I yield.

Mr. WATKINS. Has the Foreign Relations Committee been given a budget or blueprint of the expenditures we are likely



to be required to make in connection not only with the European recovery program but also with the North Atlantic Pact, if and when it is ratified?

Mr. SMITH of New Jersey. We have not obtained the details. There have been some suggestions.

Mr. WATKINS. Have there been any over-all figures suggested?

Mr. SMITH of New Jersey. There have been some suggestions as to the over-all figure, but they were given in executive session, and until developed, I do not think I can comment.

Mr. WATKINS. Does the Senator not think it important now to know what our over-all commitments are to be, before we make any commitment under the present program?

Mr. SMITH of New Jersey. No. My own feeling is that this program, with its implications, is one of the most important items of the national budget this year. I think this program should be considered on its merits, and that we can deal with the other program when we come to it.

Mr. WATKINS. Does the Senator not think it wise in the handling of such matters, to have a complete picture of what the requirements are going to be, so we can form a theory about one or the other, as the need is indicated?

Mr. SMITH of New Jersey. I think that is wise.

Mr. WATKINS. Of course I respect the fact this has probably been told the Foreign Relations Committee in executive session, but here we are considering a part of a world-wide recovery program, and a part of the fight against the cold war, and it seems to me the Senate and the people of the country are now entitled to know what that over-all picture is, executive session or no executive session. I do not want to be discourteous in any way, but it seems to me we ought to have those figures. I cannot vote intelligently on this proposal unless I know what else is going to be asked in the foreign budget.

Mr. SMITH of New Jersey. I may say to the Senator that in the report of the committee on the bill, on page 6, there will be found over-all figures, in a table entitled "Budget Statement on International Affairs and Finance," which affords a rather comprehensive over-all picture.

Mr. WATKINS. What does it include for the North Atlantic Pact?

Mr. SMITH of New Jersey. It does not include that, because as I have stated, the figures affecting the pact have not been broken down. I do not know whether the figure would be \$1,000,000,000 or what it would be.

Mr. WATKINS. Has not the committee been informed in the detailed consultation about the pact which, as President Truman says, has occurred between the State Department and the committee? Has the committee not been informed of what that figure will be, of what the next step will be, after the pact is ratified?

Mr. SMITH of New Jersey. We had merely an approximation. It is a very rough approximation of what it might be, and it is not certain that any appro-

priation will be needed for it at the present moment. In fact, the pact does not involve any authorization whatever.

Mr. WATKINS. I understand that, but there is always an uncertainty, as there was about the Marshall plan program. We considered it a year ago, and now we come to the second year.

Mr. SMITH of New Jersey. There would be involved giving special attention to the military program under the pact, and that detail has not been worked out.

Mr. WATKINS. I am taking all that into consideration, and I have been reading statements by the experts that the North Atlantic Pact will be a dead pigeon, unless we implement it by a heavy support for a rearmament program.

Mr. SMITH of New Jersey. That is the argument of many. Others do not agree. That has not been determined.

Mr. WATKINS. I should like to know whether the Senator from New Jersey agrees with the theory that we must have an implementation of the pact by a strong rearmament program for Europe?

Mr. SMITH of New Jersey. I have never been one of those who have undertaken to suggest what the figures for the whole rearmament program should be. I think the figures have to be screened and examined very carefully, even the suggestions that have been made up to date as to the \$15,000,000,000 program. I want to examine that very carefully before giving it my approval.

Mr. WATKINS. In fact, it has been discussed, has it not, that about \$15,000,000,000 will be necessary in order to give Europe something like 40 divisions, and so on?

Mr. SMITH of New Jersey. No, that is the Armed Services Committee program, which has nothing to do with what the Senator is discussing.

Mr. WATKINS. It has something to do with the cost, does it not?

Mr. SMITH of New Jersey. With the over-all cost, yes.

Mr. WATKINS. That is what I am trying to find out, how much money are we going to be called upon to appropriate for our world budget. I want to know whether the committee has considered China, Asia, the occupation costs in Japan and in Germany, Greece, Turkey, and all other matters of that kind.

Mr. SMITH of New Jersey. Everything is summarized on page 6 of the report, except the one item about which the Senator is asking, namely, what the implications of the Atlantic Pact are. It includes aid to China. It includes a great deal more than I think will be included for China, as an over-all figure.

Mr. WATKINS. As I understand it then, the Senator says only an approximation has been given to the committee, and does not at this time feel that he can reveal that figure.

Mr. SMITH of New Jersey. Only because it was not given in detail at all, and because it was merely given as a guess, the basis on which the Senator is asking it now. There was an over-all guess as to what it might approximate. If the chairman of the committee were present, I should have no objection to asking him, but, as a member of the com-

mittee, I would feel that a figure given in executive session, which might be given wide publicity if I made a statement here, and which might not be accurate at all, but rather merely a guess, might be inappropriate to discuss. I should not hesitate, off the floor, to tell the Senator privately in confidence what I think the figure would approximate, but I should prefer not to say it in public at this time, because I think it would be wrongly construed.

Mr. WATKINS. Does the Senator agree with me we ought to know what the foreign budget is going to be this year and for the next 4 or 5 years, before we make any more commitments or authorizations? Should we merely take them up piecemeal, and then when we get through, add them up, and say, "Well, I guess we can stand that"? Does the Senator think that that is the proper way to proceed?

Mr. SMITH of New Jersey. The Senator has the figure for this year. I do not think we can anticipate 4 years ahead. That is the reason we declined last year to consider a 4-year program. We said we would review the program every year.

Mr. WATKINS. But there was more or less commitment to go on with the Marshall program, once we started it, was there not?

Mr. SMITH of New Jersey. It depends upon whether production is obtained, and whether the participating countries are cooperating.

Mr. WATKINS. I should like to have the information. I am very much in doubt as to how much money we ought to vote for the European recovery program. I am for the program. I voted for it last year, and I intend to vote for it again, but I should like to know what over-all demand is going to be made upon the Treasury this year, and, if the figures are available, for another year, and another year, and another year, I want to know. I want to know how much money we shall have to spend, before we start spending it.

Mr. SMITH of New Jersey. I do not think we can tell the amount which will be required for another year and another year, but I think we can tell for this year. Mind you, Mr. President, we are asking for authorizations in this particular bill, and when the appropriation time comes, all the figures will be before Senators when they are considering the appropriation and before they vote on it. I am in the same position as is the Senator. I do not want to vote for 1 cent more than we are able to take care of, and I am against any increase in our taxes, too.

Mr. WATKINS. How are we going to be able to tell how much we can take care of, if we cannot get the figures?

Mr. SMITH of New Jersey. The Senator can get the figures when the appropriation bill comes before the Senate. This is a ceiling on the appropriation, simply to take care of the estimated needs of the program.

Mr. WATKINS. It also becomes the floor. As I found out by past experience in the past 2 years, when once we name a ceiling, it also becomes the floor.



Mr. SMITH of New Jersey. In some cases it has; there is no question about that.

Mr. WATKINS. I thank the Senator. Mr. SMITH of New Jersey. I thank the Senator, because I think these interruptions are helpful in bringing before the people of the country and before our colleagues what is in our minds as to the implications of the program. They are all helpful. I am all in favor of it. I thank the Senator for interrupting.

Mr. WATKINS. I should merely like to make an observation, if the Senator will permit me. I want to do everything I can, along with the rest of the United States, to help the people of the participating countries get on their feet. I am willing to go as far as we reasonably can, but I do not want to go beyond what is absolutely required, and beyond our ability. I want to call the Senator's attention to the fact that the European recovery program as finally forecast by Mr. Hoffman at \$17,000,000,000 would build every reclamation project in the West, without any cost to the people there, and it could be given to them just as it is proposed to give it to Europe. We could make this Nation immeasurably stronger by building those reclamation projects. I am watching this matter with a great deal of interest because I know when I go before the committee of Congress and ask for large appropriations for our reclamation projects, it will be said, "We cannot do it," and my people will say "Well, you gave it to Europe, why can't you give it to us at home, if you want to make America strong?"

Mr. SMITH of New Jersey. Would the Senator mind my saying at that point that we are preparing figures to do the things he suggests. But I want to call the attention of the Senator to the fact that the important consideration that causes me to support this program, as I am supporting it here, is my interest in the peace of the world. If I did not feel this was a milestone on the road to world peace, I should not be supporting the program. This is a part of the policy of the United States, since World War II is over, in bringing about the cooperation of the nations of the world for peace and the restoration of the nations that believe in the fundamental freedoms and the liberties in which the United States believes.

Mr. WATKINS. I believe in peace, too, and I am willing to go a long way for it.

Mr. SMITH of New Jersey. I know the Senator believes in peace, and it is what I am arguing for, because I believe it is the solution to the whole problem.

Mr. WATKINS. I hope the Senator understands when we ask these questions that we are not doing it because we are against peace. If we had peace, we would know what we could do with the economic program, and with those who are sent here to discuss rehabilitation from the ravages of war.

Mr. SMITH of New Jersey. That is quite true.

Mr. WATKINS. I thank the Senator.

Mr. SMITH of New Jersey. I believe that the United States will be prosperous when the rest of the world has recovered,

far more than would be the case if we were isolated. Let me put it in this way: I feel there is an international urge, so far as trade and a recovered world is concerned, that can work for peace.

I wish to continue my remarks, if I may. I was discussing, Mr. President, the pipe-line principle and the necessity for an appropriation of \$1,150,000,000 between April and June.

Any stoppage in the availability of funds for the ordering of goods during the next 3 months is bound to be reflected in a substantially reduced flow of aid to the participating countries during the summer and to disrupt the orderly planning and carrying out of the program. We cannot live off the pipeline and place no new orders without having the pipe line run out at some later time. The deliberate interruption of aid at this stage of the program—even with the promise of building back the flow after July 1—would dissipate the momentum of recovery and the increased confidence of the people of Europe just at a time when it is critically important to get the greatest benefit from them for European recovery. The proposal of the Senator from Ohio would in the end cost more dollars, not less, for European recovery.

From the press I understand that the Senator from Ohio has made still another proposal, namely, that the Congress appropriate the \$4,280,000,000, which the bill before the Senate would make available from July 1 for the fiscal year 1950, for 15 months beginning April 3. The Senator further proposes that if the President finds it necessary, he may authorize the ECA to use the funds in 12 months, that is, by April 3, 1950. This arrangement is similar to that adopted last year in the Appropriation Act. The requests made to the Congress last year were based upon estimates made before actual operating experience had been gained.

We had hoped at that time that the funds would take care of the situation through the coming June, but the President had to call on the entire funds appropriated, as he was authorized to do, and which had been obligated prior to April 1. The same suggestion is made this year. But the situation is different this year from what it was last year.

The amounts of funds provided in the present bill are estimates arrived at through the use of agencies such as the country missions, the office of the special representative—and ECA Washington, established by the Congress itself in the ECA Act last year. Figures were proposed in the first instance by the individual participating countries. They have been closely screened by the ECA missions in the several participating countries.

Every head of mission visiting this country told us of conferences of leaders to determine whether their figures were acceptable. The collected country figures were then screened by the joint Organization for European Economic Cooperation, the existence of which was made a condition of continued ECA aid by the Congress in the original act. The figures were then severely screened by

the office of the special representative in Paris, by the ECA administration in Washington, and by the National Advisory Council.

That council, as all Senators know, was established to advise the ECA.

Therefore, the Congress is confronted this year with an entirely different situation from that on which it legislated last year. In spite of all the difficulties and in spite of all the guesses, the legislation last year turned out to be on a very sound basis.

The estimated requirements for the program during the coming 3 months and the next fiscal year have been screened many times, on the basis of a full year's experience with the aid program, and with the assistance of the several organizations which Congress in the original ECA Act expressly provided for or contemplated.

In all likelihood, therefore, if this proposal of Senator Taft's were adopted, the \$4,280,000,000 would be exhausted by the end of 12 months and the ECA would be required to come before the Congress for an additional appropriation for the remaining 3 months of the fiscal year 1950, just as they are now doing. I believe it will be agreed that this is not a satisfactory or efficient procedure since it involves the Congress in the dilemma of either delaying appropriation of funds for the fourth quarter of the fiscal year beyond the time when they should be available to permit orderly operations and forward planning, or of acting on the necessary legislation without full consideration.

It is unlikely that the Congress will be in session early enough to appropriate new funds by January 1 next year. In fact, the funds available for the last quarter of the fiscal year, in all probability, would not be known before the beginning of that quarter. It would be impossible for ECA to issue its authorizations in advance of the time when the contracts have to be made, and the efforts of ECA to establish and maintain purchasing on a forward basis will be defeated as they have been in the present instance. If, however, we put ECA on a fiscal-year basis by passing this bill, which authorizes an appropriation to complete fiscal 1949 and another appropriation for fiscal 1950, the ECA can come before Congress in good time to secure its appropriation sufficiently in advance of July 1, 1950, to make possible uninterrupted forward programming. It will also mean that ECA will be on a true fiscal year basis, like any other agency of the Government. Its planning year will harmonize with the basis on which the Europeans themselves prepare their recovery programs and with such other factors as agricultural forecasts which are normally made on a fiscal year basis.

So, Mr. President, on that point, I sincerely hope that the appropriation suggested will be left in the bill as it is presented, as the committee has given it great consideration and study, and feels that it is necessary in order to keep the pipe line full.



I now come, Mr. President, to another question which has been brought up and which I think is of great importance.

Mr. SALTONSTALL. Mr. President, will the Senator yield before he comes to that point?

Mr. SMITH of New Jersey. I shall be glad to yield to the Senator from Massachusetts.

Mr. SALTONSTALL. Is the Senator now leaving the fiscal question?

Mr. SMITH of New Jersey. I shall come, in a moment, to the balance-of-payments theory referred to by the Senator from Ohio [Mr. TAFT], but, in the meantime, my purpose is to discuss the problem of aid to Great Britain and the criticisms which have been made of the British program.

Mr. SALTONSTALL. If I may, I should like to ask a question, which I think is appropriate at this time. The Senator has said that these figures were considered as of the date of November 30, 1948, and that he agreed that price considerations might well be considered by the Committee on Appropriations when it takes up the bill in the latter part of May or June. My question is this: Should not the committee also be able to consider the increasing improvement in the recovery of the European countries over that period of time, together with other factors in that connection, as well as changes in the price level?

Mr. SMITH of New Jersey. I think that is a very proper and relevant question, but I call the attention of the distinguished Senator to the fact that most of the participating countries are diagnosed in different ways, depending on what facts are considered. I shall refer to the British situation in a moment. There has been a public statement by Mr. Mayhew, who is connected with the British Government, to the effect that British recovery was complete, and the question was immediately raised, "Then, why do we need to do anything more for Britain?"

We asked Mr. Hoffman and Mr. Finletter to tell us what was meant by the statement of Mr. Mayhew. We also had statements of other British people with regard to Great Britain's situation. Mr. Finletter's statement was most encouraging. But the point that is overlooked is that while British recovery on their own home base may appear to be complete and progressive, the problem of dollars is not solved by simply taking that over-all position. That is what I shall undertake to discuss.

Mr. SALTONSTALL. The point I am trying to make is that the Appropriations Committee could properly take into consideration other questions in addition to the changes in price levels that may be appropriate at this time.

Mr. SMITH of New Jersey. I think that is true. But I want to warn the Appropriations Committee that access to the proper sources of information is most important, so that the committee cannot be led astray by what may appear to be superficial problems which may have been dealt with but which do not go to the bottom of the recovery situation.

Mr. SALTONSTALL. The Senator knows, as a member of the Foreign Rela-

tions Committee, that we must not let our friends and associates be misled into the belief that this authorization bill does not mean that the money will be actually appropriated.

Mr. SMITH of New Jersey. I appreciate that.

Mr. SALTONSTALL. Is not that very important?

Mr. SMITH of New Jersey. It is very important, and as other members of the committee have said before, especially the distinguished Senator from Texas and the distinguished Senator from Michigan, who have been our leaders in developing this whole program, I am confident our committee will be the first to make any possible reduction in the appropriation which conditions justify.

There are three possibilities. We have first the authorization, then we have the committees on appropriations, which can screen the figures, and if possible reduce them. Then we have the fact that the Administrator and the Deputy Administrator, and their staffs, are good Americans, and even though they have the authorization and the appropriations, if they find the money is not needed, they will not recommend its appropriation just because it is authorized. So I think we have three checks to protect us against extravagance.

Mr. HICKENLOOPER. Mr. President, will the Senator from New Jersey yield?

Mr. SMITH of New Jersey. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. I wonder if the Senator has seen the report just made by the Committee on Appropriations of the House of Representatives, I believe in connection with the public works appropriation. I think they come to the very definite conclusion that the costs of construction and material equipment are approximately 15 percent lower than the average of last year. That report has just been issued. I saw it about an hour ago, and I wondered if the Senator had seen it.

Mr. SMITH of New Jersey. I regret that I have not seen it, but I am very much interested in the figures. That is one of the things we have been discussing which should be taken into account by the Committees on Appropriations when they come to making the appropriations.

Mr. HICKENLOOPER. If the Senator will yield further, I should like to ask him if it is not his view that, this being merely the question of an authorization, it will not be definitely up to the Committees on Appropriations and to the Congress later to examine the costs of the program when voting for the appropriations which will implement it.

Mr. SMITH of New Jersey. I agree absolutely.

Mr. HICKENLOOPER. Perhaps the Senator has already discussed that point, I came into the Chamber just a moment ago.

Mr. SMITH of New Jersey. It has been mentioned before by other speakers in behalf of the bill, and we all agree that the authorization reflects our best judgment, from all the material and all the witnesses we had before us; that the amount recommended is the proper figure to be authorized in order to accomplish the purpose at which we are driv-

ing, and that there are still possibilities on the part of the Committees on Appropriations, when they come to recommend appropriations, to determine the amount of money needed at that time.

Mr. HICKENLOOPER. I wish to emphasize, as a member of the Committee on Foreign Relations, along with the Senator from New Jersey, that what the Senator from Massachusetts was saying a moment ago I think is important, namely, that we make completely clear to the Congress and to the American people that this particular action in the way of authorization is not the voting of the money.

Mr. SMITH of New Jersey. I am glad the Senator emphasized that point, because it is most important that the American people should understand it, and that the American people should not criticize the Committees on Appropriations, when the Congress authorizes this full amount, if later the Committees on Appropriations feel it is not necessary to recommend the appropriation of all of the money authorized. That is the proper function of the Committees on Appropriations.

Mr. CONNALLY. Mr. President, will the Senator from New Jersey yield?

Mr. SMITH of New Jersey. I yield to the Senator from Texas.

Mr. CONNALLY. I ask the Senator whether it is not true that if there is to be any elasticity, or any device for taking up the shock, it should be in the Committee on Appropriations rather than in the authorization, because an appropriation cannot exceed the authorization, but the Committee on Appropriations can cut down an authorization. So the committee should be left free, within the scope of the authorization, to reduce the amounts if conditions at the time warrant. For instance, the Senator from Iowa just pointed out that building costs have gone down, and that is only one index. Perhaps other costs will go down. I thoroughly approve the attitude of the Senator from New Jersey, and I think he has made a very splendid point.

Mr. SMITH of New Jersey. I thank the Senator from Texas. Of course, what he says is entirely correct. I think it is proper we should see to it that the people of the country understand the situation, so that they will not criticize the Committees on Appropriations if they recommend the appropriation of less than the authorization, in the event they discover that less money is needed to carry out the purposes of the program.

Mr. President, I think we have made that reasonably clear, and I am sure that no one could misunderstand the position of the members of the committee. The Senator from Iowa [Mr. HICKENLOOPER], who is a member of the Committee on Foreign Relations, has just stressed the point, and the Senator from Texas and others have done likewise.

I might say in passing that the question of lower prices is involved in the whole picture from another angle, because if prices of commodities sent to foreign countries are lower, they will probably get lower prices for their exports, which is what they need in order



to take care of their problems. So the price question is a difficult one, with which the Committee on Appropriations will have to deal carefully in making the proper appropriations.

Mr. President, I shall now tackle what probably should be called the \$64 question, because it has been open to so much criticism. I refer to the question of aid to the United Kingdom. It was suggested that the United Kingdom had received a great deal of aid. I think the figure of aid to Britain this year is \$940,000,000, and I think we are going to meet the argument that that is one of the areas where there might be a reduction.

Again I made inquiry of the ECA headquarters in order to get the facts on which to make a statement which I have prepared, and which I shall give for the RECORD, and also try to bring out as simply as possible what the British problem is.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield to the Senator from Texas.

Mr. CONNALLY. I thoroughly applaud the Senator. I was about to ask him if it is not possible that in his remarks he can treat the intercountry-trade arrangement, which I think is on the way to solution, that is, regarding the sterling area, and matters of that kind.

Mr. SMITH of New Jersey. I did not have so much in mind developing the intercountry arrangement as meeting the specific criticism that England has recovered and does not need any further aid and trying in A B C language, if I might, to explain the principal point of our continued aid to Britain.

Mr. CONNALLY. Very well.

Mr. SMITH of New Jersey. I shall speak but a moment on aid to the United Kingdom. The United Kingdom is approaching a position in which her total earnings in all currencies will balance, or nearly balance, her total payments in all currencies. Great Britain is already running a substantial export surplus with the other participating countries and with other countries in the sterling area, but a substantial deficit with the dollar area. That is the important point in this whole discussion, that there is a substantial deficit with the dollar area.

Because of the remarkable recovery progress in the United Kingdom, the need of the United Kingdom for continuing United States aid has been questioned in certain quarters. These questions arise from a failure to distinguish between the recovery of production and over-all exports; on the one hand, and the balance of exports to, and imports from, the dollar area, on the other hand.

Britain still does not earn enough dollars to pay for the goods which it can buy only for dollars and which it needs in order to continue, or even to maintain, its recovery progress. This is the gap which ECA aid must bridge until it can be closed by the efforts of Britain itself.

Because of Britain's recovery throughout the past year with the help of ECA aid, the United Kingdom request for aid

during the fiscal year 1950 is 24 percent less than the fiscal 1949 program. I am informed that the other countries are asking 15 percent less; in the case of Britain it is 24 percent less.

This is evidence both of the remarkable progress which the United Kingdom has made in driving hard to increase production and exports while maintaining an austerity program at home, and of the determination of the British people to stand on their own feet as quickly as possible.

All of the administration's witnesses testified that the United Kingdom's program is a tight fit and that any reduction would adversely affect recovery not only in the United Kingdom but also in western Europe. Mr. Hoffman explained to the committee the effect of, let us say, a \$200,000,000 cut in the program. That figure has been used a number of times. I have been challenged by a number of people who asked why we cannot cut \$200,000,000 from funds for British aid. One of the effects of such a cut would be to reduce Britain's imports of industrial raw materials from the United States. This would, in turn, reduce Britain's ability to manufacture goods, and this, in turn, would be reflected in reduced exports to the dollar areas. It was estimated by Mr. Hoffman that a cut of \$200,000,000 in aid would cause a loss of a minimum of \$70,000,000 in export earnings, thereby requiring a total cut in imports, not of \$200,000,000 by which aid would be reduced, but of \$270,000,000.

That sounds complicated in figures, but Senators can see how it would work.

In other words, without the industrial raw materials and equipment and other items in the proposed program, which Britain can obtain only for dollars, provided by the United States, Britain cannot even maintain the level of production and exports which it reached during the past year. In fact, still higher production and export levels are required if Britain is to earn the dollars which it needs for the materials from the United States and on which its production and recovery depend.

Mr. President, that is a brief statement of the British position, and it seems to me that anyone who thinks it through can see that while Britain has recovered so far as the situation is concerned with the other currencies, the dollar situation still remains, and that she must buy much of her raw materials here in order for her production to go on; therefore she needs this aid.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. WHERRY. What is the justification for the 25-percent cut?

Mr. SMITH of New Jersey. That is due to British progress this year. Those matters were all carefully reviewed by our representatives on the ground, particularly by Mr. Finletter in charge of that subject. He and the Ambassador worked for hours, I am told, over this program, and figured that the British could stand a cut from last year, which we all expected would be made. We expect all countries to stand a cut of some sort, ultimately down to zero.

Mr. WHERRY. Then if the Senator approves a cut of 25 percent, how is he proposing to get more dollars for Great Britain? I do not understand.

Mr. SMITH of New Jersey. By the recovery Britain has made she is helping to pull herself out. She is helping to increase her exports. She has made greater imports to us this year than last. Therefore she has gotten more dollars with which to buy. She has been able to recover to that extent. I hope by another year we can cut the aid substantially more. According to the help we have given her, her exports are increasing.

Mr. WHERRY. In other words, we must open up the American markets to Britain, so she can get more dollars in order to export more fabricated materials to us?

Mr. SMITH of New Jersey. No.

Mr. WHERRY. On page 449 I find this, in Mr. Hoffman's testimony.

Mr. HOFFMAN. Senator, I think I can add a little light on this. In July, when I first met Mr. Stafford Cripps, we were talking about the second year's program. I told him I thought it should be understood that the Americans were very insistent that the second year's program be less than the first year's program, and he asked what amount of cut I had in mind.

"Well," I said, "I think that as it is to be a 4-year program, it would be a good thing to aim at a 25-percent cut."

What figure he had in mind up to that time I do not know. He came out with a 24-percent cut.

Senator TYDINGS. What did he say in response to your suggestion?

Mr. HOFFMAN. He said, "That is a very drastic downward revision."

I said, "Nothing less than a marked revision will convince the Americans that the Europeans are really serious."

In that the basis for the 25-percent cut?

Mr. SMITH of New Jersey. I would not say it is the basis for it. I see what the Senator from Nebraska is driving at. It seems unscientific, of course. But in all these cases, I will say to the distinguished Senator, we said from the beginning that unless the participating countries showed progress in hitting their targets of production and moved ahead so they needed less and less aid, our aid would do them no good.

Mr. WHERRY. If the Senator will permit, I should like to ask him another question. We are told that the ECA budget is \$5,800,000,000. A certain amount of it goes to Britain. As a member of the Appropriations Committee I am called upon to justify the ECA appropriations. The amount we give Britain certainly is based upon need. It has to be justified. On the basis of the reports I have received, we say, as a matter of good relationships or politics, that we will automatically cut the amount 25 percent. If that is the way it is going to operate it seems to me members of the Appropriations Committee could say, "Well, we are trying to cut our total budget 15 percent. Why not cut everything right straight across the board, including ECA? Therefore let us reduce the appropriation for ECA 15 percent." I think we ought to have a break-down of the \$940,000,000. Does the Senator have that?



Mr. SMITH of New Jersey. I wish the Senator from Nebraska would take the ECA report for the past year, and turn to the pages on Great Britain and see whether he is satisfied with the way the figures are broken down and the way the \$940,000,000 was reached.

Mr. WHERRY. I will say to the distinguished Senator from New Jersey that I have done so. As I read the report, the justification is made rather in generalities. It is very difficult for me to understand why the report shows that certain things are for certain purposes, as I expect to bring out later. As the Senator has proceeded with his speech I have come to the belief that the countries we are helping have come to the point where they seek to obtain more dollars in order to balance their deficits because they do not have the dollars with which to buy raw materials with which to manufacture products they can sell for dollars. The Senator from Indiana [Mr. CAPEHART] the other day used their own reports and gave convincing evidence that the various countries had made recovery far beyond the prewar years, and that the deficits this year were less than in the prewar years.

Now comes the new philosophy that, regardless of the fact that they have improved their situation so tremendously with respect to various other countries, it is now necessary to build up their American dollars before they can be on their own and have the prosperity which the administration feels they should have before we can begin reducing ECA aid. To be sure, a cut of 25 percent is proposed in one instance: Why not a cut across the board? I do not know why the American dollars should be separated from the other currencies. In view of the over-all production, can we justify the amount of \$940,000,000 proposed for Great Britain, or which Great Britain is asking? What argument is there in favor of it? Although a justification is made in the way of generalities, the amount is not completely justified.

Mr. SMITH of New Jersey. I have read the statement I prepared covering the situation.

Mr. WHERRY. I listened to it with a great deal of interest, but it does not convince me that we cannot cut the \$940,000,000 by \$200,000,000 more.

Mr. SMITH of New Jersey. The Senator argues that Britain's recovery has brought her to the point where her production is greater than before the war. The Senator himself, as well as the Senator from Indiana [Mr. CAPEHART], has overlooked the assets that Britain has lost in the way of tourists expenditures, the loss of investments, and so forth, known as invisible assets, which previously helped to make her situation solid.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. SMITH of New Jersey. I shall yield, but I prefer not to prolong this debate too much. If the Senator wants to make a speech on the subject I shall be glad to listen to him in his own time, when I yield the floor.

One more problem has been presented, one more objection has been made, with which I wish to deal. It has been argued

that the whole theory of the Hoffman-Bruce program is based on the balance of payment idea. Of course, it is true that to a certain extent the balance of payment does enter into the problem, and almost inevitably will, but I think we become confused if we talk about theories of that kind without understanding what we are talking about. At least, I wanted to clarify my own thinking when this argument was raised.

I should like now to make a few remarks about the term "balance of payment" about which we have heard so much. For an over-all standpoint European imports of goods for dollars—and that goes for all goods purchased in the United States—are limited by the amount of dollars available to Europe. In practice today this means that their imports are limited to their earnings from exports to America of goods and services plus a certain amount of gold production and such loans or grants as are made available by the United States Government or by private American firms. The shortage of dollars was so acute in the countries of Europe and the recovery of these countries was so important to the over-all United States interests that Congress launched the European recovery program to provide them with the essential commodities which can be bought only for dollars. The measure of the amount of aid can therefore be stated very simply as the amount of necessary dollar purchases for which they themselves cannot earn the dollars. So far as they can earn the dollars they are trying to do so. The dollars which they need for their imports, over and above the dollars they earn for their exports, constitute the adverse balance of payments. Roughly speaking, this is the gap which the United States must finance if we are to make recovery possible. In the speech of the distinguished Senator from Indiana [Mr. CAPEHART] last Friday he said that this was the United States financing plan. To the extent that this statement is correct, he is correct. This is the gap which the United States must finance if we are to make recovery possible. They need the things which the dollars will buy, and they cannot get those things without the dollars.

In arriving at its request for aid for the coming 15 months, the ECA had the estimates of each country as to what it would be able to export and what it would have to import from the dollar area if it were to continue its progress toward recovery. These estimates were screened in Europe both by the ECA and by the OEEC, the organization of the European countries, and again by ECA in Washington. But the ECA estimates are not based on righting the balance of payments alone but also rest upon a painstaking analysis of the quantities of each commodity which each European country will have to have in order to keep its course set toward recovery. I have been told that the ECA estimates are based on extremely optimistic assumptions. Thus, they have counted on excellent crops although now, only a few weeks after their estimates have been made, severe drought in southern Europe

raises a question as to whether these goals can be met. Likewise, they have based their assumptions on a continued upswing of industrial production but here again, no allowance has been made for the falling off of production such as has occurred in Italy during the last 2 weeks because of lack of hydroelectric power caused by the worst drought since 1921. Many other favorable assumptions have been made, such as assuming that no Communist-inspired attempts to halt production or trade will be successful. As a result the amount proposed in the pending bill for ECA should be considered conservative. This amount should be authorized to make possible European recovery, a result which the Congress has found to be in the interest of the United States itself.

I am simply making that statement because in all the hearings with the heads of missions, with Mr. Hoffman, and with Mr. Bruce himself, they assumed that conditions would continue favorable. They did not make any allowance whatsoever for backsets, for Communist interference, or for anything which might upset the applecart. So I feel that they gave us sincerely the minimum figures as they saw them.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. SMITH of New Jersey. I yield.

Mr. WHERRY. I should like to ask the Senator if, in arriving at the British figure, the Committee on Foreign Relations considered the testimony on page 498? I read:

Mr. FINLETTER. Because we had to go into the whole British economy and the whole British balance-of-payments situation in order to determine the suitability of the final figure.

Senator TYDINGS. Was the final figure the same as the first figure submitted by the British?

Mr. FINLETTER. It was.

Senator TYDINGS. Before the final figure was submitted were any projects eliminated or scaled down?

Mr. FINLETTER. The detailed work of preparing the program underlying that figure submitted was done by the British and we did not take it up project by project with them. The entire import program from the dollar area was considered, and an attempt was made to compress it to the absolute minimum on all scores.

Senator TYDINGS. It was compressed was it not?

Mr. FINLETTER. It was.

Senator TYDINGS. What was it before it was compressed?

Mr. FINLETTER. That is something we cannot tell. We were not in on the discussions of the British Government.

That is the point I wish to bring to the attention of the distinguished Senator. We are taking completely the British viewpoint. Our Administrator had nothing to say, as they brought these deficits to us and asked us to appropriate \$940,000,000. I read the report. I did not wish to go into this subject too deeply, because I felt that the Foreign Relations Committee had covered all these questions. As a member of the Appropriations Committee, I am asked to appropriate \$940,000,000 of the taxpayers' money for ECA aid to Great Britain. Yet we find that the Administrator had nothing to say about attempting to cut



down project after project for which they asked. We are asked to give them the whole thing.

Mr. SMITH of New Jersey. May I ask the distinguished Senator to let me read a little further in the testimony?

Mr. WHERRY. Certainly.

Mr. SMITH of New Jersey. The Senator stopped reading near the middle of page 498. I continue reading near the bottom of page 498:

Senator TYDINGS. Only one more question, because I do not want to divert Mr. HOFFMAN.

Now I get the impression that when this British proposal was first submitted, not in any concrete form, not in dollars and cents but an over-all picture, as a result of your conferences with the British representatives it was gradually compressed more and more and more until you arrived at the final figure. Now am I correct?

Mr. FINLETTER. No, sir. I would have to put one modification on that. I think the British themselves took the initiative in whittling down the figure.

Senator TYDINGS. But it was a different final figure from the first over-all intangible figure.

Mr. FINLETTER. Yes; it was a different figure from the intangible figure.

Senator TYDINGS. In other words, before this final figure was agreed upon there had been a compression on the part of the British and yourselves?

Mr. FINLETTER. That is correct.

Mr. HOFFMAN. Senator, I think I can add a little light on this. In July, when I first met Mr. Stafford Cripps, we were talking about the second year's program. I told him I thought it should be understood that the Americans were very insistent that the second year's program be less than the first year's program, and he asked what amount of cut I had in mind.

Mr. WHERRY. That is the evidence to which I referred a while ago, that for good political reasons they decided to take 25 percent off the first year's appropriation. But I refer the Senator to the colloquy between the Senator from Maryland [Mr. TYDINGS] and Mr. Finletter. Mr. Finletter made it indubitably plain in his testimony that the Administrator had nothing to say about these projects, and that it was the British Government which submitted them. We did not attempt to eliminate any of them. On this evidence how can the Senator ask a member of the Appropriations Committee to approve an appropriation of \$980,000,000? That is what I want to know.

Mr. SMITH of New Jersey. I do not agree with the Senator at all that they were merely taking the British figures, because there were many weeks of conferences on this subject.

Mr. WHERRY. Can the Senator show me anything in the testimony to the effect that Mr. Hoffman had anything to say about what the commitments would be? I cannot find it, and I have gone through the testimony. If all we are doing is taking the figures of the British as to what they want, that is one side of the case. We are supposed to have a watch-dog committee to watch the expenditure of American dollars. When this proposal is brought before the Appropriations Committee, we must be able to justify these expenditures. The evidence in the report shows merely a gen-

eral reduction of 25 percent from last year's figures, because that was considered pretty good politics.

Mr. SMITH of New Jersey. I appreciate the Senator's observations. In the light of the position I have taken all the way through, I do not agree with his conclusions at all. I never saw a job more effectively done. I have never seen an over-all economic experiment—and this one is unprecedented in history—handled with such skill, such care, and such interest, not only from the standpoint of the welfare of the countries we are trying to help, but from the standpoint of the welfare of the United States.

Let me say to the distinguished Senator that I am a member of the so-called watch-dog committee. We have not overlooked these questions. We have tried to find out all we could about them. We have talked to the heads of missions. I was over there at the inception of the plan, and I have come to feel the greatest possible confidence in the organization and in the integrity of those administering it. I do not believe that a man of Mr. Hoffman's standing and ability would have been led astray by the implications of the Senator's questions.

Mr. WHERRY. I did not imply that there was lack of integrity. I simply stated to the distinguished Senator that the evidence did not reveal that Mr. Hoffman had anything to do with the consideration of these projects. The Senator from Maryland asked if any of the projects had been reduced. In the final analysis neither Mr. Hoffman nor anyone else connected with ECA, which is putting up the money, had anything to do with the projects. I am not for 1 minute questioning the integrity of Mr. Hoffman or the integrity of the watchdog committee; but they were not in on these projects.

Does the Senator have the original program which the British presented?

Mr. SMITH of New Jersey. They have it in London.

Mr. WHERRY. Has the Senator seen it?

Mr. SMITH of New Jersey. I have not seen it personally.

Mr. WHERRY. Has Mr. Hoffman seen it?

Mr. SMITH of New Jersey. Unquestionably.

Mr. WHERRY. If he has seen it, why did he ask the question which he asked?

Mr. SMITH of New Jersey. The Senator is overlooking the fact that telephonic communication is available back and forth, and it has been constantly used in these negotiations. The implication that the ECA organization paid no attention to the development of these programs is simply beyond my comprehension. I know how intimately they have been working on these things, and how carefully they have worked.

Mr. WHERRY. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER (Mr. KERR in the chair). Does the Senator from New Jersey yield to the Senator from Nebraska?

Mr. SMITH of New Jersey. I yield.

Mr. WHERRY. Can the Senator point out to me a place in the hearings where I can find the information I have requested? If the Senator were reading the testimony as one who had not attended the negotiations on ECA, what other interpretation would he have placed on it?

Mr. SMITH of New Jersey. Has the Senator from Nebraska studied the testimony on this matter?

Mr. WHERRY. Fairly well; yes. Let me say that I can not find the original British program or proposal anywhere in the ECA report. We are told that 25 percent was cut. From what was it cut? Also, what did Mr. Hoffman or anyone else representing the United States have to do with it?

Mr. SMITH of New Jersey. Mr. President, let me say that I expect that the information the Senator wishes to have can be obtained.

Mr. WHERRY. I should like to have it.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. TYDINGS. I think it is only fair to say that the very colloquy to which the Senator from New Jersey has referred throws a great deal of light on how this entire program evolved. The British never came forward with anything on a piece of paper as plan No. 1, and then threw that away and had plan No. 2, and then discarded it and had plan No. 3, and then discarded it and had plan No. 4, until finally they agreed upon a final plan. What happened was that there were discussions, as the testimony shows, as to what Britain's objectives were for that particular year, and there was discussion back and forth between the British representatives and the American representatives as to what was mandatory, what was necessary, and what could be eliminated.

For example, Britain had to get permission to make a small debt reduction out of counterpart funds; but at the same time an agreement was entered into between the British and the Americans that at any time in the future we requested it, due to some particular part of the program as it evolved, the debt reduction made by counterpart funds would have to be replaced by the British. The Senator recalls that, I am sure.

Mr. SMITH of New Jersey. I do.

Mr. TYDINGS. And in the beginning of the report of the Foreign Relations Committee and in Mr. Hoffman's own testimony, there is constant reference to the pressure which in the discussions, was brought to bear upon the receiving country to cut down its imports to the maximum, and to allow the recipient country to receive, insofar as our funds would be affected, only the imports vital to its recovery.

From the testimony we find that there was constant pressure on them, so that in effect we were saying to them, "You must not buy this, that, or the other," and the pressure on them was to keep in the receiving country the maximum amount of money available for the things that country had to have as a part of its recovery.



So these discussions went on, back and forth, until finally there was an area of agreement, both by the receiving country and by our representatives. I think it would not be fair to assume that the British came forward with a plan written on a piece of paper, which would be the normal way to visualize it. As a matter of fact, these plans evolved out of many discussions, so that when they were finally reduced to definite form, it was almost as if there had been a series of plans, because the plan finally evolving was the result of numerous discussions, during which certain proposals were eliminated and others were substituted in their place. The Senator recalls that; does he not?

Mr. SMITH of New Jersey. I do. I think I should say that Mr. Hoffman did not take the 25 percent reduction figure out of the air, as has been suggested; but, as the Senator has pointed out, the ECA officials did a great deal of studying before any final suggestions were made.

The Senator will also agree, I am sure, that, with the help of telephone conversations back and forth, as has been suggested—conversations between England and France and the other countries and ourselves—progress was made in arriving at an agreement. There was constant discussion, and frequently we said to them, "Come over here and discuss these things with us."

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield for a question.

Mr. WHERRY. I shall state this as a question, so as not to violate the rule under which the Senate is operating.

If the Senator from New Jersey will turn to page 498 of the hearings, about one-third of the way down the page he will notice that the Senator from Maryland [Mr. TYDINGS] asked this question:

What was it before it was compressed?

He was talking about a program which the British considered, they said, and from which they had cut 25 percent.

What I am asking is this: As a Senator who is interested in the program, am I not entitled to know what was the program the British first considered, and from which they later made deductions in the amount of 25 percent?

Moreover, we find from the testimony that after the Senator from Maryland asked Mr. Finletter what the program was and whether Mr. Hoffman or any other American representative knew anything about it—in other words, after the Senator from Maryland asked:

What was it before it was compressed?

Mr. Finletter replied:

That is something we cannot tell. We were not in on the discussions of the British Government.

In other words, the American staff was not in on those discussions; the American representatives in London were not in on them.

To me, the whole point is that apparently when they get through with their discussion in the committee—and I wish to make my position clear—nowhere in the evidence do we find what the program was. I should like to know what

it was. If we knew what all of it was, then perhaps we would have justification for the proposed \$940,000,000.

But as the situation now stands, we simply know that there is a proposed cut of 25 percent from the program of last year, under the theory, I suppose, "Well, there has been some recovery, and perhaps we can get along with 25 percent less than last year, and perhaps next year we can get along with 25 percent less, and perhaps the next year we shall be able to get along with 25 percent less, and then we shall be through."

I say to the Senator that on the basis of the testimony or lack of testimony, if it is reasonable to cut this particular program 25 percent, then it is reasonable to say, "Let us cut the entire program 15 or 20 percent," because a justification for making any cut simply does not appear in the hearings or in the references.

I did not wish to interfere with the Senator's presentation of his address; but I have such confidence in the Senator from Maryland that I am greatly interested in the part he took in the discussion in the committee. He asked the very questions which I would have asked if I had been there.

Finally the answer comes back, in language as clear as crystal, that we do not know what those projects or proposals were.

Mr. SMITH of New Jersey. Mr. President, I say to the Senator from Nebraska that of course the British project had to be explored in connection with OEEC.

Mr. WHERRY. Of course.

Mr. SMITH of New Jersey. I have no doubt that if he wishes to obtain an exact statement of the British position at the opening of the debates, we can obtain it for him.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield.

Mr. TAFT. So far as the payment to Britain is concerned, I think it was figured out, just as almost any other presentation of a need would be figured, on the basis that "We need that many dollars"; and so they requested that amount.

Mr. WHERRY. Yes.

Mr. TAFT. Mr. Finletter says that if they had asked for more, he would have allowed more. But they themselves asked for less, because after they figured up the deficit, they decided that they could find the dollars somewhere else or could get along without them. In other words, that conclusion was reached by means of a detailed calculation, and they asked for somewhat less than would have been shown by the balance sheet upon which they usually rely in connection with requests upon us for money.

Mr. SMITH of New Jersey. Mr. President, as I have pointed out, the British program was determined by the estimates of what they needed from us in the way of commodities which they could obtain in exchange for dollars.

Mr. TAFT. But the Senator from New Jersey did not say what the British intended to do with what they said they needed. Actually, their needs were based on a particular economic plan which they have in England, and which

the Labor government has approved and has determined to carry through. As a matter of fact, the British needs in terms of dollars might be entirely different under a different plan, if they wished to make it so.

Mr. SMITH of New Jersey. I think the Senator from Ohio will agree that the British people are entitled to a hand and a pat on the back for the austerity program they have been living through in order to be able to defend their exports and to get the things they need for their home program.

Mr. TAFT. I would give them just a little pat on the back.

Mr. SMITH of New Jersey. A little pat?

Mr. TAFT. But the austerity program is enforced only because they want certain things. They want 20 percent for capital improvement, which is much more than we are spending on capital improvement. They want social services. If we spent as much for free health services as they are spending, this country would today be spending \$5,000,000,000 for health services. But they think they should have those free health services. That is all a part of their plan.

Mr. SMITH of New Jersey. The Senator, I think, would not argue that they would need dollars for that. I agree fully with the Senator about that program. It is something I cannot justify, but it has nothing to do with the dollars.

Mr. TAFT. Oh, I think it might have something to do with dollars. A certain number of men are taken from productive work, and placed at work furnishing medical and health services, spectacles, eyeglasses, toupees, and all the other things which are furnished free. Men are taken from productive work, which might be connected with the making of goods for export, and put to work providing social services at home. Those things are all right; I do not criticize them; it is entirely their right to do what they are doing. But I say the result is that we are called upon to underwrite the particular method and economic plan which they have adopted as to capital improvements, as to exports, as to social services, as to consumption, and then they want us to underwrite it without dotting an "i" or crossing a "t." It is that to which I object. According to the method by which this amount has been reached, I do not know that \$940,000,000 may not be reasonable, but I mean to say that certainly we ought to know what our budget is, and it would be a complete fallacy to say that a reduction would ruin their plan. That does not seem to me of any significance at all. We are not concerned with the British plan. We are trying to help them as much as we can, and to help them as much as we can afford to help them out of our economy. My chief interest is to establish the fact that we are not bound to defend the figure we have arrived at; we may consider whether it can be reduced, both from the standpoint of the strain on our economy and the necessity of offering a British loan at all.

Mr. SMITH of New Jersey. I agree with that 100 percent. The Senator is perfectly right in that respect. The Ap-



propriations Committee has a responsibility. The authorization in the bill is based on the estimates made at the conferences and in the different dealings and discussions with the representatives of the participating countries with a view to building up the over-all figures.

Mr. BALDWIN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Connecticut?

Mr. SMITH of New Jersey. I yield.

Mr. BALDWIN. While the colloquy has been going on, I noticed on page 505, the statement made by the Senator from Michigan [Mr. VANDENBERG]:

But certainly there is nothing sacrosanct about the 24-percent cut under last year's appropriations which Sir Stafford Cripps came up with.

Mr. HOFFMAN. That is right.

Senator VANDENBERG. And you are not undertaking to say this morning that the precise figure of \$940,000,000 is sacrosanct.

Mr. HOFFMAN. No, sir. No man living could say that.

Senator VANDENBERG. How much did Congress cut your estimate for the first year of ECA; do you recall?

Mr. HOFFMAN. Yes, sir. The authorization was for \$5,300,000,000 and we came out with \$5,055,000,000 last year.

As I understand the Senator's position, I ask whether this is correct: We are dealing in the present discussion with an over-all authorization, but it is still within the province of the Appropriations Committee to go into the details of it, as indicated by the questions of the Senator from Ohio and the Senator from Nebraska, as to how the Foreign Relations Committee arrived at this figure; and whether the amount arrived at is the one that is required, is another question, is it not?

Mr. SMITH of New Jersey. I take the position that it is not only within the province of the Appropriations Committee but it is the responsibility of the Appropriations Committee, and if they can find any way by which appropriations can be reduced below the authorization, it is absolutely correct and sound for them to do so. That is the reason we have this method of dealing with the matter.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. SMITH of New Jersey. I should be glad to yield, but I also should like, if I may, to finish my statement.

Mr. WHERRY. I understand, but if the Senator will permit me, I should like to ask another question. A reduction of 25 percent across the board was made in the case of the appropriation for the United Kingdom. Can the Senator find any evidence anywhere in the ECA report that justifies \$940,000,000 for the British? Can he find from the questioning of Mr. Finletter by the committee and the Senator from Maryland [Mr. TYDINGS], or anyone else, what projects were eliminated, what projects were submitted, how the figure of \$940,000,000 was finally arrived at, and whether that is merely an imaginary figure, like \$5,800,000,000? The point is that when the matter comes to the Appropriations Committee, we have a perfect right to say, We are cutting our own appropria-

tions perhaps 15 percent or 20 percent; why not merely take 20 percent off here?" I am asking for the justification of the \$940,000,000. Mr. Hoffman himself did not know what the projects were. He had nothing to do with what they eliminated. The only answer he got was, "They got along with so much last year, and we feel we could probably cut the appropriation 25 percent"—merely a general statement.

Mr. BALDWIN. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. Let me merely say to the Senator from Nebraska, I have before me tabulations showing by commodities the various imports of the United States. It is all spelled out. It slightly varies from the figure we are discussing for the relief of countries. We have the figures very well worked out for all the countries.

Mr. WHERRY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Jersey yield to the Senator from Nebraska?

Mr. SMITH of New Jersey. I yield.

Mr. WHERRY. I should like to get a little more light on that point. On page 18 of the committee report, I find the following:

A statement made by Mr. Christopher Mayhew, Parliamentary Under Secretary for Foreign Affairs, before the United Nations Economic and Social Council, on February 23, 1949, to the effect that Britain's recovery was virtually complete, led to widespread questioning of the need for further American aid. As a result, the committee decided to reexamine in public hearings previous testimony given by Mr. Hoffman and Mr. Finletter, the ECA mission chief to the United Kingdom, on Britain's need for American aid.

Here, it comes out again:

Mr. Hoffman pointed out that the estimated British requirements for dollar aid in 1949-50 represented a 24-percent cut from 1948-49 aid as compared with a 15-percent reduction for the participating countries as a group.

We have those general statements, I agree, but here the implication is they do not need this, but in order to continue the program, 25 percent is taken off, and we will continue next year, and cut another 25 percent off, and so on. As a member of the Appropriations Committee it is my humble opinion we should know what the British program is, just as we know what our program is, whether it is for the St. Lawrence Seaway or for power development, or for the flood control area, or for this, that, or the other thing. We should know what it is, and what is asked for it, and what was eliminated. Mr. Hoffman himself said he had not had access at all to the British program, that all he had was a statement from them saying they would take 25 percent off from the amount of last year, making a total of \$940,000,000. I ask, is that justification for one to sit on the Appropriations Committee and vote the full \$940,000,000.

Mr. SMITH of New Jersey. I think the Senator will find the Appropriations Committee can furnish him broken down estimates, such estimates as he needs. If not, I shall be very much surprised. I know we had them for weeks,

and discussed them with various groups. I cannot give the Senator the figures now. We certainly considered the break-downs.

Mr. WHERRY. Just one more thing, and I am through. Mr. Hoffman said:

Mayhew is in trouble in New York because he has blurted out the truth at the wrong moment. He has told the Americans that we are very near to an over-all balance of trade. Figures which will be published shortly would show that Britain had surprised even herself by how near she had come to balancing what she has to spend with what she has been able to earn. Inside this over-all picture there was a very great dollar deficiency. To help it out by 1952 would require the continuous effort of us all. Meantime, without the dollar aid, not only Britain but Europe would be starving.

That is the point the Senator is making, but the facts are that Britain's overall is beyond expectations. As was pointed out by the Senator, her recovery has about put her back to her prewar condition, so that there is nothing in the economic report, there is nothing in the evidence of the committees that convinces me as a member of the Appropriations Committee that the figure of \$940,000,000 can be positively justified.

Mr. SMITH of New Jersey. I could wish that the Senator from Nebraska, with his great vigor and personality, could have been with us, because I know he would have been one of the foremost advocates of this program.

Mr. President, I want to refer again to the United Kingdom.

The United Kingdom is approaching a position in which her total earnings in all currencies will balance, or nearly balance, her total payments in all currencies. She is already running a substantial export surplus with the other participating countries and with other countries in the sterling area, but a substantial deficit in the dollar area.

That is a question which the Appropriations Committee will be interested in exploring. It is perfectly clear that the committee did not sidestep this issue.

Mr. WHERRY. I am not suggesting that.

Mr. SMITH of New Jersey. No; I know the Senator is not.

In the committee report it is stated, on page 13:

The committee recognized that the Appropriations Committee will have an opportunity to review these amounts at a later date and at that time the course of future prices may be more readily determined.

We admit that if that enters into the question we shall have to consider it.

The report says, further:

It believes that the Appropriations Committee should carefully consider any changes in prices, both in imports to and exports from the participating countries, and the members of this committee are, of course, free to reconsider the authorized figures in voting on the appropriations. This statement should not be construed in any sense as detracting from the committee's endorsement in general of the full amount of funds requested, based on its own painstaking examination of the components of the budget presented.

In other words, we are urging the authorization, but we shall applaud Senators if they will examine the figures and



find we can reduce the amount needed for appropriation.

Mr. WHERRY. I thank the Senator.

Mr. SMITH of New Jersey. I have only a few words more, Mr. President, and I shall close.

I express my appreciation to my colleagues who have participated in the debate, because I feel it is most important that on a matter of this stupendous import we should have the fullest and freest discussion, so that the American people may know the issues which are involved in the program. But I give my wholehearted support to the pending legislation, which provides for the extension of the ECA program, and I shall sum up by giving a few reasons.

It is the most stupendous economic instrument in all history. It involves a calculated risk. We took it with our eyes open, as a choice of positive action or of doing nothing for the rehabilitation of the world.

I think I can allege, without fear of contradiction, that the first year's experience and performance has been a brilliant success. Many mistakes have been made, but no one could have foreseen what would have to be done. It involved the establishment of the organization, marked by a tolerant spirit, courage, and true Americanism. It has been a great success; and I want to pay tribute to those who participated in it, and especially to Mr. Hoffman and Mr. Bruce, who have been the hubs of the entire movement. To me it has been a practical carrying out of a great vision. We regret that Russia did not come in. As I said earlier in my remarks, General Marshall wanted Russia and the satellite countries to come in. If they had come in, we would have had a chance to move in other areas. What we have done is to give a practical answer to the unification of Europe by economic aid and self-development as opposed to the historic attempts of Napoleon, Bismarck, Kaiser Wilhelm, Hitler, and Mussolini, by force of arms. If we succeed, it will be the most stupendous accomplishment in all history, because the other attempts, as we all know, failed.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. SMITH of New Jersey. I yield to my good friend from Maine for a question.

Mr. BREWSTER. I should like to ask the Senator a question. Would the Senator favor giving aid to nations which refuse to cooperate with the United Nations?

Mr. SMITH of New Jersey. I know the Senator is asking me with reference to a matter which is very close to his heart, and I sympathize with him, but I think it would be a mistake for the United States unilaterally to attempt to enforce whatever action may be taken by the United Nations. I think that is a program which is now before the United Nations, and I understand the question is being satisfactorily settled. I think it would be a mistake for us to say that, single-handed, we should try to deal with the question by withholding aid.

Mr. BREWSTER. Mr. President, will the Senator yield further for a question on another topic?

Mr. SMITH of New Jersey. Yes.

Mr. BREWSTER. In connection with the balance of payments of Britain, discussed by the Senator from Nebraska [Mr. WHERRY], there were reports, and I should like to inquire whether the Senator from New Jersey has explored them, that with the exchange which was made available under the Marshall plan the British were able, in large measure, to buy up the entire Australian wool clip, and were using it primarily to aid in the solution of their own problems. Has that fact come to the Senator's attention, and has it been explored?

Mr. SMITH of New Jersey. It has come to my personal attention. I do not think that it has come before the committee at all. Possibly it should be explored, I grant that.

Mr. President, in conclusion, let me sum up what I have tried to say today.

The extension of the ECA program and the authorization for the funds for the rehabilitation of Europe for the second year of the operation of the plan is and should be a definite endorsement by the Congress of the United States of the successful initiation of the plan under the able administration of Messrs. Paul Hoffman and Howard Bruce, the Administrator and Deputy Administrator, and their able corps of assistants.

Taking the so-called Marshall plan as a whole with its termination date in 1952, we can properly characterize it as the most stupendous economic experiment in all history. It is another milestone in the program for world peace initiated in the Dumbarton Oaks conferences, carried on even before VE-day and VJ-day and leading to the ratification of the United Nations Charter, and the attempt at least to organize the world to solve its problems by the rule of law rather than by the use of force.

The Marshall plan, as one of the steps in that progress, is the practical carrying out of the American vision of a united world, and it seeks the uniting of Europe by mutual self-help and economic rehabilitation, as opposed to the historic attempts to unite Europe by force made by Napoleon, Bismarck, Kaiser Wilhelm, Hitler, and Mussolini. The Communists have sought to destroy the American purpose by creating confusion and disintegration, and thus have precipitated the cold war. But I am confident that the challenge of the Marshall plan, stressing as it does, mutual aid, self-help and unity of the European nations, will be a definite block to the creeping paralysis of communism which the world today so desperately fears.

The passage of this legislation, continuing the program so brilliantly begun, will definitely tell the world that America is united in its support of the spirit and purpose of the United Nations movement for cooperative action to preserve the peace.

Mr. JENNER obtained the floor.

Mr. WHERRY. Mr. President, will the Senator yield so that I may suggest the absence of a quorum?

Mr. JENNER. Yes; I yield for that purpose.

Mr. WHERRY. Mr. President, I suggest the absence of a quorum, without depriving the Senator from Indiana of the floor.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Holland	Morse
Anderson	Humphrey	Murray
Baldwin	Hunt	Myers
Brewster	Ives	Neely
Bricker	Jenner	O'Connor
Bridges	Johnson, Colo.	O'Mahoney
Byrd	Johnson, Tex.	Pepper
Cain	Johnston, S. C.	Reed
Capehart	Kefauver	Robertson
Chapman	Kem	Russell
Chavez	Kerr	Saltonstall
Connally	Kilgore	Schoeppel
Cordon	Knowland	Smith, Maine
Donnell	Langer	Smith, N. J.
Douglas	Lodge	Sparkman
Downey	Long	Stennis
Eaton	Lucas	Taft
Ellender	McCarran	Taylor
Ferguson	McCarthy	Thomas, Okla.
Frear	McClellan	Thomas, Utah
Fulbright	McFarland	Thye
George	McGrath	Tobey
Gillette	McKellar	Tydings
Green	McMahon	Vandenberg
Gurney	Magnuson	Watkins
Hayden	Malone	Wherry
Hendrickson	Martin	Wiley
Hickenlooper	Maybank	Williams
Hill	Miller	Withers
Hoey	Millikin	Young

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. JENNER. Mr. President, I am not one of those who adheres to a bipartisan foreign policy. I oppose the continued squandering of the material and financial resources of our country in a foreign spending scheme labeled "for recovery purposes."

Spending in Europe is no longer needed for recovery. The money will be expended only for relief and not for recovery.

For proof of this statement we need only refer to the recent remarks of Mr. Christopher Mayhew, English statesman, who reported that England has accomplished its recovery and now was engaged in a series of great social experiments.

Mr. President, I do not believe it is the American taxpayer's duty to carry on the so-called experimentation of the Labor Government in England. In our country our people have to pay for their babies. They pay for their hospitalization. If they want a hearing device they pay for it. If they want false teeth they pay for them. In England, if individuals are unfortunate enough to have lost all their hair, which I am fast doing, they obtain free toupees, but in America individuals who have lost their hair must pay for toupees. So I believe the time has come to draw the line between what is necessary and what is unnecessary.

Mr. MILLIKIN. Will the Senator yield?

Mr. JENNER. I yield.

Mr. MILLIKIN. What would make a man so depraved that he would want to cover an honest bald head with a toupee? [Laughter.]

Mr. JENNER. The answer to that question, Mr. President, is, I presume, that the reason motivating bald Englishmen is that they can get something for nothing. In England a baldheaded man can get a \$50 toupee which the American taxpayer pays for, and therefore he wants to cover up.



Mr. MILLIKIN. Mr. President, will the Senator yield for another question?

Mr. JENNER. I yield.

Mr. MILLIKIN. Can the Senator tell me why anyone would want to disguise an honest bald head by slicking over?

Mr. JENNER. I do not know. But, as the Senator must be aware, the English are pretty good at all kinds of disguise.

Mr. President, the American taxpayer is financing these great social experiments, financing the purchase of false teeth, of toupees, and every other form of socialistic experiment the mind of man can conceive.

No one has questioned the truth of Mr. Mayhew's statement. The only criticism voiced in England of his untimely revelation was that Mr. Mayhew "said the right thing at the wrong time and in the wrong place."

Mr. President, I announce that I am not one who adheres to the so-called bipartisan foreign policy. I do not believe in bipartisanship. I am a firm believer and staunch supporter of the two-party system, and I am one of the firm opinion that had the Republican Party taken the issue of foreign spending to the people in the 1948 elections, there would have been a far different result from the balloting.

It is a function of the minority party to call to the people's attention the weaknesses and the shortcomings of the majority party.

Mr. President, how long can our country afford to pour out billions upon billions for this scheme on foreign relief—this scheme which is supposed to bolster not only our own domestic economy but the economy of the entire world?

There is a limit to the source.

As ex-President Hoover testified only a few weeks ago before the House Ways and Means Committee, we have reached the saturation point in taxation. We cannot continue to pluck the feathers from the golden goose and still have feathers.

Now we are asked to dig into the pockets of the American taxpayer for another \$5,580,000,000 to finance Europe. I was happy to listen to the address of my distinguished colleague from Indiana [Mr. CAPEHART] last Friday. I commend him for his desire to save \$3,000,000,000 for the taxpayers of America. I am always in favor of saving money for the taxpayers, but why stop at \$3,000,000,000, Mr. President? Why not save all of it?

For almost a year now the Economic Recovery Administration has doled out American dollars and has given the American people a lot of double-talk about the splendid program which it has been administering. The ECA program, or ERP, as I prefer to call it, has been heralded as a boon to business.

It is now called the ECA program. As it originally started it was called the European Recovery Program; but I can understand why the name was changed from ERP to ECA. ERP does not sound too well, and this program does not sound too well when it is analyzed in all its ramifications.

Just who is being helped in America by this gigantic spending scheme? Are the

little-business men getting any of these Marshall-plan dollars? The backbone of American business is the small-business man. Is the small trader being aided? If you operate a small business in the United States, I defy you to get any information from the ECA as to the possibility of sale of your product in the Marshall-plan scheme.

Who, then, Mr. President, is being aided?

It is big business, those vested interests over whom our President sheds so many crocodile tears—the gluttons of privilege, the bloated plutocrats. I repeat, only the big companies get any business out of the Marshall plan.

Small- or medium-sized business cannot get any information about what Marshall-plan countries are buying. What information ECA permits to trickle out is issued after contracts have been signed.

Only recently a high ECA official was quoted as saying:

You must realize that at no place in the act is ECA directed to aid American businessmen. Therefore, we have no legal obligation.

Also, as a matter of operating policy, we leave it solely to the Marshall-plan countries to decide what they are going to buy—whether in the United States or elsewhere—and from whom they are going to buy. We do not—and will not—even make any suggestions along these lines.

I am informed, Mr. President, that when ECA opened its doors for business last year, 17,000 business firms wrote to ask how they could get some business out of the Marshall plan.

It will be remembered that we were told on the floor of the Senate that it would bolster our domestic economy. Let us see. Their inquiries were answered by a printed pamphlet, a copy of which I hold in my hand. It is entitled "American Business and European Recovery—Second Edition," and is issued by the Economic Cooperation Administration, Paul G. Hoffman, Administrator. I defy anyone to read this booklet as a businessman and find any useful information therein.

For example, on page 6, under the heading, "Whom the American exporter should contact," there is this very unrevealing information: It suggests that American businessmen contact, first, foreign private importers; second, foreign government missions; and, third, United States Government procurement agencies.

That is about the sum and substance of the information provided in this booklet. The main purpose, it seems to me, was to provide an excuse to publish a list of names of persons who are associated with the ECA. In other words, it is a lot of double talk, but of no practical use to the American businessman.

I have judged, Mr. President, that American small business is being bypassed, even actually ignored, in their desire to participate in ECA business.

Mr. MARTIN. Mr. President, will the Senator yield for a question?

Mr. JENNER. I yield for a question.

Mr. MARTIN. Could not that situation be remedied by an amendment to the bill providing facilities for the

small-business men of the United States to get some of this business?

Mr. JENNER. It not only could be remedied, but it should be remedied by an amendment to this authorization bill before its passage.

I have here a press release from the Economic Cooperation Administration dated March 22 which reveals an amendment to regulation 1 on prices paid for ECA-financed transactions was being drafted to guide buyers and suppliers in their negotiations. The release states that 21 representatives of private industry discussed the amendment with ECA officials. Who were these representatives of private industry. Listen, Mr. President. Listen, small-business men of America. The list of conferees look like a Who's Who of big business. Here are some of the firms represented: Procter & Gamble Co., Wilson & Co., Standard Oil Co. of New Jersey, Tidewater Associated Oil Co., International General Electric, United States Steel Export Co., Continental Grain Co., American Smelting & Refining Co., International Harvester Co., and John Deere & Co.

Perhaps it is all right—I do not know—but last year one firm, the Clayton Anderson Co., sold to the ECA countries \$800,000,000 worth of cotton. What a break that gives the American small-business man.

Mr. MARTIN. Mr. President, will the Senator yield for another question?

Mr. JENNER. I yield for a question.

Mr. MARTIN. Does the Senator from Indiana realize that there are 3,600,000 businesses in America which are operated by an average of two and one-half persons each, and that they employ two-thirds of all the people of our country; also, that they have a small-business organization representing them? Was there any representation from that small-business organization?

Mr. JENNER. None whatever.

Mr. MARTIN. Does the Senator believe that if we could place in this bill a provision for a bureau to look after small business that would take care of the situation?

Mr. JENNER. I think it is essential, as I stated a while ago. I think it must be done, and should be done in this authorization bill which is now before the Senate.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. JENNER. I yield for a question.

Mr. CONNALLY. I assume that the Senator does not wish to be inaccurate or unjust. A while ago he stated that Anderson, Clayton & Co. had sold \$800,000,000 worth of cotton to the participating countries.

Mr. JENNER. That is correct.

Mr. CONNALLY. I wish to ask the Senator a question: Does he not know that, for the last year, ECA financed—it does not buy or sell; it finances—\$358,000,000 worth of cotton to all the countries in the Marshall plan.

Mr. JENNER. Does that include all that was delivered, or does it include the cotton purchases under the \$3,000,000,000 that is in the pipe line?

Mr. CONNALLY. No; it includes everything.



Mr. JENNER. Then, apparently I am wrong in my statement; and if I am, I apologize, and am very sorry.

But these figures have been brought out time and again before now. I think it will be found that we shipped that much cotton, and that the brokers for the cotton were Anderson, Clayton & Co. I think it will be found that their shipments of cotton in foreign trade last year amounted to \$800,000,000 worth.

Mr. CONNALLY. I should like to ask the Senator one other question.

Mr. JENNER. Yes.

Mr. CONNALLY. Does the Senator from Indiana know that from September 1, 1948, to December 1, 1948, Anderson, Clayton & Co. did only 9 percent of the business in cotton with these countries?

Mr. JENNER. With the European countries?

Mr. CONNALLY. Yes.

Mr. JENNER. Under the Marshall plan, or in our European trade?

Mr. CONNALLY. No; under the Marshall plan.

Mr. JENNER. The same gentleman who apparently is now furnishing the senior Senator from Texas with information was in conversation with me the other day on this subject, down the hall, in a room to the right; and these figures came up, and he verified the fact I have just mentioned, but explained that Anderson, Clayton & Co. would have gotten the business in any event, regardless of the Marshall plan. So I would be interested in having the Senator from Texas inquire of his friend when he changed his mind about the figures.

Mr. CONNALLY. My information is that no specific figures were verified, but that the person to whom the Senator from Indiana refers simply said that Anderson, Clayton & Co. were doing business just as they had always done business in those countries.

Mr. JENNER. Yes; and I do not like it.

Mr. CONNALLY. The Senator does not like it?

Mr. JENNER. I want the small-business man to have a break because he is the backbone of this country.

Mr. CONNALLY. The cotton business is one in which the small-business man is perpetually active. The big-business men simply buy cotton from the small-business men and export it. The small-business men cannot do anything except through the regular channels of trade. I think I have heard the Senator from Indiana say, "We want to preserve the normal channels of trade. We want to preserve the methods of private enterprise."

Mr. JENNER. Yes; but we are getting might tired of trading hams for wieners. [Laughter.]

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. JENNER. I yield for a question.

Mr. WATKINS. Who is the Mr. Clayton who is connected with the firm which has been mentioned?

Mr. JENNER. That is Will Clayton, formerly Under Secretary of State, I believe.

Mr. WATKINS. Was he one of the advisers of the group mentioned?

Mr. JENNER. I am not positive about that, but I would assume that he had somebody hanging around the edges.

Mr. CONNALLY. Mr. President, will the Senator yield again?

Mr. JENNER. I yield for a question only.

Mr. CONNALLY. I am surprised at the way—

Mr. JENNER. I object, Mr. President; I yield for a question only, not for a speech.

Mr. CONNALLY. Then I ask a question: Does not the Senator from Indiana know that Mr. Clayton has no governmental connections at all now, unless it be as an unpaid adviser now and then to the Secretary of State?

Mr. JENNER. I do not think Ed Pauley has any Government connections now, but nevertheless he has had, and so has Mr. Clayton.

Mr. CONNALLY. Mr. President, I do not think the Senator from Indiana is responding to my question. Is it any crime to come from my State? Is it any crime for an honest man to be a success in business?

Mr. JENNER. Absolutely not.

Mr. CONNALLY. Is it any crime to belong to a party to which the Senator from Indiana does not belong?

Mr. JENNER. Absolutely not. If it is a crime to belong to a party to which I do not belong, then many people have been violating the law for about 20 years.

Mr. CONNALLY. I trust that they will continue to violate it in the same way that they have been violating it in the past.

Mr. JENNER. I trust that they will not.

Mr. CONNALLY. In other words, by keeping certain people out of the Government.

Mr. JENNER. Mr. President, this will explain to the Senator from Texas what I am talking about—

Mr. CONNALLY. Mr. President, if the Senator will yield, let me say that I am getting tired of having men like Mr. Clayton abused and denounced on this floor simply because they come from my section of the country. There is not a more honest, more capable, and better citizen in Washington, nor has there been in the past, than Mr. Clayton.

Mr. JENNER. Mr. President, I do not differ with the opinion of the Senator from Texas; I am merely trying to point out the fact that under this Marshall-plan program, the big business concerns—the monopolies, so to speak—over which we shed crocodile tears, the "gluttons of privilege" the President of the United States made his campaign on last fall, are the people who are getting the big end of the Marshall-plan business; but the backbone of this country, the small-business men, are being penalized, and cannot even learn from the Department the truth as to where they can even make sales. I am getting tired of that kind of conduct, if the Senator from Texas please.

Mr. President, my opposition to this so-called bipartisan foreign policy is

strengthened every day. Instead of a bipartisan policy, I consider it to be a policy which leaves the Republican Party and the American taxpayer holding the bag.

I have said that if in the 1948 Presidential campaign the Republican Party had taken a firm stand against these foreign-spending schemes, the people would have voted against them in no uncertain terms.

One need only refer to the election of 1920, when the League of Nations was the outstanding issue. At that time the Republican Party under the able leadership of William E. Borah, of Idaho; Henry Cabot Lodge, of Massachusetts, the distinguished forebear of our colleague in the Senate today; Hiram W. Johnson, of California; my distinguished predecessor in the Senate, the late James E. Watson; and other Senators took a firm and determined stand against membership in the ill-fated League of Nations.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. JENNER. I yield for a question.

Mr. LODGE. Is it not true that some of the Senators whose names the Senator from Indiana has just mentioned favored United States membership in the League of Nations with reservations, but those reservations were not acceptable to the then President of the United States?

Mr. JENNER. I think that is correct; and they took that issue to the people in the campaign of 1920, and the people voted overwhelmingly to maintain the American policy of refusing to meddle in foreign entanglements.

We had just emerged from World War I, and already the seeds of "One World" were beginning to grow. Today they are in full bloom. We are committed to membership in United Nations.

Soon we shall be debating the North Atlantic Pact, which I confidently believe will be the forerunner of North African pacts, South African pacts, Middle East pacts, this pact, that pact, and the other pact, plunging the United States deeper and deeper into the hatreds and jealousies and diplomatic maneuverings of the countries of the Old World.

Today there are those who still charge that the band of intrepid Senators who defied Woodrow Wilson, the President who demanded acceptance of the League of Nations Covenant without the dotting of an "i" or the crossing of a "t," are responsible for World War II. Senators have heard it said many, many times. That charge, Mr. President, I challenge. Our present-day troubles began November 16, 1933, when our Government suddenly and ill advisedly, to say the least, recognized the Union of Socialistic Republics on an equal footing in the family of nations. From that time forward, even including today, secret diplomacy has been the rule, not the exception.

In his attitude of "papa knows best," the late President of the United States, the creator of the New Deal, made commitment after commitment, many of which are only now being exposed to the pitiless light of publicity.

The entire world ridiculed and condemned Mr. Chamberlain for his ap-



peasement of Hitler in the Munich Pact, by which he hoped to achieve "peace in our time." But who is there to condemn the attitude taken by our own Government in its appeasement after appeasement conference with Uncle Joe Stalin?

We sat at Teheran, at Yalta, at Cairo, at Quebec, at Potsdam, and dealt all the tickets to him, saying to Stalin, "You take it, Uncle Joe; we will pay for it." Since the war has ended, we talk about helping European nations get on their feet. We pour billions of dollars of the American taxpayers' money into Europe. "Old Joe ain't no bad fellow." He has taken \$12,000,000,000 out of Europe in war reparations. "You can't get even, boys." It was brought up here this morning that we ratified a treaty with Italy, making Italy pay Russia millions upon millions of dollars in war reparations. Then we turn around and send American taxpayers' money to Italy to keep her from going communistic. It is silly. It will not stand up. It is going to break this country. It is going to destroy the last bulwark of freedom. Continuance on the present course will destroy the only thing in the world today that can stop Russia, if she starts on a determined aggression—that is, the United States of America. Bankrupt her, and Russia will not be required to fire a single shot. She will march up and down our streets unopposed, and our socialistic friends in Europe will run to her like rats leaving a sinking ship.

That Chief Executive, the instigator of the Russian-appeasement policy, who assumed tripartite powers, executed one secret commitment after another, even in violation of his own brain child, the Atlantic Charter.

Let me quote from William C. Bullitt, former Ambassador to England and Russia, as published in the American Mercury of June 1947, page 646, under the title "Can Truman Avoid World War III?" Mr. Bullitt wrote, and I quote:

By what enormous error of judgment have we garnered such a poisonous fruit of victory? The answer is clear. When our Government began in 1941 to treat the Soviet Union as a peace-loving democracy instead of as a predatory, totalitarian tyranny, it made one of the most disastrous errors in the history of the United States. We based our foreign policy on the exact reverse of the truth.

While our soldiers, sailors, and aviators were fighting with superb skill and courage, our foreign policy was being handled with ignorant and reckless disregard of the vital interests of the American people.

We did nothing whatsoever to guarantee ourselves against the possibility—which was, in fact, a certainty—that Stalin's totalitarian dictatorship would turn out to have the same aim of world conquest as Hitler's totalitarian dictatorship.

At the conferences of Teheran, Yalta, and Potsdam, we continued to give Stalin what he wanted, hoping that in the end he would turn out to be an amiable, peace-loving democrat.

Even Secretary Byrnes when he took office in the summer of 1945, was imbued with the idea that he "knew how to get along perfectly with Stalin," and it took many months for him to learn Stalin would not stop of his own free will, but could only be stopped.

In further proof, Mr. President, that the failure of America to join the League of Nations—

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Iowa?

Mr. JENNER. I yield for a question.

Mr. HICKENLOOPER. I wonder if the Senator feels that there might be a continuation of the policy within the administration, believing that it has the ability to get along with subversive elements who may still be on the pay roll of the United States Government.

Mr. JENNER. I may answer the Senator by saying I do not know what to expect. In the middle of the last political campaign the Chief Executive of the Nation was willing to chuck the policy we have been following, even that which we were following under the Marshall plan and under the United Nations, to forget our good friends to whom we refer to as allies, and hint that he was going to send Chief Justice Vinson to Europe to sit down and figure it all out with "Joe." There is again talk of that. There is also talk that it will not be long until we will buy off Russia with a \$10,000,000,000 loan. I do not know what to expect. When the Senator refers to our foreign policy, I merely say we would have to have the agility of one affected with St. Vitus dance to remain in sight of our foreign policy. It shifts as the shifting sands.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Iowa?

Mr. JENNER. I yield for a question.

Mr. HICKENLOOPER. I am afraid I did not make myself clear, so I shall put it a little more bluntly and succinctly. I wonder if the Senator believes we have cleaned all the subversive elements out of the administration of the American Government up to this time?

Mr. JENNER. Of course, what the Senator might say about that would not amount to anything, because he would be talking about a red herring. But recently one was uncovered in the Justice Department downtown, and I keep hearing about others in many other Government agencies. It is my personal opinion that if the truth were known, this whole city is crawling and creeping with them. J. Edgar Hoover has told us there are literally thousands upon thousands of Communists and subversives in this country. The Committee on Un-American Activities last week issued a report stating it was their opinion that there were 825,000 in this country. I want the Senator to know that that is a larger number of actual Communists than there are in Russia today.

Mr. McMAHON. Mr. President, will the Senator yield for a question?

Mr. JENNER. Yes; I yield for a question.

Mr. McMAHON. Is the Senator aware of the fact that the Federal Bureau of Investigation has just completed an investigation of all employees of the Fed-

eral Government, and is the Senator aware of the percentage of employees who resigned as a result of the investigation?

Mr. JENNER. No, I am not. I read the figures a while back. Some employees resigned rather than take a loyalty test. I read that.

Mr. McMAHON. Of the 2,000,000 employees of the Federal Government who were investigated, I am not certain at this moment of the number found whose loyalty was questioned, but I think it was less than one-tenth of 1 percent. I will say that is too many. I am glad we had the investigation and glad we got rid of those employees; but I will say also to the Senator that the result of the investigation is not consonant with the Senator's assertion that Washington is creeping and crawling with Reds.

Mr. JENNER. I do not have the facts and figures. I wish I did have them. I wish we knew how many there are in the Government, in our universities, just where they are located, and what they are trying to do. But if as a result of this foreign-policy program we bankrupt this Nation, they will spring up regardless of how many there are, from our universities, our schools, our churches, our Government, and our labor unions, and the very thing we are trying to stop in the world will take this country over. Do not let anyone say it cannot happen. If there should be 15,000,000 persons hungry, as happened in what the Democrats like to call the Hoover depression, we would not need to worry about the North Atlantic Pact, any Middle East pact, or any other pact; this great, free country would be ready for socialism overnight.

Further proof, Mr. President, that the failure of America to join the League of Nations was not responsible for World War II, but that it was deliberately planned, is given in the revelations by Charles A. Beard in his work entitled "President Roosevelt and the Coming of the War, 1941," published by Yale University Press, in 1948. I quote, from page 517 of that volume, extracts from Mr. Stimson's diary submitted to the Joint Committee on the Investigation of the Pearl Harbor Attack.

I read the excerpt from Mr. Stimson's diary for November 25, 1941:

Then at 12 o'clock we went to the White House. \* \* \* At the meeting were Hull, Knox, Marshall, Starke, and myself.

There the President \* \* \* brought up the event that we were likely to be attacked, perhaps (as soon as) next Monday, for the Japanese are notorious for making an attack without warning, and the question was what we should do.

The question was how we should maneuver them into the position of firing the first shot without allowing too much danger to ourselves.

It was a difficult proposition.

Mr. President, I do not intend to enter into a long dissertation on the causes of World War II, but I do charge, and I defy successful contradiction, that one-man diplomacy and secret commitments, combined with lack of a continuing and forceful foreign policy, plunged America



into the greatest conflict in history, the cost of which we are paying today, and which will continue to be paid by our children, by their children, and by their grandchildren.

The Marshall plan—or ERP, as I call it—is only one of the items in the gigantic price we are paying for the foolhardy policies which this country has followed since 1933.

There is no crisis in Europe because of the policies of Europe; there is a crisis not only in Europe but in America today, and it is a crisis in honest, forthright leadership.

Mr. President, among the principal reasons given to the American public and the Senate as to the need for European aid was that it was to prevent hunger and starvation in Europe and to halt the spread of communism. The Marshall plan has been in effect for approximately a year, and I want to cite to the Members of this body the fact that in the past year communism has made its greatest strides in the area and the peoples it dominates. So far as feeding hungry and starving persons is concerned, the American people—and I as one of them—are always ready to do that, wherever they exist, at any time. That applies also to Russia.

I should like to point out one specific example of the results which have been obtained with the use of ECA funds last year and the effect upon our own economic welfare. The United States is producing annually approximately 10,000,000,000 pounds of animal fats and vegetable oils. Many of these fats and oils are interchangeable in their use in industry and as human food. For example, cottonseed oil and coconut oil, which we import, compete with butter in the form of oleomargarine and with lard as a shortening and cooking fat. These fats and oils are one of the most highly concentrated foods and are very necessary for a balanced diet with which to maintain the energy of the human body. A pound of fat contains 4,080 calories as compared with 1,270 calories in a pound of lean meat. A pound of butter has almost four times as many calories as has a pound of lean meat.

The Senator from South Carolina [Mr. MAYBANK], in the discussion of Senate bill 548 on February 8, 1949, stated that the fats and oils program under the ECA and other governmental departments was “handled miserably.” I might add that the Senator made an understatement. Here are the facts. Let me point out to the Senate what took place.

In 1948, under the various types of controls, we imported approximately 470,000,000 pounds more fats and oils than were allocated for export. The people in Europe during this period were desperately in need of fats and oils. In fact the shortage in many cases caused a condition approaching that of malnutrition. The point I wish to drive home is that instead of making these fats and oils available for the hungry in Europe, we bought them away from them and prevented them from having a very necessary item of food.

But that is only a small part of what happened. The net import of 470,000,-

000 pounds of fats and oils created a surplus in the United States and completely demoralized our fats and oils market. As a direct result, the price of lard dropped from 28 cents a pound in January 1948, to approximately 11 cents a pound at current prices. The price of tallow from our choice corn-fed cattle dropped from 26 cents a pound to a current price of 5.5 cents which is below the prices in some of our depression years when we were not confronted with a \$42,000,000,000 budget. The price of other fats and oils dropped in proportion.

This drop of approximately 15 cents per pound for our fats and oils forced the producer to take a loss of approximately \$1,500,000,000 or about \$125,000,000 per month on current production.

A further result of this dislocation in our fats and oils market made it necessary for the packer to penalize the farmer from \$5 to \$8 per hundredweight on heavy hogs. In addition to making up the loss on lard and tallow, the packer had to pass on some of the loss to the public. The poor American taxpayer, who is furnishing the funds which we so liberally dole out, was forced to pay 10 to 15 cents a pound more for pork chops and other choice cuts of meat than would have been necessary if fats and oils had retained their normal price ratio.

This led to the cry of “high cost of living,” and the American consumer rebelled at the market place.

In my opinion this miserable handling of the fats and oils situation was the primary reason for the drop in commodity prices, which has placed us on the brink of a depression, and has sent fear into the hearts of our people. The prices of farm commodities, as Senators know, have dropped over one-third during the last year. The drop in commodity prices, induced by low prices for fats and oils, has reduced our price level approximately 10 percent, and has wiped out approximately \$20,000,000,000 of national income. This in turn will mean a reduction of approximately \$5,000,000,000 of potential Federal revenue, which we need to pay for the program we are considering here today, and the program of the North Atlantic Pact and all the other pacts we will have to consider if we follow the foreign policy we have been pursuing.

In addition to that, the Government is now being forced to use the funds of the American taxpayer to support the price of peanuts, soybeans, and flaxseed. Yes, the handling of the program has forced Europe to do without the fats and oils, and in turn reduced our national income \$20,000,000,000.

With a few more years of that kind of program the United States will be bankrupt, and the funds which we have voted and the lives of our young men in World War II will have been spent in vain.

Our first consideration must be a solvent United States. I have heard the Senator from Pennsylvania on this floor and in the cloakroom almost daily say those very words, that our first consideration must be the solvency of our own United States.

I know that many of my fellow Senators and the American public have been led to believe that we are feeding the world. Let us take a look at the record in 1948.

The farmer is told, “Oh, this program is necessary. We have to have it to keep the prices up.”

Our exports of agricultural products totaled \$3,540,000,000 and our agricultural imports totaled \$3,270,000,000. In other words, our net contribution of agricultural products to the rest of the world in 1948 was \$270,000,000, a very small fraction of 1 percent of the total of approximately \$60,000,000,000 spent by the American people for food, tobacco, and beverages.

The funds for European aid have been used to donate tools of production which should have been produced in the factories of continental Europe, factories which we deliberately destroyed, and are destroying right today in the British zone.

Certainly no one can have the idea that Britain wants to see Germany a strong, productive nation again, with her industrial potential intact. I admire the Britishers. When people can take a piece of land, a cold, damp island—no bigger than my State of Indiana and crowd 45,000,000 people on it—and can own and control the commerce and the trade of three-fourths of the world for 350 years, I take my hat off to them. I am pleading today that we tear a few pages out of her book and apply to our country the lessons we learn. It would mean a better foreign policy.

Perhaps I should not be making this appeal to United States Senators. Perhaps I should be making the appeal to the people who govern in England, and say, “Boys, don’t bleed us white, don’t bankrupt us, or you are going to be sorry. Twice in the last 30 years you have cried ‘Wolf.’ If you bleed us white and yell again, we will not be able to come, because we will not have enough with which to come.” Perhaps that is where my appeal should be.

Mr. McMAHON. Mr. President, will the Senator from Indiana yield?

Mr. JENNER. I yield to the Senator from Connecticut.

Mr. McMAHON. The Senator might consider the advisability of making his appeal at the Waldorf Astoria, where a conference has been in progress among people who do not like the Marshall plan, so-called, and have not any use for the Atlantic pact. If he will go there he will find himself in complete agreement with those people, because they, like him, are very much against both these proposals.

Mr. JENNER. That is quite a long question, but I shall endeavor to answer it.

I have here an editorial from one of the leading Washington newspapers of last Wednesday:

Scheduled to arrive in New York aboard the steamship *Queen Elizabeth* today is a man whom most people consider the greatest Englishman alive—the Right Honorable Winston Leonard Spencer Churchill.

There are those who regard him as the greatest Englishman of all time—an estimate which also has its points when you reflect that but for Mr. Churchill the ruler of Great



Britain today would quite probably be one Adolf Hitler.

The wartime Prime Minister comes as a private citizen, on a lecture tour of 3 to 4 weeks. His fellow Britons showed their gratitude for his salvage of their national hide by tossing him out of power a few weeks after the German war ended and before Japan's little red wagon was fixed.

Mr. Churchill, in regard to all this, said the other day, "Socialism is getting along fine over here," and then he said, "Thanks to our good American friends. I wonder how long you are going to put up with it."

So I wonder if I need to go to the Waldorf Astoria. I wonder why it is, when an American stands here and talks facts and figures in which he believes from the bottom of his heart, he is automatically smeared, as it is so easy to do, with such generalities. We have liberals in the Senate, Mr. President. I do not really know what a liberal is, but apparently a liberal can be defined as one who can be extremely liberal with the American taxpayers' money. Then we have what are called conservatives. Perhaps a conservative may be defined as one who tries to conserve the taxpayers' money. But the Senator from Connecticut [Mr. McMAHON] put a world of innuendo into his statement that one who opposed the present program might be working into the hands of the Communists—the gremlins of the Kremlin in Moscow will get you if you don't look out.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

Mr. McMAHON. It was not the intention of the Senator from Connecticut to intimidate the Senator from Indiana in the slightest. The Senator from Connecticut was simply trying to point out to the Senator from Indiana that at least in two respects he holds the very same opinion about the efficacy and the wisdom of the Marshall plan and the proposed North Atlantic Pact. I gather that the Senator from Indiana does not like either one of them. From what I have been reading in the newspapers I gather that the gentlemen and ladies who are congregated at the Waldorf Astoria Hotel have as much use for the Marshall plan and the North Atlantic Pact as has the Senator from Indiana. I draw no inferences. I draw no conclusions. I state the facts.

Mr. JENNER. Mr. President, I do not know whether those gathered at the Waldorf-Astoria are a bunch of red herrings. The President of the United States would know about that. He knows more about red herrings and fish of that kind than I do. But I am certainly against the ECA program. I am against it for the very basic, honest, and sincere reason that I believe we are going to destroy at home the very thing we are trying to preserve all over the world—our liberties and our peace. I honestly do not believe that the American Government can do all the things we say we can do for the American people. It is probable that \$15,000,000,000 will be spent for local government this year. The Federal

budget is \$45,000,000,000. God only knows what the North Atlantic pact and armament for other countries will cost. I do not know what the projected Middle East pact is going to cost us. I do not know what other pacts are going to cost us. I do not have the least idea what the costs will be. But I know that last year, in the peak of prosperity, we had a total national income of \$225,000,000,000. I know that, according to the program we followed in connection with fats and oils, and the already known agricultural program, our income this year, on a projected figure, will not exceed \$200,000,000,000. I cite to the Senate that all history does not record the fact that a country can dip into its total wealth and take from 40 to 50 percent of it to be used to pay the cost of government and survive as a free people. That is my point.

That doctrine is as American as the editorial says Mr. Churchill is British. I do not find fault with the editorial. I admire Winston Churchill. I admire the British people. They have done a great work in this world for 350 years, and they did it on the basis of one single foreign policy—the policy of doing what was good for England.

Mr. President, I say that, if we want to help Europe, if we want to help stop the spread of communism, the only sensible policy to follow is the policy of doing what is good for America. We have got to keep America strong. We have got to keep America healthy. We have got to keep the American people well educated, well fed. We must keep our country economically sound. We must build an air force that is second to none, or we are going to lose the whole show.

Mr. President, I do not like the idea of anyone imputing to me that I am against this program for the same reason that actuates the Communists. Of course, they do not want it.

I read in this morning's newspaper an article from Pravda, I believe it was, which attacked the North Atlantic Pact. Of course if Russia does not want the North Atlantic Pact—and of course she does not—why does she have to come out with an article in Pravda saying she is against the North Atlantic Pact, while that pact is a current problem in our country? My personal belief is that the reason she does so is to bait us, because she knows we are sucker enough to fall for such a thing. She knows that if she takes a position against it Congress will be urged to adopt it. She plays the game just right. She plays put-and-take here. She does not want the Marshall plan. But she knows that she does not have to take any active step, that all she needs to do is to stand still and wait, while America is being bled white, until America becomes bankrupt, and a depression ensues and then Russia can get what she wants without firing a shot. When we are bled white and a depression comes, all she needs to do is to set in motion the forces she has under cover here, and they can march up and down the highways of this Nation and take over, as J. Edgar Hoover warns us.

I now wish to finish reading the editorial:

We can go along with the general view of Mr. Churchill as the greatest living Briton, and maybe the greatest that ever lived.

The chief reason why we respect him so highly is that he always was a Britain Firster. He fought, worked, sweated, and intrigued for his own country and its Empire, and to Hell with everybody else.

His greatest achievement under this head was his virtual hypnotizing of Franklin D. Roosevelt, so that Roosevelt did everything he could to get us into Britain's latest war, and helped England substantially long before he succeeded in badgering Japan into the Pearl Harbor attack.

This Churchill feat was extremely tough on us, and our grandchildren will still be paying for it. But it was the kind of thing which Mr. Churchill as a British public servant was duty-bound to do for his own country. America's chief regret, we feel, should be over the fact that we have so long lacked and still lack statesmen as devoted to their country as Mr. Churchill is to his.

And, Mr. President, that is the category to which I wish to belong.

So here's wishing the former and maybe the future British Prime Minister a most pleasant and profitable stay in the United States. He deserves it \* \* \* Only we do hope he won't push Mr. Truman any closer to war than Mr. Truman now is.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

Mr. LANGER. Is the Senator from Indiana familiar with the fact that during the Spanish-American War the same Winston Churchill who now brags that he is half American, took up arms for Spain, and fought against the United States, and did all he could to defeat us?

Mr. JENNER. My reply to the Senator's question is that I do not blame Winston Churchill for that. He was representing his country. He was doing what he thought was best for his country. My prayer today is that as representatives of the American people we will do that which we think is best for the future peace of the world and for our country.

Mr. President, the funds of the American tax payer have been used to subsidize the price of food in European nations so that low wage levels could be continued. As a result of these donations at the expense of the American taxpayer, we are laying the foundation for cheap goods.

Under our foreign economic policy of removing tariffs, the principal support for our domestic price level, these goods will flow into the United States, break down our price level and force us into bankruptcy. And, when that takes place, what is the solution offered by the administration?

It is socialism, the Siamese twin of communism, with more Federal agencies; more Federal expenditures; more taxes; more Federal controls and enslavement of the American people.

The tragic results will be the destruction of our American system.

Mr. President, the world totters on the edge of an abyss at the bottom of which is a third and even more destructive



world war. I venture to say that every member of this distinguished body on his infrequent visits to his home state is met on every hand with the query, "Are we going to have war with Russia?"

I do not know the answer to that question. Neither, I assume, does any member of this body.

I do know that it is recognized on every hand we are going through a cold war with Russia and we are sacrificing dollars, machinery, food, and material of every kind in a desperate effort to ward off the continuing gobbling by the Russian bear of additional territory in its policy of aggrandizement.

Mr. President, our own country, our own leaders, have been a party to the conspiracy which has permitted Russia to gain the place which she holds today in world affairs.

In direct violation of the Atlantic Charter we permitted the rape of Poland; we made it possible for the Red flag of Russia to be hoisted in Korea, in the Kuriles, Czechoslovakia, and the other small nations that have become Russian satellites.

Only Sunday, March 27, came announcement that three world powers are to meet in Washington in about 10 days to divide up parts of Germany. This parley will come after the signatory nations of the North Atlantic Pact meet April 4 to make that treaty as official as it can be without ratification by this body. I am a little suspicious, Mr. President, regarding the forthcoming parley.

I am afraid that "Uncle Joe" or Mr. Molotov or Mr. Vishinsky will be lurking around the edges of this conference to grab off a little more territory which they can add to the already growing power of the U. S. S. R.

Mr. President, I am one of those Middle West Americans who have compassion and every sympathy with suffering humanity. No matter to me and no matter to my fellow Hoosiers whether that suffering comes from the ravages of war, famine, or disaster. The helping hand of Hoosiers, like all Americans, is always extended to aid more unfortunate peoples, no matter where they may be.

There is a vast difference, however, between extending relief and prolific spending beyond our means.

I am going to assume, Mr. President, for the sake of argument that the Marshall plan is necessary.

I am going to assume, Mr. President, that the pouring out of billions for social experiments is necessary. I am going to assume every crackpot theory of the New Deal from leaf raking to pump priming is necessary. But, Mr. President, the question remains in my mind, can America afford it?

We are embarking now on the North Atlantic Pact, which I feel is only the forerunner, as I have said, of other international agreements. I do not want to confuse the issue because we are considering today the ECA, but let me digress for a moment to consider the proposed North Atlantic Treaty.

Mr. President, I do not think it is possible to separate our foreign policy into categories. My basic theory is simply this: All of it may be good; all of it may

be necessary, including the Marshall plan, the North Atlantic Pact, and everything else; but I do not believe we can afford it; and if we go bankrupt that is the end of the story. Our liberties and freedoms will disappear.

We all know what has been happening under the Marshall plan. We sent our money over there. The great bulk of it went to Great Britain. No one can honestly say that Great Britain has not made a recovery. Her production today in many fields is well above her total production before the war. How far are we obligated to go in furnishing free toupees, hearing aids, false teeth, free babies, and free funerals, together with a socialized steel industry? How far are we going in digging the coal out of the bowels of our earth and shipping it to England. Last year when England had coal under her own island, under the socialistic government there was no incentive to dig coal, and England was freezing to death rather than digging coal to keep herself warm.

How far must we go in shipping our strategic material such as copper, lead, zinc, coal, and oil to the four corners of the earth. Under certain agreements the Congress authorized the procurement of strategic metals, but Mr. Hoffman and his Administration did not use that power, and as a result, the very nations we are asked to help under the Marshall plan have entered into trade pacts with Russia. More than 88 of them are in existence, under which Russia is getting the strategic materials to make war, and we are sending our materials, of which we are in short supply, to Europe to help European recovery, and Europe is sending those very materials on to our potential enemy. We cannot get even that way.

To try to show what I am talking about, only this morning Secretary of the Interior Krug issued a statement. Please do not call me a Communist. Just call me an American. Mr. Krug is our Secretary of the Interior. This morning he issued a warning. I read from the newspaper article:

Secretary of the Interior Krug today warned of an alarming shortage of some of the vital American national resources, and proposed a series of long-term Government investments in order to maintain national strength for war or peace.

He made public an all-out program for conservation, discovery, and development of new resources in submitting his annual report to President Truman for the fiscal year ended June 30, 1948.

To assure future energy and mineral supplies for American industry Mr. Krug recommended:

A 20-year development program of at least 40,000,000 kilowatts of hydroelectric power, 30,000,000 of which would be Federally built at an estimated cost of \$12,000,000,000 to \$15,000,000,000.

Do Senators see what I am talking about?

There is \$15,000,000,000 for the cost of local government, \$45,000,000,000 for the cost of Federal Government, \$5,000,000,000 for the Marshall plan, an estimated \$20,000,000,000 for the North Atlantic Pact, and \$12,000,000,000 for the necessary kilowatts to maintain our own economy. How far can we go? Let us not

kid ourselves. Let us not kid the American people. How far can we go in maintaining our standard of living? We represent 6 percent of the world's population and 7 percent of the world's area. We have maintained the highest standard of living ever known under God's sun. How far can we go in maintaining that standard of living and still do all these things for people all over the world, all at the same time?

I read further from Mr. Krug's statement. These are not my facts. I did not get these facts from the Communists. I got them from the Secretary of the Interior. I do not know whether he has any Communists in his Department, or whether Communists are advising him. I am merely telling Senators where I got these facts. I continue to read from the news article:

This program would include the St. Lawrence power and seaway project, which the Secretary said was needed not only for power, but also "to bring the newly important iron ore from Labrador and South America to American steel plants."

Quick development of synthetic liquid fuels from shale and coal by private industry, with Government encouragement.

#### NEED FOR GEOLOGISTS

Employment of every available geologist to speed up discovery of new mineral resources in the United States and Alaska.

Restrictions on the use of scarce basic materials such as copper, lead, and zinc, "to protect the Nation's economy from the effects of critical shortages."

Mr. Krug reviewed all activities of the Interior Department, but it was apparent from the stress he applied that his mind centered on the danger of rapid depletion of mineral resources essential to national defense.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. JENNER. I yield for a question.

Mr. LODGE. Does the Senator know that in the measure we are now considering there is specific provision to enable the United States to acquire the strategic and critical raw materials she needs in order to make up for the threatened deficit of which Secretary Krug speaks, and to which the Senator from Indiana so wisely adverts?

Mr. JENNER. I know that is in the pending bill, but it was also in the bill last year.

Mr. LODGE. This year we have a different provision, which I think will work much better.

Mr. JENNER. Oh, Mr. President, last year we were told that it would be our job to enter into bilateral pacts, and, as a result of giving the requested aid, they would give us the strategic materials for which we were willing to spend millions of dollars to acquire and stock pile. But, instead, we are giving billions of dollars to the ERP countries, and they are sending to Russia steel rails, locomotives, oil refining plants, and various other critical machinery, materials, and everything else. In short, Mr. President, it is the old put and take: We put, and Uncle Joe takes. [Laughter.]

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. JENNER. I shall be glad to yield for a question.

Mr. WHERRY. The question which was asked by the distinguished Senator



from Massachusetts should be clarified somewhat, it seems to me, because I interpret the section to which the Senator refers as going away beyond the procurement originally intended under ECA, in connection with the trading or purchasing or stock piling of strategic materials. It seems to me that this measure would provide the necessary authorization for carrying out the fourth plank in President Truman's campaign program, so as to permit the Government of the United States to engage in the procurement of materials and to initiate projects not only to make up for present deficiencies but for potential deficiencies for the next 20 years. So I ask the Senator this question: Does not the Senator feel that is going away beyond the matter of the stock piling of strategic materials, and that it is an attempt to use the funds of the United States to put the world on a socialized program, with the United States doing the procuring?

Mr. JENNER. Mr. President, I think the Senator from Nebraska is going entirely too fast. The first idea was to get the Marshall plan extension legislation passed by the Congress, and then to get the North Atlantic Pact ratified by the Senate, in the pact by which we would trade hams for wieners. Then I suppose there will be a Middle East pact. I do not know just where the New Deal is going to come in; but eventually we shall reach the point where we shall be furnishing milk to the Hottentots.

So I think the Senator from Nebraska is going a little too fast. First we have a request for an authorization; but after that, the crack-down will come; for, after all, the floor to all these plans has been the same in every case. Do you remember, Mr. President, what Mr. Marshall first said when the Marshall plan was first presented to us? He said, "It must be \$17,000,000,000. Give me all of that or give me nothing."

But then various Senator said to the President, "Harry, you had better go a little slower; you had better take things a little easier. We are good; we are in favor of the 'bipartisan foreign policy,' but we cannot choke down all of this at once."

So then the administration was willing to take \$6,800,000,000 to start with. However, instead of spending that amount, they have spent only \$2,000,000,000 so far, which leaves \$4,800,000,000 still available, but unspent. Nevertheless, now we are being asked for an extension of the Marshall plan, and this time the request is for \$5,400,000,000 for a further period of 15 months, whereas already the recovery in Great Britain is far beyond what the British had hoped for.

Oh, Mr. President, this is a big thing. The American people are entitled to know just what it is.

It will be remembered that first we were asked to provide—and we did provide—\$6,000,000,000 for the Bretton Woods Agreement. That was to stabilize the currencies of the nations of Europe and to get the recovery job abroad going. But that was a fizzle.

Next we had UNRRA. Under UNRRA the first thing we knew, American loco-

motives which we sent to some of our European friends were sent by them to Russia; and when the Russians got them they put Uncle Joe's picture on them, and ran them up and down the railroad tracks beside the streets, and the Russian people thought they were locomotives that had been built by Uncle Joe himself. [Laughter.] So UNRRA turned out to be a fizzle.

Next we were confronted with the request for the British loan. We were told, "This will do the job; it will stop the Communists, and everything over there will be lovely." That took about \$4,000,000,000, but the great bulk of it went for cigarettes, cold cream, and movies, which certainly have a great deal to do with the recovery of a nation. Those funds were to last Britain 4 years; but, if my memory is correct, they were used up within 18 months. So something else had to be done; and we were presented with the Marshall plan. Now we are to have the North Atlantic Pact, and perhaps next we shall be faced with a Middle East pact.

So I say to the Senator from Nebraska that he should wait a little, and probably soon the point he has mentioned will be reached. Perhaps we shall come to that in an election year; we never can tell.

Mr. KEM. Mr. President, the Senator should have in mind the fact that the cost of Bretton Woods was \$6,000,000,000.

Mr. JENNER. Yes; I am trying to forget it, but I have it in mind. [Laughter.]

We never read in the newspapers the facts and figures I have been talking about. I do not know why that is. But I do not have to be a high-salaried newspaper columnist or a not-quite-breathless radio commentator to be able to predict ratification by the United States of the North Atlantic alliance. The moves of the Kremlin have already helped to assure its approval. The meeting in New York City, to which the Senator from Connecticut [Mr. McMAHON] referred, is indicative of the situation, because we seem to be told, "The gremlins of the Kremlin will get you if you don't watch out."

Mr. KEM. Mr. President, will the Senator yield?

Mr. JENNER. I yield for a question.

Mr. KEM. I understand that the Senator from Connecticut, who asked that question, has certain ideas of his own about the atomic bomb and about sharing its secrets with the rest of the world.

Mr. JENNER. Yes.

Mr. KEM. I should like to ask the Senator if those same views are shared by the gentlemen who now are meeting in the Waldorf-Astoria? I refer to the meeting to which reference has already been made.

Mr. JENNER. Yes; I think they are. Of course, mention was made the other day about the great care which has been taken in connection with loyalty checks, and about how carefully advice was taken from the security officer in regard to whether a certain man should receive secret information. The field is so large, the misinformation is so great, the whole picture is so obscure, and the American people are so misinformed, that I wish to say, "again and again and again," that

I do not believe we can do all these things all over the world, all at the same time, without going bankrupt.

Is not the proposed North Atlantic Pact a reversal of traditional American policy? I cannot separate the North Atlantic Pact from the Marshall plan because both of them will cost us a great deal. Both of them relate to what I am talking about, I refer to the entire projected program. Will not this be a reversal of the traditional American policy? Is it not exactly what the long-range planners of the Kremlin really want? Is not their prime objective to bankrupt the United States and to win a cold war without even firing a shot? Already since the end of the war they have taken under their jurisdiction and power more than a billion people. They have obtained greater power and more territory until now they control half the world; and they have gained all that without firing a shot.

I am not necessarily flashing a mandatory stop light in examining this subject today, but I certainly am turning on a great big amber caution light, which should shine as brightly in the face of every American as an anti-aircraft searchlight. When confronted with the North Atlantic alliance, per se, in view of all that is at stake in connection with it, so far as we are concerned, our people still might be tempted to put a brake on the slide of our Republic toward bankruptcy. I have no doubt that the North Atlantic Pact will be ratified and that the Marshall-plan legislation will be passed, because men say we have a moral commitment. But let us put the searchlight on them before we throw our Nation into bankruptcy or let it slide there. It is inevitable that the North Atlantic alliance will cost us a tremendous amount. The figures again are away up in the billions of dollars. The boys in the Pentagon estimate that we would have to have from 40 to 60 divisions in Europe if we were to go into this proposal. It is estimated that it costs from \$200,000,000 to \$400,000,000 to equip a division of men.

So again, Mr. President, when we come to the North Atlantic Pact and the other rumored pacts, I say—and I am glad to use the words employed by the distinguished Senator from Georgia, "We had better stop and take a look." One billion dollars is the first approach. That figure, standing by itself, looks all right, and may be all right. But let us tell the American people what we are doing when we sign such a pact. Let us tell them we are committing ourselves to a European ground war. Let us tell them that we are committing ourselves to a European ground war, if any of our allies in the North Atlantic Pact are attacked. We will not only go to their aid and defend them, but also agree to maintain them for 20 years. Let us tell the American people that France and England, our brothers that we are helping under the Marshall plan, have already signed nonaggression pacts with Russia—France for 20 years; Britain, for I do not know how long. They say to each other, "We will not commit any overt act against each other, nor will we," they say, "enter into any coalition against



each other." But here they come—Bevin and the other boys—to sign the North Atlantic Pact. Let us ask them whose side they are on—who is going to get the \$2. If we are committed to a European war, let us tell the American mothers that World War II was a plaything. True, 300,000 boys were killed; true, a quarter of a million were wounded; but Hitler had 220 divisions against Joe Stalin on the Russian front and 5,000,000 German boys were killed or wounded. Hitler could not whip Josef Stalin. Stalin had 502 divisions in that war. We had only 89 divisions on both fronts. What are 40 to 60 divisions of men going to do in a European ground war, with the most modern equipment in the world, against such a massive land army? They are doomed to utter defeat. It is said, "Give the western European nations enough so they can make a holding action until we get there." Hitler marched through all the Low Countries and into France. France completely surrendered in World War II within 39 days. Let us quit kidding the American people. We know the next war will not be confined to a European ground war. It will not even be confined to a continent. It will be a global war, and the nation that has supremacy in the air, the nation that has the atomic bomb will, the first night, go into the heart of the enemy country. It will not be a matter of fighting outposts in Luxemburg and Belgium and Norway. We had 63 divisions of men on the European front in the last war, yet we thought we were putting forth a total war effort. I do not propose to go any further down the road of blind spending, on the basis of glittering general appeals that we must do this in order to help hungry people and to stop the spread of communism, and create a third great power in Europe to assist in the effort.

Mr. LODGE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Massachusetts?

Mr. JENNER. I am glad to yield for a question.

Mr. LODGE. Will the Senator tell me where in the North Atlantic Pact he finds one single word that commits us to fight a ground action in western Europe?

Mr. JENNER. I shall read a part of article 5 to the Senator. I may say that ground action is not mentioned in it, but this is in it, that each of the signatories "will assist the party or parties so attacked by taking forthwith individually and in concert with the other parties, such action as it deems necessary"—

Mr. LODGE. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from Indiana yield further to the Senator from Massachusetts?

Mr. JENNER. Just a moment—"including the use of armed forces to restore"—I do not mind that so much; but get the next one—"and maintain." There might be interleafed at that point 20 years—"maintain for 20 years the security of the North Atlantic area"—which runs all the way from Iceland to

Africa, and all the way from our shores to Russia's borders.

Mr. LODGE. Mr. President, will the Senator yield for a further question?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Massachusetts for a further question?

Mr. JENNER. I am glad to yield.

Mr. LODGE. Is it not true that this means we agree to take such action as we deem necessary, and if we do not think ground action is necessary, we do not have to take it?

Mr. JENNER. Then let us not kid the people over there. They think we will take that action. Their foreign ministers and other leaders have issued statements. They are now on their way to America to sign the North Atlantic Pact. They think we are going to take that action, so, if we are not, let us tell them. If we are not going to, why have an army in the program, why build up our Air Force and our own Army and our own Navy?

Mr. LODGE. I think we ought to build up our own Army and our own Air Force and our own Navy. I think we are doing it. Does the Senator think that in World War II the armies of the nations that were allied with us were of any help to us?

Mr. JENNER. Yes. As a matter of fact, I was in that war.

Mr. LODGE. I know the Senator was.

Mr. JENNER. I was over in England. They were certainly of help, just as suggested by the editorial I have read from the Times-Herald, telling about Churchill's position. We went to their aid when they were down and out, as the result of intrigue and cunning and talk about it being for the interests of this country, and about the rules of morality, and other things. Many of them told me, "We are glad you Yanks are here—but where have you been? You waited a year to get here." Under the proposed pact, we would not wait a year; we would go forthwith; and we would go with an armed force, if necessary.

Mr. LODGE. If we think it necessary.

Mr. JENNER. I think it is silly for us to try to commit ourselves to a ground war in Europe when we demonstrated in the last great war that Russia, because of its manpower, could not be conquered in a continental war. Hitler could not do it, and Hitler had the unqualified support of his entire nation. He had a great military machine. He had supremacy in the air. He had 220 divisions. If we are to enter into the kind of commitment proposed, the people of this Nation might as well be told to prepare for universal military training, to get ready to make an armed camp out of the country, and, tragically, to turn it over to a military dictatorship. If we do not mean what we say, let us not sign the pact.

Mr. LODGE. If the Senator will permit, I may say I would agree with him it would be the worst kind of folly from our standpoint and from the standpoint of the nations of western Europe for us to commit ourselves to fight any particular kind of military tactics. To me it is very clear that the pact does no such thing. It would be very much against

the best interests of the nations of western Europe if we did. We would be sticking our head into a noose.

Mr. JENNER. What does the Senator think we are going to do?

Mr. LODGE. We are going to react in the most effective way we can.

Mr. JENNER. What is that most effective way?

Mr. LODGE. We cannot tell until we have to act.

Mr. JENNER. The Senator will admit we must give them arms and equipment. Is not that correct? Is not that admitted by Secretary of State Acheson and the military leaders and everyone else?

Mr. LODGE. I am glad the Senator asked that question. Yes, I think we are going to—and we should—furnish them with a certain quantity of arms. I think that to furnish them with arms for 40 or 60 divisions is perfectly absurd. I do not know where the Senator got that figure. To me it takes no sense whatever. My belief is that in all the development of western Europe through the Marshall plan economic recovery of Europe must have priority; and if it is going to have priority, then that means of course that the manpower of Europe is not going to be taken out of civilian pursuits to build up an army with 40 divisions.

Mr. JENNER. Why, of course not; and they do not plan to do that. So the Senator has admitted to me, at least, he would have us send equipment to Europe. What is going to happen to the equipment? The answer is, Russia will walk in and take it over the week end, and turn it against us. I say we had better watch our arsenal, we had better keep our powder dry.

Mr. LODGE. Let me say to the Senator, we sent equipment to the British, we sent equipment to the Russians. The Germans did not get it. If we make the proper kind of guess, and if our judgment is right, there is no reason why Russia should get our equipment.

Mr. JENNER. I will go a little further than that in my remarks.

Mr. LANGER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from North Dakota?

Mr. JENNER. I yield for a question.

Mr. LANGER. Has the Senator read the speech by Secretary of State Acheson wherein he stated that of the equipment we sent to China during the last 2 years, the Communists now have nine-tenths of it?

Mr. LODGE. I think it is deplorable and tragic, and I agree with the Senator from Indiana as to the calculations that we made at the end of the hostilities of World War II. They were absolutely tragic in character, and we can never regret profoundly enough the fact that we were so completely unprepared for the end of hostilities. But we must look ahead in a realistic manner and not try to hash over the dead past.

Mr. JENNER. But the Atlantic alliance will not be without tremendous cost to us, in billions of dollars, and there will be more and more alliances.

Mr. President, just as France has been bled white by past wars, so the United



States is to be bled white by the fear of the next war. And what do we get for the North Atlantic alliance? The same thing that a stepfather gets when he captures the desperate love of a widow and her big ready-made family of undisciplined hungry and unpredictable kids.

If we fail to provide for our new wards we are guilty of criminal negligence. We also lose the love of the widow. If we are able to provide for them they automatically become ingrates hating us because we helped them and waiting impatiently until the day when they can go out into the world on their own. Then they will go after us with unprecedented fierceness, competing for our markets, tripping us every time we make a move that can be construed as conflicting with their interest, and in general scorning the temporary refuge that they found in our generous and well-intentioned paternalism.

If Senators doubt that, I have here a clipping which I cut from one of our newspapers a few days ago. It concerns a meeting attended by a group of representatives of western European nations. Sir Stafford Cripps was there, and he said:

Listen. Get this straight. In our business dealings with the United States this coming year, we must cut down doing business with them.

He recommended a flat across-the-board percentage for all countries. These are our allies—that big, hungry bunch of kids I have been telling about. They turned Sir Stafford Cripps down on his flat percentage, but all agreed that they would do everything they could to reduce their business with America next year. That is under the Marshall plan.

Now, we go to the North Atlantic pact and the Senator from Massachusetts says:

Surely, we have to send them equipment, antiaircraft guns, tanks, and so forth.

That relieves them of that much military equipment they would have to manufacture, so they can go into the consumer-goods production and have more to sell on the world markets to cut our throat. It is good business, if we can get it.

Suppose I have the best shoe factory in the world, and I look across the street and see a man who has an old, run-down factory. The roof leaks; the morale of his labor is low; his machinery is not efficient. So I reach down into the treasury of my shoe company and go across the street and say: "Say, Bud, you are in bad shape. I will take money out of my business and give it to you, and I want you to build a nice building. I want you to air-condition it and put in all the latest lighting, and all modern conveniences, and I want you to have the best machinery, improve your labor relationships and make your labor happier. I want you to make as good a shoe as I do, and then I want you to put your product on the market and cut my throat with it."

We will get ulcers before we get even. The subject is very large. There is very much involved in it.

Mr. President, I wish to read from a clipping dated March 24, 1949, headed ECA studies refugee jobs:

#### ECA STUDIES REFUGEE JOBS

FRANKFURT, GERMANY, March 23.—The Economic Cooperation Administration is studying the possibility of a gigantic public-works program to provide jobs for western Germany's 10,000,000 restive refugees.

I hope they figure that one out a little better than we figured out the program for the 10,000,000 unemployed we had in this country for 10 years. Will we have a world-wide WPA?

I read further:

ECA officials here said this mass of refugees represents a politically dangerous element—

The goblins of the Kremlin will get you, if you don't watch out—

a politically dangerous element that is contributing to the rise of nationalism in Germany.

Refugees in increasing numbers are slipping across from the Russian zone. Some estimates place the numbers as high as 50,000 a month.

Most of the refugees were expelled from the Sudetenland in Czechoslovakia, from parts of eastern Germany now claimed by Poland, and from other eastern European states.

They are not eligible for United Nations care, and under United States military government policy they are the responsibility of the German authorities.

The Germans say they lack the resources to care for them.

So ECA says, "There are only 10,000,000 of them. Let the American taxpayers take care of them."

Mr. President, we were talking about our family and our kids.

Moreover, we accept all the ancient grudges of our wards, and are compelled to assume the prevailing European attitude in viewing European problems. Instead of mortgaging European policy to ours we become the servant of Europe's schemes. Thus, at present, because Germany has been the aggressor in three great wars, we feel compelled to continue punitive measures against Germany.

Yet, viewed as an economic unit, Germany, with her millions of skilled workers and her great industrial potential, is essential to any genuine European recovery, and also essential to any balance of power because of her strategic location in Europe's heartland.

Nobody says of our colleagues of the North Atlantic alliance that they shall do more than fight with us. If attacked, they would fight anyway, to the extent of their limited ability. For they know, after their experiences with Hitler's Germany, that Stalin's Russia would be a merciless conqueror. But their ability to resist is in many cases not any more formidable than a temporary roadblock against a great mechanized military machine such as Russia's. And if these little fellows were attacked, we would fight anyway. We joined with them twice in the last 30 years.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. JENNER. I yield to the Senator from Massachusetts.

Mr. LODGE. If it be true, as the Senator from Indiana states, that we would fight anyway, and that the nations of western Europe would fight anyway—and I think he is completely right in both those statements—is it not smart to get together and organize and proclaim that fact to the world, so that it may be a deterrent, and we will not need to fight?

Mr. JENNER. If it is going to cost us a billion dollars—and it has already been stated that the ante is \$1,800,000,000 the first year, and I would wager 10 to 1 that before 4 years pass they will be saying, "We have to have \$10,000,000,000 or the Communists are going to get us."

Mr. LODGE. The figure of \$1,800,000,000 is not a final figure.

Mr. JENNER. The Senator means it is not sacred?

Mr. LODGE. Yes.

Mr. JENNER. I am glad there is some figure connected with our foreign policy that is not sacred.

Mr. LODGE. If it cost a half billion or three-quarters of a billion or a billion dollars to put this plan into operation, and it had the deterrent effect of preventing war and the shedding of the blood of our young men, it would be well worth the price.

Mr. JENNER. We do not measure lives in money.

Mr. LODGE. No.

Mr. JENNER. Absolutely not. If these little fellows were attacked we would fight anyway. We have proven it.

We would not need the urge of honoring the alliance. We would fight because we know that no war can be quarantined hereafter to a single continent or even a hemisphere.

Mr. President, we hear much about "one world." In these days of unbounded progress in aviation, there is only one answer to our national-defense problem. The Congress soon will be considering a budget request totaling \$13,227,000,000, plus, for our Army, Navy, and Air Force.

Of this amount, four billion, seven hundred and eighteen million is allocated to the Army, and four billion, four hundred ninety-four million to the Navy—now get this—leaving only four billion and thirteen million for the Air Force. I ask, Mr. President, does that make sense?

The topographical situation is such that no west European country could resist except temporarily, no matter how many billions of dollars worth of arms we gave to them. We must not regard the North Atlantic Alliance as a Maginot line. It would not keep us out of war, and it would not prevent the forward lunge of an aggressor. The Kremlin knows and understands all this. No North Atlantic Alliance will deter the Soviet leaders from making war. Only the power of the United States of America will prevent war. And I tell my colleagues that we will not have that power if we bankrupt our country.

Mr. President, Moscow will keep the peace only so long as we ourselves are strong enough to stay her covetousness.

Mr. LODGE. Mr. President, will the Senator yield further?

Mr. JENNER. I yield for a question.



Mr. LODGE. The Senator has been very affable about yielding, and I do not wish to trespass on his good nature, yet the address he is delivering is so interesting that it suggests questions to me.

Did I correctly understand the Senator from Indiana to state that in the tragic event of another war—which we all hope so fervently will not happen—it would be better for the United States to fight it all by itself, without having any allies at all to help us carry the load?

Mr. JENNER. I want us to have allies, I want us to have friends, but I do not believe that history records instances showing that it is possible to buy the hearts and the good will of men. If we had to get our friends by buying them and absolutely bankrupting our country, I believe I would take the chance of our country standing alone.

Mr. LODGE. Will the Senator permit me to say that I agree that it is not possible to buy friends, but I think it is possible to get a sick man back in such healthy condition that he is willing to fight for himself.

Mr. JENNER. I shall come to that point.

Mr. LODGE. That is what we are trying to do by the proposal we are considering.

Mr. JENNER. I shall get to that point. Mr. Mayhew says the ECA countries are already well. I may say to the Senator that I do not mind the interruptions, except that I do not wish to be classed as a filibusterer, and I have been speaking a long time. I should like to conclude as soon as possible.

Mr. LUCAS. Mr. President—

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Illinois?

Mr. JENNER. I yield.

Mr. LUCAS. May I inquire of the able Senator from Indiana how long he expects to speak?

Mr. JENNER. I think I can conclude in 20 or 25 minutes if I am not interrupted.

Mr. LUCAS. My only reason for making the inquiry is that the conferees on the rent-control bill are ready to report.

Mr. JENNER. I can finish in a few moments, if I am not interrupted.

Mr. WHERRY. Mr. President, will the Senator from Indiana yield?

Mr. JENNER. I yield for a question.

Mr. WHERRY. I should like to ask a question of the majority leader. After we take up the rent control conference report, does the Senator intend to have the Senate resume consideration of the unfinished business?

Mr. LUCAS. I expect then to ask that the Senate take a recess until 11 o'clock tomorrow, and at that time resume consideration of the unfinished business, with the hope that we can conclude the bill tomorrow. Obviously, I cannot tell any Member of the Senate what he should discuss, but it does seem to me we should get along with the ECA program. I am not complaining at all, for the Senate has no rule as to germaneness, but we have been discussing the Atlantic pact for days. Perhaps it is a part of the ECA program, though I do not think

it is. Nevertheless, Mr. President, I shall ask that the Senate take a recess until 11 o'clock a. m. tomorrow, and we will have a night session tomorrow, if necessary, in an endeavor to conclude consideration of the bill tomorrow, if that is possible.

Mr. WHERRY. Mr. President, will the Senator from Indiana yield?

Mr. JENNER. I yield.

Mr. WHERRY. Let me inquire of the majority leader, would it accommodate him if unanimous consent could be had for the Senator from Indiana to take the floor tomorrow at 11 o'clock and conclude his speech then?

Mr. JENNER. I should like to conclude now.

Mr. LUCAS. If the Senator could finish within the next 10 or 15 minutes—

Mr. JENNER. I do not think I can finish in 10 or 15 minutes. In my opinion, this is not extraneous matter I am discussing, because I think the Atlantic Pact and the Marshall plan bill are tied together.

Mr. LUCAS. I would not question the Senator's opinion as to that.

Mr. WHERRY. Mr. President, I ask unanimous consent that, inasmuch as the Chair—

Mr. LUCAS. One moment, Mr. President. I inquire who has the floor?

Mr. JENNER. I have the floor.

The VICE PRESIDENT. The Senator from Indiana has the floor.

Mr. JENNER. I yielded for a question only. I did not yield the floor.

Mr. WHERRY. Will the Senator yield for a question?

Mr. JENNER. I yield for a question.

Mr. LUCAS. Mr. President, parliamentary inquiry.

The VICE PRESIDENT. Does the Senator from Indiana yield?

Mr. JENNER. Mr. President, I am going to ask the Chair to enforce the rule. I yielded for a question.

The VICE PRESIDENT. Very well. The Senator can yield only for a question.

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Indiana cannot yield for that purpose.

Mr. JENNER. I yield to the Senator from Nebraska for a question only.

Mr. WHERRY. May I ask the distinguished Senator from Indiana if he desires to conclude his address tonight?

Mr. JENNER. I do.

Mr. LUCAS. Mr. President—

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Illinois?

Mr. LUCAS. I do not care to ask any questions. I should like to finish a statement once without being interrupted.

The VICE PRESIDENT. The Chair has recognized that the Senator from Indiana has the floor, and he does not have to yield to any Senator if he does not care to do so.

Mr. JENNER. Mr. President, I have been on the floor for some time—

The VICE PRESIDENT. The Senator can control that for himself. He does not have to yield to any Senator.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. JENNER. For a question only.

Mr. MAYBANK. To present a highly privileged matter?

Mr. JENNER. No; I should like to conclude. I will not be long, and, after all, what I am discussing is an important subject. I think it is a highly important subject.

The VICE PRESIDENT. The Senator has the floor. He may proceed.

Mr. JENNER. Mr. President, I had said that Moscow would keep the peace only so long as we ourselves were strong enough to stay her covetousness.

(At this point Mr. JENNER yielded to Mr. MAYBANK to present the conference report on the bill (H. R. 1731) to extend certain provisions of the Housing and Rent Act of 1947, as amended, and for other purposes. The conference report appears at the conclusion of Mr. JENNER's speech.)

Mr. JENNER. Obviously, Mr. President, our Air Force today is our first line of defense. Yet, our national defense authorities submit a budget having a combined request of more than \$9,000,000,000 for the Army and Navy, leaving only a little over \$4,000,000,000 for the Air Force.

The next war, it must always be remembered, will be a global war. Our own Air Force has proved that no place will be immune, provided that it is marked for attack. No Atlantic alliance or any other alliance would keep hostilities away from American shores. Our pioneer forefathers never put their main strength at the picket outposts.

They maintained those outposts, particularly for the gathering of intelligence and for the delineation of their peacetime efforts, but their powder magazine and their arsenal were inside the blockhouse. Almost instantly, in the next war, the pickets will be overrun by both major antagonists. The assault, immediately, will be on the centers of power within the borders of the principal adversaries themselves.

We cannot buy immunity. The next time every American industrial center and every seat of both control and authority will be the targets for the first night. It is for this reason, Mr. President, America must keep herself strong, both militarily and economically.

Our military strategists concede that if a properly prepared army chose to rush forward, with its full mechanized power, western Europe would be crushed before we could hope to get the first units of an expeditionary force there to save it. We could retaliate with bombers, but we would have been deprived of any continental bases. Indeed, we would be compelled from the outset to bomb west Europe in order to prevent a transfer there of the Russian functional control cores.

In 39 days Hitler captured France and the low countries and all the military equipment that was in them. The British Army lost all its equipment as it was evacuated at Dunkerque. The Chinese Communists are supreme in the Far East today because they have captured the



millions of dollars of equipment which we gave to the Chinese Nationalists.

We may be sure that the enemy would immediately acquire and convert to his own quartermasters' use whatever billions of dollars of equipment, including supplies under ECA, we had given to western Europe.

Why prepare the table for the enemy? Why run the risk, also, of a Communist regime in one of the west European countries suddenly seizing power and turning over everything to the Moscow salvage teams?

On various occasions we have been shocked to learn that Russia already has acquired vast amounts of Marshall-plan equipment and supplies given by America. This has been accomplished by the mere process of Russia gobbling up smaller nations and taking advantage of UNRRA and the silly reparations program and various secret commitments agreed to at Potsdam and other places.

Such arrangements as the North Atlantic alliance are primarily and principally of political value. They are more of a threat than a force. They serve to bolster up the morale of our allies and our friends, and they try to give to them the coveted sense of security. But a document, no matter how worded and no matter how many seals it bears and no matter how much sweeping approval it has received from the parliaments of its signatories, cannot alter physical facts.

The Pan-American alliance—the Rio Pact—is not yet embellished with extensive supplying of United States arms because the Latin-American countries have regarded the economic power of this country as more important to them than the military power. But after the already big arms shipments to Europe are further increased, Latin America also will be clamoring for its guns and tanks and planes. Otherwise, it will argue, Latin America might become a hostile base in our own back yard.

Our Chiefs of Staff will promptly agree, for I have never seen a Chief of Staff ever admit that anybody was sufficiently armed.

We will end up with a lot of insurance premiums that are so wealth-consuming that our own house will fall into ruin.

Let us assume, Mr. President, there is every valid reason for the United States to ship food, arms, machinery, and dollars all over the face of the earth in an effort to halt the march of communism, and to place these nations on their economic feet, yet the question remains—"Can America afford it?"

The thesis of the Marshall plan—which made it a far more logical and sensible program than the Truman doctrine—was that by our available economic might, we were helping our friends to recover from the havoc of war, and thus resume their place in the world economic system. Is that not a fair statement of the plan? We also proposed to make them strong enough so that they could better defend themselves. Is that not a fair statement?

The theory was that busy European people would become happy European people, and that thus they could defeat the steady dosages of Communist poison

which they are being fed. Is that not a fair statement? Moreover, by 1952—we were told—west Europe would be sufficiently recovered to walk again without a crutch.

We would reestablish a "third force" in west Europe, a great bulwark between us and Soviet Russia. Is not that a fair statement? The North Atlantic alliance admits that no such third force has been established. It formally abandons the effort. Now a crutch is not enough. We must give every one of the invalids an armored car to ride in.

Suppose for a moment that these vast new armaments are desirable and that they might be effective in curbing world aggression. Then why not let European factories produce a major part of them? Would not that be another way of helping to end European unemployment, at least for a while? Would it not be a way to end the WPA program we are talking about for Germany?

Mr. LODGE. Mr. President, will the Senator yield?

Mr. JENNER. I decline to yield at this time. I shall be glad to yield later. I wish to finish this point.

Why drain America's limited iron deposits, about which Mr. Krug told us today, and compel American steel mills to expand beyond their eventual needs to make arms that we will then be compelled to haul across the Atlantic before we give them away? We are short of iron, coal, lead, oil, and zinc.

Is the Truman administration supporting the North Atlantic alliance—as some have suspected that it really supported ERP—just to perpetuate the United States business boom?

Is the bureaucracy at the other end of Pennsylvania Avenue afraid to let America go back to work supplying the needs of Americans? Are these bureaucratic planners trying to get us so firmly saddled with a managed economy that free enterprise can never return? Is the war talk being whooped up here in Washington to be sure that the Roosevelt revolution has permanently installed the socialist state?

Europe has found herself fit to prepare for every other war. And remember, Europe has been the past master at making war. The other continents are mere tyros. If there must be such vast preparations to try to accomplish the seemingly impossible job of ringing all of the vast periphery of the U. S. S. R. with a band of steel, why not let west Europe go to work to provide its share and meet at least most of its own needs?

The Soviet bloc includes only one large industrial area outside Russia's own borders in Europe. That is the Saxony-Silesia-Czechoslovak area. It possesses only one raw material's basin in Asia. That is Manchuria.

The western alliance has, in addition to the workshops of Britain, France, Belgium, and Italy, the great mines and forges of the Ruhr.

If Kaiser Wilhelm and Hitler could conduct their wars with Ruhr output alone, what is wrong with European arms manufacturing capacity now? It has always been the Marxist thesis, even when tinctured by Lenin and further adulter-

ated by Stalin, that western democracy would fail eventually because of its errors and its own mismanagement.

The United States has become the leader of the non-Communist group of nations—including many Socialist and Fascist states—simply because it has the greatest economic strength and the largest industrial potential. Should that economy be further abused and should that potential be damaged, we would be of no use to our allies. We would soon become their greatest handicap.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. JENNER. I yield for a question.

Mr. LODGE. I agree that we must at all costs preserve the strength and vigor of our own economy. Let me ask the Senator whether it is not true—it is what I believe to be the case—that the nations of western Europe should certainly all be required to provide the parts and the maintenance for whatever equipment they receive from us, and they should receive no equipment from us until they are in a position to do so. Of course, the nations which are in a position to make their own heavy equipment should do so. France, Italy, and other nations are not in a position to make heavy equipment, and we must always try to stress the point of standardization of weapons, because if we think we are getting a unified western European armed force, in which the cannons are of different caliber and the tanks have different parts and different maintenance problems, then we are losing the advantage of unity.

Mr. JENNER. Instead of pulling up the western European nations, if we go "bust," our great weight would prostrate them as well as us. We would be quickly damned by them. We are already hated around the world because of our material possessions and our previous home-front immunity to large-scale warfare. We are detested because of what other peoples regard as our smug cockiness.

If another great economic illness comes to America, the stampede to their Communist cousins by the Socialist leaders of west Europe would be like the rush to the exits when flames appear in the wings of a theater.

Nationalism is not dead anywhere, and the leaders of any nation are always on the look-out for a deal. Moreover, the allegiance of the Red-dominated workers is as fanatical and intense as was the zeal of the Crusaders against the infidels.

Do not forget that you can bribe a government, but you cannot necessarily buy the minds and the hearts of its people.

If one does not think that American popularity has hit a new low around the world, let him ask any intelligent and informed traveler who has just returned from anywhere abroad.

What do Senators imagine that our traditional friend and ally, China, thinks of us tonight? We baited her into a situation, and then stood idly by and let her be gobbled up by the Communists. If we send modern military equipment to Europe, specimens of every one of the weapons will be put into the hands of the Kremlin immediately by the Reds and fellow travelers who honeycomb Eu-



ropean governments. Under UNRRA we were permitting a Communist in France to deliver the food which the American people had sent to feed the hungry people in Europe. What do Senators think would happen to our equipment overnight?

The pique of one fragment of a coalition could legally put into the hands of the Communists overnight the control of any of the socialist states on the Continent of Europe.

We must not delude ourselves into believing that west Europe agrees with our concepts of democracy and free enterprise. The present governments of Europe and masses do not understand our way of life, nor do they want it.

The United States can be defeated by the Kremlin. We can lose the struggle by default. The Politburo need not even order the firing of a single shot—until it starts the firing squads to work after it has taken over—if we become so rash as to torpedo our economic system by spending more than we can afford.

Taxes are the termites of any governmental structure. After he is taxed so far, the individual human being simply refuses to work any longer except for subsistence.

Why grow crops which are immediately confiscated? Why work when the Government grabs a big part of every pay check? The way things are going now, if you have what it takes, the Government takes what you have. Individual initiative is being withered, the soul is being corroded, and the entire economy is being undermined by these silly foreign programs. Yet such confiscatory taxes will be inevitable if the present demands for more and more expenditures are not stopped.

Even the most ardent advocates of the North Atlantic alliance and ECA agree that this Government in the next fiscal year will spend at least \$4,000,000,000 more than it will receive in revenues. That is the minimum deficit. The maximum will probably be much, much greater.

With what even a New Dealer would agree is a mild recession now upon us, the new taxes which must be raised to pay for this deficit will only increase the flames.

The experts say that a debt increase from the present level of more than two hundred and fifty-seven billions would positively be dangerous. Do we want to surrender to Russia by completely surrendering to inflation? Are the paper-money boys about to go to press with the largest circulation in all time?

Where are we going to stop? And, please God, when?

After the North Atlantic alliance there will be a Mediterranean alliance. That is just not a dream. Secretary Acheson already has publicly admitted that negotiations are under way. The State Department is busy negotiating it. It will be presented to the Senate, all wrapped up in red, white, and blue ribbons, just like the North Atlantic Pact and just like the Marshall plan. The Senate will be asked to buy another pig in a poke. But, Mr. President, the pig will turn out

to be a tax hog that will eat up a great deal more American wealth.

We are preparing to subsidize Japan indefinitely. A conference will be held in London soon to plan a Southeast Asia alliance. Guess who will endow that one? And then there is to be a Middle East alliance—and, yes, a central African alliance.

We shall be asked to pay almost all of the expenses of all of them. If we do not, "the gremlins of the Kremlin will get us," or at least that is what will be screamed by those who now want us to pay—at a minimum—\$20,000,000,000 to bring the 80 divisions of our west European allies up to what the Pentagon regards as par.

Mr. President, the Kremlin can afford to wait a little while longer, turning on and off the propaganda faucets and marching a few divisions up and down various frontiers for the stimulation of the rumor boys, if in the end we go into a big economic tailspin, for if that happens, whoever is ruling the Kremlin at the time will be able to walk all the way across the United States of America without a struggle. Starving people do not fight. Idle people will not obey their Government's orders. Look at the gains the U. S. S. R. has made already, Mr. President.

We sent those billions of dollars' worth of arms, equipment, and aid to Chiang Kai-shek, but the Reds now control China. They have Manchuria, as well.

We have been pouring millions of dollars into Greece, but the civil war there is not ended. Oh, yes; the 25,000 guerrillas are reported to have been reduced to 22,000. But that makes each guerrilla come at a price of many thousands of dollars.

Mr. President, does all this prove America's capacity to do anything except play the boob?

An honest man cannot help but come to the conclusion that the Government in Athens does not want its civil war to end. It is trying to do everything it can to keep open the receiving end of Truman's "Burma Road."

But the Greek politicians and profiteers do not really have to worry. Any country that close to Russia will probably be getting our dole as long as we are able to give it, because otherwise "the gremlins of the Kremlin will get you if you do not watch out."

Turkey is getting the same generous gifts, but there is no civil war in Turkey. We would sign up with Communist Tito tomorrow if he would only name his price.

Mr. President, it does not cost a fraction as much to convert a desperate, unhappy man to communism as it does to train him and keep him alerted for military duty. Dollar for dollar, the Reds are outselling us on this world-control business. They are picking up vast and important areas without using a single Russian soldier, and without spending hardly one of their 19-cent rubles. Regardless of how much they hate our civilization, and regardless of how sincerely they believe us to be wrong, Stalin & Co. realize their own limitations. They know just how much the

U. S. S. R. can spend before it ruins itself. They are not spending more than their nation can earn.

But we do not have the same realistic good sense.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. JENNER. I should like to complete my statement, if the Senator does not mind. I do not wish to be rude, but I am tired; I have been on my feet for more than 2 hours. I have about 5 minutes more of my speech, and then I shall be through. Then I shall be glad to yield.

Mr. President, we are the dreamers. The Reds are studied pragmatists.

Milk for the Hottentots is absolutely nothing, as compared with the sending of thousands of tanks and bombers and cannon—all free—to all parts of the world. And then, I say to the Senator from Nebraska [Mr. WHERRY], we will get around to sending milk to the Hottentots; we will come to that later; that will be the fourth point.

The wild Broadway splurging of even the wealthiest degenerate playboy must end when his purse is emptied. When there is nothing with which to pay the bill, the bon vivant's popularity and power vanish; then he is just a bum.

The philanthropic impulses of the wisest tycoon can be indulged only according to his capacity to have the cash which he proposes to give away.

Mr. President, if we must have the North Atlantic alliance, why not have it without arms shipment? Nobody in authority here in Washington really believes that a war is imminent. Why, then, bankrupt ourselves to make mountains of equipment that will soon be obsolete?

And what has become of the United Nations—the United Nations which can finally settle disputes in Kashmir and the Levant, but cannot even keep spies off its pay roll. The North Atlantic alliance has been arranged under the canopy of article 51 of the UN Charter, which permits regional pacts. Mr. President, why not give to the United Nations some of the support we are giving to these military set-ups? Do not the United States and its friends command in the United Nations such overwhelming majorities as to be able to checkmate Russia in it, and thus preserve peace? Or has the United Nations already become a shell?

Mr. President, let us be honest about all this and face the facts. Let us not deceive ourselves deliberately, in the same way that we accuse Moscow of trying to deceive the citizens of the U. S. S. R.

The basic question is, Can the United States Government afford to continue its present nonproductive spending? It certainly cannot, unless it wants to fasten on itself for at least the next 100 years, and possibly forever, a rigid regimentation of black austerity. We cannot do what we propose to do overseas and have any money left for our own social betterment. We cannot continue that steady expansion which has made America great.



We shall not be able even to maintain this country on a basis of the bare essentials.

All of the vituperation about isolationism does not alter these facts.

One would not call John Foster Dulles, for instance, an isolationist.

Only under the most authoritative management will this Nation remain solvent unless we wake up. In other words, fascism is dead ahead.

One may call it state socialism or the corporate state or whatever he will. It is still fascism. And what is the difference between fascism and communism? So far as the individual is concerned, there is absolutely no difference. Both are superstates. Both are totalitarian. Both ask complete allegiance to the state, and refuse to abide by any loyalty to God. Both murder freedom and smother liberty. Both are un-American in every way. Both are 100 percent opposed to the dignity of man, and to his progress under the moral law.

We already have one foot caught in Stalin's trap. Let us not deliberately put in the other.

Mr. KEM. Mr. President, I submit two amendments to the pending measure, Senate bill 1209, and I request that they be printed and lie on the table.

The VICE PRESIDENT. The amendments will be received, printed, and lie on the table.

#### EXTENSION OF RENT CONTROL—CONFERENCE REPORT (S. DOC. 35)

During the delivery of Mr. JENNER's speech,

Mr. MAYBANK. Mr. President, will the Senator yield to me so that I may present a highly privileged matter, the conference report on the rent control legislation, with the understanding that it be taken up for consideration after the Senator has concluded his speech?

Mr. JENNER. Yes, of course.

Mr. MAYBANK. And, without prejudice to the Senator from Indiana?

Mr. JENNER. Mr. President, if I may yield to the Senator from South Carolina [Mr. MAYBANK], without prejudice, I shall be glad to do so for the purpose he has suggested.

Mr. MAYBANK. I present the conference report.

(For conference report and statement see House proceedings of today's RECORD.)

After the conclusion of Mr. JENNER's speech,

Mr. MAYBANK. Mr. President, a short time ago the Senator from Indiana yielded to me in order that I might file the conference report on the rent control bill. Since that time I have discussed with the distinguished majority leader the question of the conference report, and I may say to Senators there is no intention of having a vote on it tonight. But we do wish to have the report printed, which I ask be done, so that it may lie on the desks of Senators. I also request the privilege of making a brief statement in the RECORD, and when the Senate meets in the morning I hope we can take up the conference report and act on it.

The VICE PRESIDENT. The conference report will be printed.

Mr. MAYBANK. I move that the Senate proceed to the consideration of the conference report.

The motion was agreed to; and the Senate proceeded to consider the report.

Mr. WILLIAMS. Mr. President, I was trying to obtain recognition.

The VICE PRESIDENT. The motion is not debatable. It has been carried, and the conference report is now before the Senate.

Mr. MAYBANK obtained the floor.

Mr. BRICKER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Ohio for a parliamentary inquiry?

Mr. MAYBANK. I yield for a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Ohio will state the inquiry.

Mr. BRICKER. The conference report is debatable, is it not?

The VICE PRESIDENT. The question of agreeing to the conference report is debatable.

Mr. BRICKER. Mr. President, I should like to ask a question of the Senator from South Carolina.

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Ohio for a question?

Mr. MAYBANK. I yield for a question.

Mr. BRICKER. Is it the intention of the Senator from South Carolina that the conference report be taken up and debated at this time, or shall we wait for debate on the matter until the conference report is printed and Senators have had an opportunity of studying it?

Mr. MAYBANK. I may say to the Senator that I shall make a brief statement, and I shall be perfectly willing then to have the debate proceed, but I may definitely state, after a conference with the majority leader, that no vote will be taken on the report until tomorrow.

Mr. LUCAS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Illinois?

Mr. MAYBANK. I yield.

Mr. LUCAS. The only thing the Senator from Illinois desires to say is that after the statement of the Senator from South Carolina I shall move a recess until 11 o'clock tomorrow morning. At that time, the rent-control conference report will be considered.

Mr. WILLIAMS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Delaware for a question?

Mr. MAYBANK. I yield for a question.

Mr. WILLIAMS. Mr. President, I desire to make a brief statement. It will take only about 5 minutes.

The VICE PRESIDENT. The Senator from South Carolina may only yield for a question.

Mr. WILLIAMS. Then I should like to be recognized in my own right.

Mr. MAYBANK. Under the rules, I cannot yield except for a question.

Mr. WILLIAMS. I shall ask for the floor in my own right, after the Senator from South Carolina shall have concluded.

Mr. WHERRY. Mr. President, I ask unanimous consent that the Senator from South Carolina may yield to me for the purpose of asking the majority leader a question?

The VICE PRESIDENT. Is their objection? The Chair hears none. Does the Senator from South Carolina yield to the Senator from Nebraska for the purpose stated?

Mr. MAYBANK. I yield.

Mr. WHERRY. I should like to ask the majority leader if it is not his intention to permit the Senator from Delaware to make a statement after the Senator from South Carolina has concluded?

Mr. LUCAS. Certainly. Whenever he can obtain recognition, after the Senator from South Carolina concludes, he can have the floor. It is a matter for the chair to determine.

Mr. MAYBANK. Mr. President, I desire to make only a brief statement in connection with the conference report that is pending at the present time.

On behalf of the conferees on the part of the Senate on H. R. 1731, the Housing and Rent Act of 1949, as passed by the Senate. I wish to explain the bill as finally agreed to in the conference.

#### VETERANS' PREFERENCE

The House conferees concurred substantially with the Senate version on title I.

#### RECONTROLS

The Senate conferees receded from the Senate language with respect to recontrol of trailers or trailer space permanently occupied. In so doing, the Senate provision for recontrol of permanently occupied accommodations in motor courts or motels was deleted. The Senate provided that recontrol of such permanent accommodations would be made only after a recommendation by the local board. The House language provides for automatic recontrol.

Similarly, the Senate conferees receded with respect to the recontrol of those housing accommodations which were vacant for a 24-month consecutive period between February 1, 1945, and March 30, 1948, thus providing for automatic recontrol of such accommodations.

With reference to the recontrol of permanent accommodations in hotels, Senators will recall that the Senate brought under control such accommodations which on October 31, 1948, were located in cities of 2,500,000 and over. The conference agreed to amend the language so that only those permanent accommodations in hotels other than transient on March 1, 1949, rather than on October 31, 1948, were brought under control.

In other words, we recontrol them as of March rather than as of October.

We also changed the date of the maximum rent for accommodations under control to March 1, 1949.



As to recontrol of areas, the House had provided for recontrol by the Expediter of any area decontrolled since June 30, 1947. The Senate version allowed the control of decontrolled areas and of areas never before under control, under standards prescribed in the bill, but only after recommendation by local boards. The compromise agreed upon in conference accepts the House language as to areas decontrolled after the enactment of this bill so that the Expediter may recontrol such areas on his own initiative. However, as to areas decontrolled prior to that date and as to areas never under control, the Expediter must first obtain a recommendation from the local board.

In other words, the only recontrol which the Expediter has is as to properties which he decontrols after the conference report becomes law.

#### LUXURY APARTMENTS

The Senate version provided for the decontrol of luxury housing accommodations, which was defined as any unfurnished apartment occupied by a single family rented for \$290 a month or more as of the date of the enactment of this bill, or any lesser figure which the Housing Expediter determined to be representative of luxury accommodations. In lieu of this provision there was included in the bill agreed to in conference a provision which authorizes the Housing Expediter to decontrol any or all luxury accommodations if, in his judgment, this would result in the creation of additional accommodations. It was felt that it would be better for the Housing Expediter to determine what a luxury accommodation is on the basis of local understanding. In other words, a luxury apartment renting for \$290 in New York would be far different from a luxury apartment, perhaps, in a smaller city or town.

#### LOCAL OPTION

The House receded from its provision in favor of the Senate provision with a modification. The provision as finally agreed to would permit any incorporated city, town, or village, after a 10-day notice and a public hearing, to recommend decontrol on the basis of a finding that there is no longer a shortage of rental housing requiring rent control, in that area. This recommendation would still be subject to approval by the governor of that State. The Housing Expediter is directed to decontrol adjacent unincorporated areas if the incorporated place forms a major portion of the defense rental area. The compromise retains the Senate provisions for decontrol on a State level by the Governor if he certifies that the State has an adequate rent-control law. It also retains the Senate provision for decontrol by the State or any part thereof if the legislature and the governor pass a law stating that Federal rent controls are no longer needed.

Mr. President, it is not generally known among the people throughout the United States, but, of course, every Senator knows, that title VI also expires with the present rent-control law. Title VI of the National Housing Act, as amended, was extended for 90 days rather than for 60 days, as originally provided in the Senate bill.

The Senate receded from its amendment extending rent control for 12 months with an additional 3 months of eviction controls, and accepted the House provision extending both rent and eviction controls for 15 months.

#### APPEALS

The House accepted the Senate version of the bill which grants to representative groups of tenants and landlords the right to be heard by local boards or the Housing Expediter on matters relating to decontrols or general rent increases, and to appeal to the Emergency Court of Appeals from decisions of the Housing Expediter on these matters.

#### FAIR RETURN

The Senate adopted a provision allowing an increase in maximum rents of 5 percent above the June 30, 1947, base on October 1, 1949, and an additional 5-percent increase on April 1, 1950. In no event could these increases result in a rent higher than 115 percent of the June 30, 1947, rent, except for hardship adjustments. The House version contained no similar provision, but did contain a requirement for adjustment of maximum rents to yield a reasonable return on the reasonable value of housing accommodations. The conferees experienced a great deal of difficulty in reaching a mutually acceptable compromise on this matter. However, agreement was finally reached on a provision which, in general, follows the language of the House version but requires the adjustment of maximum rents so as to yield a fair net operating income from the housing accommodations.

Mr. TOBEY. Mr. President, will the Senator yield?

Mr. MAYBANK. I yield to the Senator from New Hampshire.

Mr. TOBEY. Will the Senator kindly advise us what the factors are, as adopted by the conference, which resulted in the determination of a fair return?

Mr. MAYBANK. I shall be glad to answer the distinguished Senator. The language adopted by the House was spelled out in no uncertain terms, so that one owning a house could not amortize at the expense of the tenant. I shall read the language:

The conference amendment provides that the landlord shall be provided a "fair net operating income." In determining "fair net operating income" the following factors must be considered: (A) Increases in property taxes; (B) unavoidable increases in operating and maintenance expenses; (C) major capital improvements of the housing accommodations as distinguished from ordinary repairs, replacement, and maintenance; (D) increases or decrease in living space, services, furniture, furnishings, or equipment; and (E) substantial deterioration of the housing accommodations, other than ordinary wear and tear, or failure to perform ordinary repair, replacement, or maintenance.

Mr. TOBEY. Did the Senator say "substantial depreciation"?

Mr. MAYBANK. I said "substantial deterioration of the housing accommodation, other than ordinary wear and tear." In other words, if there is great deterioration because of extraordinary wear and

tear by the tenants, the expense incurred in making repairs will be added to the fair return.

Net operating income means gross income less all costs of operation, including repairs and maintenance, taxes, insurance, fuel, wages, utilities, and depreciation, but excluding interest and amortization.

The committee did not believe that it should be made possible for someone to buy a house on credit and amortize it and not only get a fair net operating income, but also the amortization and the interest on the money borrowed.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. MAYBANK. I shall gladly yield to the Senator from Michigan.

Mr. FERGUSON. I notice the Senator has read from the report or from the bill itself as an indication that there is to be allowed income on the money invested.

Mr. MAYBANK. Anyone who has any income invested should certainly receive a fair return. I can only explain it in this way: Two houses adjoin each other, one of them being purchased, we will say, by a widow who has been left money with which to buy a house. A speculator comes along and buys the property next door for \$5,000, and goes to the bank and mortgages it at 1, 2, 3, 4, or 10 percent, whatever the rate may be. We believe that the first owner mentioned who has her money invested should get a fair return on the money, but we do not believe that the one who buys the property for speculative purposes should have a return on the interest after he has deducted it from his income tax. That is simple business.

Mr. FERGUSON. Will the Senator read from paragraph (a), (b), (c), or (d), anything that would indicate that owners are to get a fair return on the value of the property?

Mr. MAYBANK. The conference provision is that landlords should receive a fair net operating income. No one on the committee would for one moment deny them that.

Mr. FERGUSON. It says it is to pay for the operating costs.

Mr. MAYBANK. A fair net operating income. It is naturally presumed that they would get a fair income.

Mr. FERGUSON. The language used in the bill as it passed the House was "reasonable return." Why does the conference report use "operating income?"

Mr. MAYBANK. We did not accept the House provision. For example, a speculator might want to go to a bank and say, "we will mortgage this house for \$5,000. We will charge the interest to the house," after they have already deducted it from their income tax.

Mr. FERGUSON. What amount would the Expediter be allowed to fix? The Senator has indicated that if a man or woman went to a bank and borrowed the money and was paying 5 percent, there would be no requirements to consider that 5-percent mortgage.

Mr. MAYBANK. The 5-percent interest on the mortgage. Both houses in the instance given would be valued at \$5,000. One would not be more valuable just because it had a mortgage on it.



## CONSIDERATION OF H. R. 3748

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MARCH 28, 1949.—Referred to the House Calendar and ordered to be printed

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Mr. Cox, from the Committee on Rules, submitted the following

### REPORT

[To accompany H. Res. 169]

The Committee on Rules, having had under consideration House Resolution 169, report the same to the House with the recommendation that the resolution do pass.

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## House Calendar No. 34

81ST CONGRESS  
1ST SESSION

# H. RES. 169

[Report No. 328]

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### IN THE HOUSE OF REPRESENTATIVES

MARCH 28, 1949

Mr. Cox, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

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## RESOLUTION

1      *Resolved*, That immediately upon the adoption of this  
2 resolution it shall be in order to move that the House  
3 resolve itself into the Committee of the Whole House on  
4 the State of the Union for the consideration of the bill  
5 (H. R. 3748) to amend the Economic Cooperation Act  
6 of 1948, and all points of order against the bill or any  
7 of the provisions contained therein are hereby waived. That  
8 after general debate, which shall be confined to the bill  
9 and continue not to exceed four hours, to be equally divided  
10 and controlled by the chairman and ranking minority mem-  
11 ber of the Committee on Foreign Affairs, the bill shall be  
12 read for amendment under the five-minute rule. At the

1 conclusion of the consideration of the bill for amendment,  
2 the Committee shall rise and report the bill to the House  
3 with such amendments as may have been adopted and the  
4 previous question shall be considered as ordered on the  
5 bill and amendments thereto to final passage without inter-  
6 vening motion except one motion to recommit.

House Calendar No. 34

81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

**H. RES. 169**

[Report No. 328]

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## RESOLUTION

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Providing for the consideration of H. R. 3748,  
a bill to amend the Economic Cooperation  
Act of 1948.

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By Mr. Cox

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MARCH 28, 1949

Referred to the House Calendar and ordered to be  
printed



Mr. Joseph L. Pfeifer with Mr. Latham.  
Mr. Buckley of New York with Mr. Taylor.  
Mr. Byrne of New York with Mr. Jonas.  
Mr. Keogh with Mr. Hale.  
Mr. Celler with Mr. Harden.

Mr. BROOKS changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

A motion to reconsider was laid on the table.

#### AMENDING THE ECONOMIC COOPERATION ACT OF 1948

Mr. COX, from the Committee on Rules, reported the following privileged resolution (H. Res. 169, Rept. No. 328), which was referred to the House Calendar and ordered to be printed:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3748) to amend the Economic Cooperation Act of 1948. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

#### COMMITTEE ON RULES

Mr. SABATH. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file a report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

#### EXTENSION OF REMARKS

Mr. AUCHINCLOSS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a letter. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$307.67, but I ask that it be printed notwithstanding that fact.

The SPEAKER pro tempore. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. RICH asked and was given permission to extend his remarks in the RECORD and include an article by Dr. Stewart.

Mr. GOLDEN asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. KARSTEN asked and was given permission to extend his remarks in the RECORD and include an editorial.

Mr. ROONEY asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. POULSON asked and was given permission to extend his remarks in the RECORD and include an article.

Mr. PATTERSON asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

#### ADDITIONAL REVENUE FOR THE DISTRICT OF COLUMBIA

Mr. McMILLAN of South Carolina. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3704) to provide additional revenue for the District of Columbia; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to 2 hours, the time to be equally divided and controlled by the gentleman from Massachusetts [Mr. BATES] and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from South Carolina.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 3704, with Mr. Boggs of Louisiana in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, we bring you again today a revised revenue measure for the District of Columbia. You will recall that we brought you a measure 2 weeks ago which was defeated in the House on a roll call by 10 votes. Endeavoring to conform the necessities of the case and to the wishes of the House, we have revised that bill and added some other features, and we brought you here today a bill which we believe is a fair compromise of differences that existed on the floor and we very much hope that the House will adopt this new bill.

I should like to explain briefly the differences between this bill and the bill we had up week before last.

Under the old bill, all items under 14 cents were exempted, and they are still exempt under this bill. All items from 51 cents under the old bill up to a dollar carried a 2-cent tax. We have changed that, and the 2 cents tax now goes on under the new bill only at 63 cents. The 3-cent tax would go on at \$1.13, and so on.

We have incorporated a different method of collection of the sales tax. Instead of requiring the assessors and the merchants to keep accurate records of every sale, we have imposed this tax upon the gross sales of the merchant. This is calculated to save a great deal in the administration of the act and the cost of collection.

We have kept in the new bill all of the amendments that were adopted on the floor of the House 2 weeks ago to the other bill; that is, all those exemptions and changes that were made on the floor are incorporated in this bill. We have

added a title which increases the liquor license tax in the District of Columbia by 50 percent in all instances.

We have brought in a raise in the real estate tax for the District of 15 cents on the \$100, and in that connection let me say that the present rate is \$2. Up until 2 years ago the rate was \$1.75. The rate was raised from \$1.75 to \$2, and there was a reassessment made, which resulted in an over-all increase in the amount of the tax on real estate of 32 or 33 percent. By raising it 15 cents more, the net result is that in the past 2 years the tax on real estate in the District of Columbia will, if this bill is passed, have been increased by over 40 percent, which this committee thought was as much increase as they ought to be called upon to bear.

We have made some changes in the income-tax law. This has been a matter of a great deal of controversy because of the fact that a great many Federal employees who live here are domiciled in the States of their nativity. Putting on the sales tax, we have thought it was fair to raise the exemption under the income tax to the point where the lower income tax group would not be touched by the revised income tax. We have revised, however, the definition of residence so that every person resident in the District for the 7 months preceding the first of the year will be subject to an income tax but will not be subject to the income tax except on that portion of his income which is in excess of \$4,000. In addition to his exemption of \$4,000 he will have the usual dependency exemptions and expense exemptions.

As I had occasion to state on the floor of the House 2 weeks ago, this sales-tax bill has been very generally approved and endorsed by the people of the District, particularly by the organizations here. I should like to repeat the organizations that have in the hearings endorsed the sales tax: the Washington Board of Trade; the Washington Taxpayers Association; the Fiscal Relations Committee of the Federation of Citizens Associations, through both the chairman and the vice chairman of that committee, which means that this federation representing all the citizens' associations of the District of Columbia, has endorsed this tax bill, and they are the people who have to pay it; the Junior Chamber of Commerce; and the Washington Building Congress. We also received testimony favoring the sales tax from the Home Builders' Association of Metropolitan Washington, the Washington Real Estate Board and the Federation of Women's Clubs in the District of Columbia.

Mr. Chairman, I am sorry that my time is limited, but I hope to have time under the 5-minute rule to answer any questions that may be asked of me.

Mr. McMILLAN of South Carolina. Mr. Chairman, I yield 10 minutes to the gentleman from Utah [Mr. GRANGER].

Mr. GRANGER. Mr. Chairman, I am sorry I have to disagree with the distinguished gentleman from Virginia on this matter. I hope I may have the attention of the members of the committee,



because I think we need to be told what the score is in relation to this bill. I wonder if the gentleman from Massachusetts is going to give me 5 minutes additional time?

Mr. BATES of Massachusetts. Later on, I might be able to do so, but I am trying to divide the time on this side.

Mr. GRANGER. I wish the gentleman would give me 5 minutes.

Mr. BATES of Massachusetts. The gentleman has 10 minutes already; I think he should dispose of that time, first, before we take time from somebody else.

Mr. GRANGER. Mr. Chairman, we are discussing a very important piece of legislation. We are trying to find money to raise \$18,000,000 of additional revenue. You have not been told how that has come about. That is why I want to have five extra minutes.

Following this bill you are going to have a pay increase bill which calls for an increase in salaries of firemen, policemen, and teachers up to \$330 a year. On top of that, that increase is going to be made retroactive. It will place into this bill the whole burden of paying for these salary increases. Instead of being \$330, actually for this fiscal year it is going to be \$660. If we pass this increase and make it retroactive, it will mean we will have to raise nearly \$6,000,000 of additional revenue. If we do not do that and only make the increase for this next fiscal year, it will mean that the deficit which we are trying to provide for would be reduced to \$12,000,000, instead of \$18,000,000. That is the situation which confronts us. I believe these people are entitled to a raise, and I voted to bring it out of the committee and to make it retroactive.

I think it is the responsibility of the opponents of the sales tax to raise revenue so that this can be done. We have done that. You will have passed among you an amendment which I propose to offer as a substitute for the Smith bill. It will raise the revenue so that we will have money to spare at the beginning of the next fiscal year.

Let us consider the property tax first, about which there has been so much discussion, as to whether it is fair or not. There is no particular reason to live in the District of Columbia, except for the fact that this is the seat of government. The economy has been built around the District of Columbia because we have the government here. That is an important thing to remember. Furthermore, the whole pay roll of the Federal Government is here and it is dumped into the channels of trade at the rate of \$5,000,000, every month of every year.

Would you not like to live in a city that had that great possibility for revenue? There is no other city in the land that has that opportunity. How would you like to live in a city where one single taxpayer would come up on July 1 and pay into the Treasury \$12,000,000 to defray the expenses of government.

There is no other city in the United States that has that privilege. So there is an advantage over every other city in the country to owning property in the District of Columbia. Therefore, they

should not only pay what every other city in the land pays, but they should be compelled to pay a premium. Why? We are talking about the rate of pay. The rate of pay on the assessed valuation of property of the taxpayers is well below that of any other city of comparable size. They even refuse to pay that minimum.

Let me show you what other benefits they have. Let us compare Washington with comparable cities. Here is Baltimore, with a higher rate than is paid in the District of Columbia. In addition to that, to operate their city they have a debt of \$164,500,000 of deferred payments. Boston has \$129,700,000; Buffalo, \$65,000,000; Cleveland, \$95,700,000; Milwaukee, \$6,600,000; Pittsburgh, \$47,600,000; St. Louis, \$44,300,000; San Francisco, \$117,000,000. The great city of New York, and cities of that size, are carrying a deficit of a billion dollars; and yet the people of Washington are not willing to pay their fair share of this tax. Why? Because they are running on a budget where they pay the whole cost every year. If these other cities had to do that they would double their rates over what is paid in the District of Columbia.

Now, that is what all this noise is about today. In the amendment I will offer I am proposing to raise the rate of 2 percent to 2½ percent on the assessed valuation of the property in the District of Columbia, which will increase the revenue almost \$8,000,000.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield.

Mr. CRAWFORD. In looking over the gentleman's amendment, I have in my hand a sheet showing the revenue receipts in the District of Columbia—alcohol beverages. It shows the amount of revenue stamps purchased by each of the 10 or 15 distributors in this area in a given year, covering 3,965,000 gallons of liquor, 725,000 gallons of wine, 538,000 gallons of beer. Then this sheet also shows the approximate net profit on all those transactions. It also shows that some of these licenses are valued as high as \$150,000, just for the license, if you want to transfer it. It runs from \$60,000 up to \$150,000. So that seems to be a pretty profitable situation. I would prefer the gentleman's amendment to a sales tax for this area.

Mr. GRANGER. Now let us take the other means of raising revenue. This committee has been telling you "Oh, we are for an income tax as a means of raising revenue. We have explored every other avenue of raising revenue and cannot find it." Do you not know that you spend more money for liquor in Washington, D. C., than you do for milk? You spend five times as much for liquor as you do for education. What tax do you pay on it? On hard liquor you pay 50 cents a gallon. What is the national average on that? \$1.42 a gallon. Now, let us see what Arkansas charges on liquor. The State of Arkansas charges \$2.52 a gallon on hard liquor. Tennessee, \$2 a gallon. All States adjacent to it are away above the rates charged by the District of Columbia. What is happening here? People as far away as the State of Pennsyl-

vania are coming down here to buy liquor because it is cheap.

The CHAIRMAN. The time of the gentleman from Utah has expired.

Mr. GRANGER. Mr. Chairman, will the gentleman from Massachusetts yield me some time?

Mr. BATES of Massachusetts. Mr. Chairman, I yield the gentleman from Utah five additional minutes.

Mr. GRANGER. I thank the gentleman.

Mr. Chairman, this is the place to get revenue. We are not talking about peanuts here. In this new bill they raise the cost of the license on the dealers in the District of Columbia. What will it mean? It will mean that it will put a lot of small dealers out of business and make a clean-cut monopoly out of it for a few big dealers like the large hotels. That is the difference between the two bills. The revenue is here if we have a mind to go out and get it. As I propose in my amendment, all wine would be taxed. There never has been a tax on wine that had an alcoholic content less than 14 percent; I propose to levy a 10-cent tax on that and to increase the tax on other wine from 10 cents to 20 cents. I also propose to increase the tax on hard liquor from 50 cents to \$1 per gallon. This would still make liquor in the District of Columbia cheaper than it is in Maryland, about on a par with what it is in the State of Virginia, and much cheaper than it is in many other parts of the country. Here is the place get some revenue. Some people ask: Why not tax these lobbyists we have around here. This is the place to tax the lobbyists, for then when they give these big cocktail parties we will know that when they serve the liquor they are paying some of the taxes to help the District of Columbia. This is the best way to get at them.

The income tax, another part of this bill, is the same as it was before. This will raise an additional \$5,000,000. So you have under my proposal, taxes to which no one can object too much and under it we can raise \$15,000,000; or enough to balance the budget and give the District a decent kind of tax without resorting to the tax of last resort—the sales tax. I hope the committee will give careful consideration to my substitute bill. It is an important bill. It is a bad example for this Congress to set for the Capital City of the Nation to put into effect a sales tax which in anybody's language is a bad tax. It strikes at the poor more than anyone else; and, frankly, everything in the Smith bill is against the little fellow.

This is not my idea alone; the distinguished gentleman from Virginia offered this amendment about which I am talking, but he said the liquor boys did not want it, so he threw it away; of course, they do not want it.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield?

Mr. GRANGER. I yield.

Mr. SMITH of Virginia. I am sure the gentleman wants to be accurate. Nobody, of course, wants these taxes.

Mr. GRANGER. That is right,



2. With conditions as they are today it will be possible to maintain a 25-cent toll on the existing bridge and a new parallel crossing. It would be necessary to increase the toll to 35 cents on the existing as well as the southern crossings.

3. The parallel bridge will relieve the congestion immediately upon its completion. The southern crossing will not relieve the congestion at any time.

4. The parallel bridge, including approaches, can be completed two and a half years sooner than a southern crossing.

5. The parallel crossing can be constructed more cheaply.

6. Safety to traffic will be greatly favored by a parallel bridge.

7. The cost of maintenance and operation of two parallel bridges will be cheaper by more than \$400,000 per year than the cost of maintenance and operation of a combination of the present bridge and a southern crossing.

Because it is a matter of such importance, I have been particularly concerned with the effect of another crossing to national defense and the possibility of serious bomb damage. This has been discussed at length with military experts and I am convinced that in this instance the problems of national defense are by no means controlling—the Army-Navy Board did not find them so.

I have also been concerned with the problem of street congestion at the bridgehead areas on both sides of the bay. Our traffic studies and plans for ramps and freeway connections have explored this in great detail and I find it makes no difference where the next crossing is located. The ramps will effectively distribute bridge traffic and even improve present conditions.

The Army has issued a permit for the construction of either or both crossings. All that is needed from the Federal Government is to acquire the necessary rights of way across certain Government-owned land—in the case of the parallel bridge across Yerba Buena Island, and on both sides of the bay—and to repeal the provision of the 1931 Federal act that tolls on the San Francisco-Oakland Bay Bridge must be discontinued or at least restricted, when that bridge has paid for itself.

These rights-of-way should be requested immediately in order not to delay the project.

I therefore am prepared to vote for the new parallel crossing of San Francisco Bay which has been recommended by Mr. Charles H. Purcell, our Director of Public Works, and his staff, in whom I have implicit confidence.

I am fortified in this conclusion by the findings of various public bodies and civic organizations that have studied the problem and reported thereon. Among them are:

1. The bay area council consisting of representatives of the nine bay counties.
2. The Chamber of Commerce of San Francisco.
3. The Real Estate Board of San Francisco.
4. The North Central Improvement Association of San Francisco.
5. The Building Owners and Managers Association of San Francisco.
6. The Chamber of Commerce of San Mateo.
7. The Chamber of Commerce of Eden Township of south Alameda County.
8. The Oakland Chamber of Commerce.
9. The Richmond Chamber of Commerce.
10. The Vallejo Chamber of Commerce.
11. The Alameda Chamber of Commerce.
12. The Board of Port Commissioners, Oakland.
13. The Uptown Development Association, Oakland.
14. The Downtown Merchants Association, Oakland.
15. The Downtown Property Owners Association, Oakland.
16. Building and Construction Trades Council of Alameda County.

17. Building and Construction Trades Council of Contra Costa County.

18. County Board of Supervisors of Alameda County.

19. County Board of Supervisors of Solano County.

20. City of Berkeley, Alameda County.

21. City of Oakland, Alameda County.

22. City of Alameda, Alameda County.

23. City of Richmond, Contra Costa County.

24. City of Vallejo, Solano County.

25. Emeryville Industries Association, Alameda County.

Mr. Speaker, following the passage of the resolution referred to, the toll bridge authority passed a second resolution petitioning the Congress of the United States to enact legislation authorizing the conveyance of easements required for this second bay crossing. The resolution reads as follows:

Whereas the California Toll Bridge Authority, as the public agency of the State of California duly authorized by law to make determinations respecting the location of toll highway crossings over the waters of the State, when such crossings are to be constructed pursuant to provisions of the California Toll Bridge Authority Act, has determined that the public interest and necessity require the construction at the earliest possible date of an additional toll bridge over the waters of the bay of San Francisco, to be built on a line between Rincon Hill, in the city and county of San Francisco, and the city of Oakland, county of Alameda, via Yerba Buena Island, approximately parallel to and northerly of the existing San Francisco-Oakland Bay Bridge, together with appurtenances and approaches at the termini thereof, and a tube under the Oakland estuary with connections to the East Bayshore Freeway and the city of Alameda; and

Whereas the State of California will meet all construction and other costs of said additional toll bridge by means of an issue of revenue bonds, under the provisions of the California Toll Bridge Authority Act; and

Whereas said authority has further determined that Federal legislation is necessary before construction of said additional toll bridge is commenced, in the following particulars:

(a) Authorizing a perpetual easement for such bridge over Federal lands to be occupied thereby in and about the Bay of San Francisco; and

(b) Repealing section 2 of the act of February 20, 1931, Public Law 695, Seventy-first Congress (46 Stat. 1192), which said section 2 relates to toll-free operation of the existing San Francisco-Oakland Bay Bridge on the retirement of the bonded indebtedness originally incurred for its construction: Now, therefore, be it

*Resolved by the California Toll Bridge Authority,* That said authority does hereby respectfully petition and memorialize the Congress of the United States to enact legislation—

(1) Authorizing the proper officers of the United States to convey to the State of California a perpetual easement for such additional toll bridge over and across Yerba Buena Island (former Goat Island) and over and across such other Federal lands in and about the Bay of San Francisco as may be required as a right-of-way for said bridge; and

(2) Repealing section 2 of the act of February 20, 1931, Public Law 695, Seventy-first Congress (46 Stat. 1192).

This resolution is hereby adopted by the California Toll Bridge Authority at Sacramento, Calif., this 23d day of March 1949.

EARL WARREN,

*Governor of the State of California  
and Chairman of California Toll  
Bridge Authority.*

GOODWIN J. KNIGHT,

*Lieutenant Governor of the State of  
California and Member of Cali-  
fornia Toll Bridge Authority.*

C. H. PURCELL,

*Director of Department of Public  
Works of the State of California,  
and Secretary and Member of Cal-  
ifornia Toll Bridge Authority.*

JAMES S. DEAN,

*Director of the Department of Fi-  
nance of the State of California,  
and Member of California Toll  
Bridge Authority.*

ERNEST L. ADAMS,

*Member of California Toll Bridge  
Authority.*

Mr. Speaker, pursuant to the proceedings which I have recited and the request of Governor Warren, H. R. 3800 was introduced. I hope for and request early and favorable action on the bill by the Committee on Armed Services, to which it has been referred, and by the House of Representatives.

### Nation's Income

#### EXTENSION OF REMARKS

OF

HON. THOMAS J. LANE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 28, 1949

Mr. LANE. Mr. Speaker, under leave to extend my remarks, I wish to include the following article from the Boston Sunday Post, Boston, Mass., March 27, 1949:

EXPOSE TRUTH IN FILIBUSTER—LONG DEBATE  
PROVES THAT NINE STATES WITH 68,000,000  
PEOPLE PAY HALF OF TAXATION BILL

(By Lester Allen)

The Senate fight on the cloture rule brought out all the information needed to refute the arguments of the States-righters, not only on the score of civil rights, but on which section of the Nation foots the bill for the majority of the expense of running the Nation.

It is no coincidence that the States which contribute most to the Nation's income, and, by the same token are targets for the ungrateful and often punitive action of the southern and "wild jackass" Senators, have the most progressive laws on civil rights.

One-half of the population of the United States lives in nine States, New York, Pennsylvania, Illinois, Ohio, California, Texas, Michigan, Massachusetts, and New Jersey. These States contribute a rough half of the Federal revenue in taxation with 68,000,000 people, heavily industrialized, made up of many races, many creeds, and many viewpoints, working and living together under law with a minimum of friction.

#### LIBERAL LAWS

The explanation of their success in attaining this condition is that their populations were attracted by the liberality of their laws, by the strict guaranty of their civil rights, and by their high standards of public education. These things are a matter of record and cannot be denied.

Yet, bearing the burden of the expense of running the Nation, the taxpayers of the nine States inhabited by one-half of the population of the United States, have never yet yowled for States' rights in the matter of apportionment of Federal expenditures. They built TVA in Tennessee, Boulder Dam in Colorado, Grand Coulee, and many other



majestic and mighty installations to raise the economic level of States incapable of supporting or financing public works of such enormous cost.

#### PAY FOR MOOCHING

Getting right down to cases, the nine States mentioned have been paying for the mooching done by the less fortunate States, but have never and will probably never complain because, under the democratic system, the inhabitants of those States believe and practice to the best of their ability the one for all and all for one concept of Americanism.

Senator ELLENDER, of Louisiana, with his little Sir Echo, Senator LONG, the son of the Kingfish, spent more than 12 hours not long ago advancing all the arguments for States' rights in the matter of granting the franchise to voters. Mr. Long asked the loaded questions for his senior and Senator ELLENDER gave the pat answers. Mr. LONG asks if the Fair Employment Practices Commissions established in some of the Northern States have been effectively enforced. Senator ELLENDER answers that in the State of New York which, like Massachusetts, has an FEPC law there have been very few offenders punished. "They simply got the parties together to compromise their differences," said Senator ELLENDER.

#### ODD BEDFELLOWS

This is a fair sample of the arguments used to prevent the effective use of majority rule in the Senate. Apparently it is dead wrong to compromise differences and prevent discriminations. There should be prosecutions and punishments and, perhaps, lynchings.

In all the history of the United States Senate there has never been such a strange assortment of political bedfellows as there was during the filibuster. One day there were 89 Senators present, the day that Senator ELLENDER spoke for over 12 hours.

During that day the voices of only 19 Senators were heard in the Senate chamber, and then only to interpose brief questions to punctuate the drone of the voice of the gentleman from Louisiana reading the history of American civil rights according to Senator ELLENDER. The Senators who did interrupt had only the right to ask a question. None could propose a compromise, a refutation of Senator ELLENDER's arguments or indulge in an oratorical demolition of the barricade of words damming the legislative processes.

#### ALL ABOUT PAST

Regardless of which of the Southern Senators was carrying on the filibuster, the argument circled around one point, that, in the past, the loathed northern tier of States, which pay most of the freight, had restricted the right to vote, and that, in the past, under State stature, Catholics, Jews and other minorities of the day had been denied the right to vote. It was all about the past, nothing about the present, nothing about progress.

If that isn't a paradox strange enough, consider that two of the stalwarts of the filibuster, Senator TOM CONNALLY of Texas, and Senator GEORGE of Georgia, are leaders in the Senate for approval of the European recovery program, the reciprocal trade treaties and the North Atlantic Pact. In sum, they are all for propagating democracy abroad, but unalterably opposed to the progress of democracy at home.

While the filibuster may expose all that is mean and unworthy in man's nature, few people would have such an epic struggle carried on anywhere else but in the open, for all the people to hear or read. The possibility that the nine richest and most heavily populated States would have tried to bludgeon the poorer States into conformance with their more enlightened way of thinking is remote.

#### COULD PREVAIL

Given a fair chance with no holds barred, it is fair to assume that the 18 Senators from the richer States could outmaneuver the 18 southern Senators who have shaken the American legislative process to its foundations.

The compromise procedure finally adopted is a backward step, not progress. The civil-rights program is beaten to earth, bleeding and dying like a victim of a lynching, and in the white supremacy areas of the South they are capering and dancing around the corpse.

#### OTHER FISH TO FRY

Was there any real effort to wear the 18 southerners down? The answer is that there was not. The Senate is made up of too many men who have other fish to fry, who, in the days to come, need the votes of southern Senators to put across some piece of legislation.

Any move now to bring up a civil-rights bill, perhaps the antilynching bill, would bring on a struggle with deadly attrition, a frontal assault. It seems likely that there have been cloakroom agreements not to do this during the regular session, in the hope that a special session will not be called during the summer months when a filibuster would have less chance of succeeding in humid Washington.

#### IMPORTANT BILLS

There is always the specter of public opinion leering over the shoulders of the Senators as well. The rent-control legislation was long overdue, and this would hit the people right in their pocketbooks. A new tax bill must be written, and that, too, is of first importance. The shadow of labor, which fell athwart the generous shadow cast by the senatorial togas, is also a looming threat and come what may, a labor bill has to be enacted.

Indeed, there is concern in the Senate over the unions, as insouciant and defiant as the Senators may appear, particularly the southern Senators. The serious suggestion the other days that northern industrialists contribute to an organizing campaign of the unions in the South from Chester Bowles, Governor of Connecticut, caused a shudder of dismay even though the northern industrialists did not take it seriously.

#### CHEAP LABOR BAIT

\* \* \* to organize the South, coupled with the passage of a minimum wage law that would elevate the living standards of hundreds of thousands of underprivileged workers in the South, might succeed and cheap labor has been the South's main argument in wooing away northern industries.

While there have been many grumpy analyses of what kind of a mandate the people gave President Truman last November, and many forthright assertions that the President has misinterpreted his mandate from the people, many Senators still believe they are trying to whistle themselves past the graveyard. They escaped from the upheaval that rocked the House and changed its political complexion only because of the fact that there were not enough seats at stake to make the kind of radical realignment in the Senate.

Only the southern Senators are on safe ground on that score. The Thurmond Democrats gave the southern Senators a mandate and, quite rightfully, they are sticking to it. If they did not there would be no hope for the democratic process.

In their hearts the southern Senators know that eventually civil rights legislation will come, if not this year and this session, then at some future session. The Senators who in the past opposed social security, the Wagner Labor Act and all the other social progress laws, saw them enacted at last, saw the reinterpretation of the free enterprise system and saw the national income soar to

new heights beyond the peak of their wildest imaginings; saw the Nation's industrial and military power advance into world leadership.

#### MAY BLOCK FUNDS

But there is danger. The danger lies in those nine States which have one-half of the Nation's total population and about one-half of the income and the tax expense. There is vast room in the country for expansion of population, for relocation of industry, for further development of the economy. Holding the horn of plenty, the nine States might conceivably turn off the flow of gold, divert it into other channels and use it as a punitive weapon.

There has already been talk of this, of blocking agricultural price supports, of shutting off appropriations for public works, of withholding approval of Federal funds for countless things which the more richly endowed States have. Perhaps Senator Elender's complaint that while the oil wells of Louisiana pour out riches they are owned by northern corporations is a reflection of those fears.

However, these are merely imaginings in the heat of battle in the Senate. The stark reality is that the Nation is indissolubly welded together, that it will act for the greatest good of the greatest number. It may be a long, noisy, wordy process but in the end, democracy finds a way to flow along its traditional channels.

### Sense Instead of Dollars

#### EXTENSION OF REMARKS

OF

### HON. PAUL W. SHAFER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, March 28, 1949

Mr. SHAFER. Mr. Speaker, the Congress will soon consider legislation to provide additional funds for the so-called Marshall plan. In view of this I recommend Members to read an article appearing in this week's issue of Newsweek, *Sense Instead of Dollars*, by Henry Hazlitt. The article follows:

#### SENSE INSTEAD OF DOLLARS

(By Henry Hazlitt)

The Marshall plan has now become sacrosanct and apparently impervious to argument or facts. Even when a high official of the British Government blurts out in an official speech that Britain has now achieved complete recovery, he raises only a few eyebrows in Congress, and these are promptly lowered by the hasty assurance of other officials that the first one spoke out of turn. Yet Under Secretary Mayhew's statement is confirmed by the official indexes of Great Britain, and for that matter of Ireland, the Netherlands, Norway, Sweden, and Denmark, which show that industrial production in all these countries is now above the prewar level.

When this is pointed out, the reply is: "True, but our country still has an unfavorable balance of trade; and of course it is the American taxpayer's duty to pay for it. And he may as well know that we intend to go on buying more than we sell even beyond 1952."

In brief, in spite of the fact that these countries are now producing more than they produced before the war, they announce that they will continue to live beyond their means. They will continue to consume more than they produce. They will continue to buy more than they expect to pay for. They present figures showing what their foreign-trade deficit is going to be in future years. They talk as if a foreign-trade deficit were some-



thing foreordained, some malign fate, instead of something that they bring about by their own policies.

It is not merely the former European belligerents but our Latin-American neighbors, and in fact nearly all the former neutrals, who now complain of a dollar shortage. The primary cause of these chronic foreign-trade deficits and dollar shortages is not mysterious. It is exchange control. Every government that imposes exchange control contends that it is forced to do so by the dollar shortage. The truth is the reverse. It is the exchange control itself that causes and perpetuates the dollar shortage.

It is needless to spell out here all over again just how and why it does this. I have explained the reasons in my book, *Will Dollars Save the World?* in 1947 and in numerous Newsweek columns since. They have been pointed out in the last few years by such economists as John Jewkes in England, Wilhelm Röpke in Switzerland, Trygve Hoff in Norway, and Gottfried Haberler and Walter Sulzbach here, to mention only a few. But so far as the ECA is concerned, they might just as well never have written.

Perhaps an analogy would help. The 1947 per capita income of Mississippi was lower than that of Great Britain, Denmark, Sweden, or France. Yet Washington did not start rushing millions of dollars into Mississippi either to halt communism there or to enable Mississippians to buy more goods from New York. But if Mississippi's State government suddenly decreed that 50 cents in Mississippi was worth \$1 in New York; if it ordered its exporters to turn over all their dollars from sales to New York to the State government and accept only 50 cents apiece for them; and if Mississippi's government then allotted the proceeds to its importers to enable them to buy every dollar's worth of goods from New York at a cost to the importer of only 50 cents—then everybody in Mississippi would want to import from New York and nobody in Mississippi would be crazy enough to export to New York. Mississippi would immediately have an unfavorable balance of trade and an appalling shortage of New York dollars.

If Congress is determined to go ahead with the ECA—as apparently it is—then it ought at least to insist on one minimum condition. This is the abolition of exchange control. Such a condition would not only save American taxpayers billions of dollars; it would do more than any other single measure to restore free enterprise in Europe and bring real world recovery. Exchange control is not only a totalitarian device in itself (inspired by Hitler's Schacht); it is the keystone of present European controlism, nationalism, and socialism.

### **Destruction Caused by Western and Mid-western Blizzards**

#### **EXTENSION OF REMARKS**

OF

**HON. EUGENE D. O'SULLIVAN**

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 28, 1949*

Mr. O'SULLIVAN. Mr. Speaker, under leave granted to me to extend my remarks in the Appendix of the CONGRESSIONAL RECORD, I call attention to the fact that fairly accurate figures are now being compiled to show what havoc was wrought by the many blizzards during the winter of 1948 and 1949.

There appeared in a local newspaper the following item which gives people a pretty good idea of the extent of the livestock loss and money damage caused by these unprecedented storms:

**BLIZZARDS KILLED \$33,000,000 WORTH OF CATTLE, SHEEP**

CHICAGO, March 17.—The great western blizzards of 1949 killed more than half a million cattle and sheep worth \$33,000,000, stockmen and State agriculture officials estimated today in a United Press survey.

The stock losses, heaviest in history, were not expected to create a meat shortage.

The total cattle loss was estimated at 165,000 head, compared with a Nation-wide cattle population of almost 50,000,000, not including dairy cattle.

The sheep loss was put at 422,000, compared with a total sheep and lamb population of almost 32,000,000.

The cattle loss amounted to \$25,000,000 and the sheep destruction cost more than \$8,000,000.

### **Commemorating the Founding of Seattle**

#### **EXTENSION OF REMARKS**

OF

**HON. HUGH B. MITCHELL**

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 28, 1949*

Mr. MITCHELL. Mr. Speaker, the city of Seattle will hold a centennial celebration beginning in 1941. To express our pride in the faith and the enterprise of the pioneers who founded and built Seattle, we are proposing a centennial stamp to commemorate the landing of the pioneers at Alki Point in 1851. The Alki Women's Improvement Club of Seattle sponsored House Joint Memorial No. 24 in the State legislature and has submitted a sketch of the proposed stamp, depicting in the center the landing at Alki of the schooner *Exact*, with the Olympics shown in the background, Seattle buildings on the right, and Indians on the left. It is a privilege for me to introduce legislation in the House which calls for the centennial stamp.

Alki Point is an historic place in the great city of Seattle. Here the first settlers of the city landed in 1851. The vanguard of the first settlement arrived at Alki Point on September 28, 1851. It is recorded that the majority of the settlers at Alki Point and Seattle, upon leaving their homes in the East, had intended to locate in the Willamette Valley, but, when they crossed the mountains, the wonderful stories they heard about the Puget Sound country inspired them to investigate it.

The expedition crossing the plains from Illinois stopped at Portland while two members, John N. Low and David T. Denny, set out for Puget Sound. At Olympia they were joined by Lee Terry and Capt. Robert C. Fay. The party, aided by Indians from Chief Seattle's band, made a prospecting tour in the vicinity of the Duwamish River, finally moving their camp to Alki Point to make a permanent settlement. This was a natural townsite, with land free of timber, a beach of sand and gravel, and the

uplands within easy reach. To the north and south, the sound was in clear view, the Olympic Mountains rising in the distance. Sailing craft going to the upper sound passed near the point; small boats and canoes made it a port of call.

The settlers called their townsite New York, which caused visitors to smile and say "Yes, by-and-by." Translated into Chinook, this expression became "Alki," and the name remained.

The main party left Portland on November 5, 1851, taking passage on the schooner *Exact*, which was carrying gold prospectors on a voyage to Queen Charlotte Island, intending to touch at the sound with emigrants. The *Exact* dropped anchor off Alki Point on November 13, there disembarking the party that founded Seattle. In the party were 12 adults and 12 children; A. A. Denny and family, John N. Low and family, C. D. Boren and family, W. N. Bell and family, and Charles C. Terry, who, with Lee Terry and David T. Denny, brought the number of adults to 12.

From the original settlement at Alki Point grew the great metropolis which bears the name of the famed Indian chief, Seattle. Today, its alert and enterprising citizens, busily engaged in commerce and industry, enjoying in their leisure time its natural scenic beauty, show the same pioneer spirit of the settlers almost a hundred years ago.

### **Nevada Endorses Statehood for Alaska**

#### **EXTENSION OF REMARKS**

OF

**HON. E. L. BARTLETT**

DELEGATE FROM ALASKA

IN THE HOUSE OF REPRESENTATIVES

*Monday, March 28, 1949*

Mr. BARTLETT. Mr. Speaker, the people of Alaska are grateful to the Nevada Legislature for having adopted a joint resolution memorializing Congress to pass legislation which would admit the Territory of Alaska to the Union as a State. The resolution was signed by Governor Vail on March 15 of this year.

The legislature pointed out the compelling reasons why it believed Congress should take steps to admit Alaska, the most cogent of which I quote now:

It is inconceivable that a region as large as Alaska and possessing its great multiplicity and richness of mining and general resources and its strategic military position should remain indefinitely under the American flag in a condition of political servitude.

The Nevada Legislature has correctly stressed other reasons, almost any one of which is cause enough for changing immediately the status of Alaska from that of a Territory to that of a State. It recognizes that Alaska has more population now than several of our States had at the time they were admitted into the Union; Alaska has a Delegate in Congress with no vote; the Territory of Alaska has been a part of our great Nation for many years and has played a vital part in the economic structure of the entire country; during all times and during all crises



of the United States, Alaska has contributed its share, and Alaska could better operate as a State of the Union.

Incidentally, Mr. Speaker, I am happy to report that Hon. WALTER S. BARING, Representative at Large from Nevada, and a member of the Public Lands Committee, voted to report the Alaska statehood bill to the House.

## Resolutions Concerning H. R. 526

### EXTENSION OF REMARKS

OF

### HON. JAMES W. TRIMBLE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 28, 1949

Mr. TRIMBLE. Mr. Speaker, a few days ago I received the following resolutions adopted by a group of farmers as a meeting held at Harrison, Boone County, Ark., on March 9, 1949. Under unanimous consent, I include these resolutions in the RECORD for the consideration of the membership:

The following resolutions were unanimously adopted by the county committees of the Third Congressional District at an information meeting on March 9, 1949, at Harrison, Ark.

This information committee is composed of 39 farmer representatives elected by all the farmers of the 10 counties of the Third Congressional District of Arkansas.

The meeting was held in Harrison, Ark., at 9:30 a. m., March 9, 1949, at which time motions were duly made and unanimously approved favoring the following resolutions:

"1. That this group go on record as favoring the following changes mentioned in the Pace amendment, H. R. 526:

"H. R. 526, EIGHTY-FIRST CONGRESS, TO AMEND THE AGRICULTURAL ACT OF 1948

"The above bill, introduced by Representative PACE, of Georgia, if passed would amend the Agricultural Act of 1948. (See reports, memorandum 122.) In effect this bill would provide price supports indefinitely at 90 percent of parity or comparable price to cooperators for the basic crops of cotton, wheat, corn, tobacco, rice, and peanuts; and for the four Steagall commodities, milk, and its products, hogs, chickens, and eggs. The bill also would provide price supports on the other Steagall commodities at from 60 percent of parity or comparable price to not more than the 1948 price support level. In addition, the present wool price support would continue indefinitely, as well as authority for the Secretary to carry out purchasing and lending operations with respect to commodities not included above. This bill would eliminate the entire title II of the act, thus doing away with the revised parity formula, the sliding scale for determining price support percentages minimums with respect to basic crops and marketing quota provisions which otherwise becomes effective January 1, 1950. Title III of the 1948 act would remain as written.

"2. That this group of farmers go on record in favor of the Hays' bill, H. R. 402.

"3. That this group go on record as opposed to the Jensen bill, H. R. 2368, the Hope bill, or any other bill that leaves out farmer control. In our opinion any and all farm programs should be under the control of democratically elected farmer committees.

"4. That this group go on record as favoring the Beckworth bill, H. R. 820. This bill gives the county-office employees a measure of security, paid for out of their own salaries,

that will go far in acquiring and holding better trained personnel.

"5. That this group of farmers recommend the following budget changes:

	President's 1950 budget	Recom- mended changes
ACP program funds (1949 calendar year).....	\$232,197,000	\$265,500,000
ACP administrative funds (July 1, 1949-June 30, 1950):		
National and State.....	4,992,439	4,992,439
County.....	19,854,000	29,854,000
Total ACP.....	257,043,439	300,346,439
Tobacco marketing quota.....	2,599,026	2,599,026
Peanut marketing quota (July 1, 1949-June 30, 1950)...	2,551,748	2,551,748
Cotton, corn, wheat, and rice marketing quota funds (July 1, 1949-June 30, 1950)...	27,805,787	27,805,787
Total marketing quota.....	32,956,561	32,956,561

### "RESTRICTIONS

"1. No part of the funds can be used to pay salaries or expenses of regional, State, or county information employees—Out.

"2. No participant shall receive more than \$750 of soil- and water-conserving practices—\$10,000 limit.

"3. No part of the funds shall be paid to any person convicted of violating the act to prevent pernicious political activity (August 2, 1939) or the act of July 11, 1919, which prohibits the use of Federal funds for personal services designed to influence any Member of Congress except upon request of any Member of Congress—Out.

"6. That Ralph Hudspeth, farmer of Searcy County, Ark., be elected by this group as the farmer representative to testify before the Agricultural or any other committee in Washington, considering the above-mentioned bills, if and when our Congressmen, Senators, and this group feel it is necessary. Dan Blair, of Benton County, was elected first alternate and J. W. Parrish, Boone County, second alternate to serve in the absence of Mr. Hudspeth.

"7. That we express our sincere appreciation to our Congressmen and Senators for their faithful efforts on behalf of the triple A conservation program."

RALPH HUDSPETH,  
Chairman  
HOOD G. LOUGH,  
Secretary.

## Organized Labor's Contribution to Our American Way of Life

### EXTENSION OF REMARKS

OF

### HON. THURMAN C. CROOK

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 28, 1949

Mr. CROOK. Mr. Speaker, as we advance labor legislation in this Congress, it is well that we refresh our minds with inventory of the many fine accomplishments of organized labor during the last quarter century. In so doing we draw out the wisdom of the past to help us understand the trials of the present and the problems that lie ahead for a great majority of our people.

We today are assembled here under the greatest freedom that prevails in any country of the world. This freedom and

American way of life is not to be considered as a gift; it is the fruition of labor which has cropped from courageous and militant efforts ever since the first white man set foot on American soil, and I would gladly have every Member of Congress know that America is a divine gift in which we are blessed with the privilege of exercising this freedom.

Indeed, labor has played an inestimable part in the evolution of our cherished democracy. As I said on a previous occasion, all the wealth of our country comes from soil and toil, and most of it from toil. Who and where is the person that would deny man or woman a fair share of the wealth he or she produces? Ever since our founding fathers started for a new lease on life, and the inception of the ark of the people's covenant, the ranks of labor have unflinchingly blazed the trails in our struggle for higher and better living. With a continuation of such determination and accomplishments, freedom and liberty will never perish from the earth.

The evolution of industry from decade to decade presented new problems, and the individual laborer gradually became a victim of some type of exploitation. His salvation was discovered in a system of fraternity known as the union, and today unions of workers for collective action are to be found throughout the world wherever the modern system of industry has been established. Appearing first in England, the birthplace of the factory system, these organizations have spread to all industrial countries and have flourished in rough correlation to the extent of industrialization. Not only is there this close correspondence between the extent of union membership and the type of industrial organization dominant in a country, but within the most highly industrialized countries, where the movement is strong, unionism flourishes only among those classes of workers who are directly affected by modern methods of production.

The facts most assuredly indicate that the labor movement has been, and is, an attempt on the part of a great number of working men and women to adjust themselves to certain conditions of life created by the capitalistic system of industry. Such a system of industry has separated the worker from ownership in the capital instruments with which he works, and it destroys the position of the laborer as an independent enterpriser. It reduces the mass of men and women in society to something like a uniform economic status, welding them gradually into a distinct social class. Workers have been concentrated in close contact within a limited geographical area, thus leading to a system of regimentation conducive to group action and conduct. Injurious economic forces pressed in on the workers. They brought long hours, low wages, unemployment, monotonous and hazardous kinds of work, unsanitary conditions, untimely declining years of life without security, exploitation of women and children, and demoralizing impressions on mankind. The existence of these common problems supplied the motive for collective and remedial action, and unions were born of necessity by



miles distant, and it is planned to locate at strategic points along the coast lines radar-control stations for this purpose. With fast-moving airplanes this means that detection precedes the actual appearance of the plane only by 15 or 20 minutes. In other words, our warning, even by use of radar, will be a very short period of time but, with proper communications, even such a brief time will be of tremendous importance to our defenses. It will at least give our aircraft time to get off the ground and, in many cases, to intercept and attack hostile planes approaching our coast. Already the Congress has passed, and the President signed, a bill which the Armed Services Committee has prepared to give our country this important radar protection.

Only about 2 weeks ago I personally handled a bill which bears my name, to create a base for long-range guided missiles. It has now become a matter of common knowledge that our scientists have developed these unmanned missiles which fly through the sky at supersonic speeds for distances exceeding 500 miles. It is planned in this legislation to have a guided missiles base for these new instruments of the air with ranges up to 3,000 miles or more. Did you ever stop to think of what that means for the future? It means, in the event of further trouble, perhaps our guns and artillery will be outmoded and outdated. It means that men may perhaps be able to stand on the shores of this country and send missiles of destruction into the mobilization camp of an attacking enemy in Europe or Asia. It may revolutionize completely our method of defense and may result in making urgently necessary some means of periodically checking to prevent the nations of the world from secretly building this and other types of death-dealing weapons.

The money which your Congress has appropriated and is now appropriating for laboratory use and development is paying huge dividends. It has made possible the development of the guided missile and the development of many other worth-while projects for our defense. It has developed planes which are, "out of this world", so to speak, and which it is hard for us to fully comprehend even when we see them. The flying wing and faster jet planes are some that I have in mind.

The other day I was asked to attend an exhibit of our military airplanes at Andrews Field just outside of Washington. It was a startling demonstration of air power. A man at the microphone explained events as they happened. He especially explained the speeds of some of these supersonic airplanes. On the microphone, he began by asking everyone to look quickly to the left, saying, "the next plane will come down the airway in front of the grandstand from the south". He said, "It is only 10 miles below the grandstand and unless you look quickly you may miss it". Hardly had we turned our heads to the South before the plane zoomed by the grandstand at a supersonic speed—such are our newly developed airplanes.

This morning, as I was coming down to the office, I noticed the clouds hung low in the sky. In fact, as I looked up toward the Capitol, I noticed, for the first time I had seen it, that the dome was completely concealed by some of these low-hanging clouds. As I walked along I thought how this symbolized the world situation. In an international sense, not only do the clouds of trouble surround the dome of our Capitol but they likewise hang heavy over many of the capitals of the nations of the earth. Great troubles emanating from the Second World War harass peoples of the world. The struggle between two types of government—democracy on the one hand and communism on the other hand—goes on with unabated zeal. The march of communism is causing great concern here and elsewhere in the world.

The thinking peoples of the world established the United Nations, and it is a functioning organization today. It does not, however, have the power and the effectiveness which we first thought would be possible from such an organization. Because of this fact, the United States Government has felt it necessary to back up the United Nations Organization with treaties and with a strong defense.

The Atlantic Pact has just been submitted to the Senate for confirmation. It marks the greatest departure in our foreign policy since the days of the Monroe Doctrine. It means from now on this country acknowledges the necessity of assuming from the start responsibility for the consequences of events wherever they may occur, and, in effect, it says this country must be prepared to fight if any of these Atlantic powers are attacked.

Our idea now is to prevent a third world war. I am satisfied that either World War I or World War II—perhaps both—might have been prevented had this country been fully prepared to defend itself and had it let the aggressors know at the start of our intention to enter the struggle. If we are to keep a cold war from getting hot, we must have proper development of our air power. No other action will deter another Hitler as much as the impressiveness of our developed military air power. It is vital; it is fundamental if we are to maintain the peace of the world.

### Government Expense Allowance

#### EXTENSION OF REMARKS

OF

### HON. FRANK M. KARSTEN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, March 28, 1949

Mr. KARSTEN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following editorial:

#### TRAVELING IS EXPENSIVE

Hearings before the House Committee on Executive Expenditures have produced some convincing testimony in favor of a larger expense allowance for Government employees whose duties require them to travel. The testimony of Dr. George Manov of the Atomic Energy Commission is indicative of how unfair the present \$6-a-day allowance is in these days of high lodging and eating costs.

Dr. Manov had been a chemist with the Bureau of Standards for a good many years before he was transferred to the Atomic Energy Commission. Having never been on a traveling assignment for the Bureau of Standards, he did not know what he was letting himself in for when he undertook his AEC task of visiting half a hundred scientific laboratories in scattered parts of the country. Dr. Manov told the committee he had to cover more than 14,000 miles and stay in 36 cities and towns before he had completed his official tour. He had not traveled very far before he saw that his \$6 daily allowance would fall far short of paying for his hotel room, meals, taxicab fares, tips, and incidentals. He began hunting for second- and third-rate hotels and restaurants and figuring ways to save on food and other costs. Despite all his thrift, including lugging his own baggage, avoiding tipping when possible, and resorting to other ways of reducing expenses, he found at the end that the trip had cost him \$273 out of his own pocket.

Similar experiences have been detailed to the committee by Chief Postal Inspector James J. Doran, B. F. Sheehy, budget director for the Labor Department, and other Federal officials. All witnesses agreed that \$6 a day

is totally inadequate to pay for good hotel accommodations, meals, and other necessary expenses. A bill now pending before the House would increase the allowance to \$10 a day. The bill deserves to be passed.

### Our State Department Ought To Give Serious Consideration to Where the American Dollars Taken From the Taxpayers of America Are Going Under the Marshall Plan and Other Aids to Europe

#### EXTENSION OF REMARKS

OF

### HON. JAMES S. GOLDEN

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 28, 1949

Mr. GOLDEN. Mr. Speaker, in the various countries of Europe when a close analysis is made to determine just what uses our American dollars are being put to abroad and what countries we are really helping, in many respects the money which the American people are sending abroad at great sacrifice to themselves are ultimately winding up in the pockets of the dictators of Russia. It appears to me that our State Department and American officials that administer these huge funds that are taken from the taxpayers of America are doing a poor job. We either ought to have better supervision of these funds to guarantee that they do not reach Russia and enable her to become stronger so as to spread communism or we ought to cut a large part of these funds out.

A concrete and true illustration of what is happening to the taxpayers' dollars that go abroad, is shown in an editorial appearing Sunday, March 27, 1949, in the Washington Star. This article shows that America is spending \$4,000,000 a week in Austria and that a large part of this money finally goes into Russia. I am incorporating this article herein so that you may have an accurate analysis of what is happening to the money that we are sending to Austria.

#### UNITED STATES REPORTED PAYING EXPENSES OF THREE OTHER ARMIES IN AUSTRIA

(By George Weller)

VIENNA, AUSTRIA, March 26.—When if ever you, as an American taxpayer, get a chance to look at your bill for holding Austria, a light like an atomic bomb may dazzle your brain.

No, it's not the size of the bill. It's the items on it that are fantastic.

You have been paying for the upkeep of the American forces in Austria, though the peace treaties do not oblige you to do so.

"All right I like and want to help Austria," you say.

Wait. Here are some more items:

1. You are paying for the British forces here.
2. You are paying for the French upkeep here.
9. You are paying for the Russian Army here.
4. In the case of the Russians, you are paying for the red-starred army not once, but twice. Your Soviet bill is half again more than the other two.

#### AUSTRIA IS BRIDGEHEAD.

Austria is an invaluable bridgehead to the West, weaker but more necessary than



Czechoslovakia to the Communist East. To keep its economy alive you, the American taxpayer, spend \$4,000,000 a week.

One of the reasons is that you are acting as host for three armies, none of them your own.

The American Army pays its own bills for its Austrian household. The British, French, and Russian armies live off the Austrian economy.

And the Austrian economy lives off the American taxpayer.

The Russians, under the smartest little blackmail system west of the iron curtain, collect everything with an extra dividend.

The vexed question of how much the Americans, through the Austrian Government, should pay to support everybody else here is almost constantly under discussion between the generals representing the four powers.

#### COSTS OFTEN DISCUSSED

Sometimes one of the western generals will try to introduce the idea of "occupation costs."

But Col. Gen. L. V. Kurasov shies away. If you start pinning down where American aid, going into Austria, is going, the Russian racket of extra collection for extra troops sticks up like a mountain.

Nearly 3 years ago a low-level committee struggled to hog-tie "occupation costs" into a fixed formula to include wages of soldiers and Austrian workers, rentals for premises, and goods supplied by Austria. But when the four-power board tried to outlaw special Soviet charges for running Russian business enterprises, transport and administration, the board itself disappeared in a puff of polemics.

#### GENERALS QUIT ARGUING

So now the four generals have given up arguing why the American money is being collected. They just bargain about the amount.

Lt. Gen. Geoffrey Keyes, the American, holds out for the lowest amount possible—usually around 8 percent of the Austrian budget. Colonel General Kurasov wants 12 percent or so. The Briton, Lt. Gen. Alexander Galloway, and the Frenchman, Lt. Gen. M. E. Bethouart, usually hover around 9 percent.

Last year they compromised on 10½ percent. For 1949 they may go down another point.

#### METHOD CALLED BLACKMAIL

Why do the Americans keep on paying Russian bills?

Well, at least one American official here has an answer.

"We're scared of the Russians," says he. "It's blackmail, but we pay and keep on paying to avoid trouble."

Riding the American gravy train, the Soviets here in Austria up to January 1 had taken 1,956,000,000 schillings (about \$200,000,000) through the ever-abnormal Austrian budget.

The French and British had taken about \$64,000,000 each. But 20 months ago, when the United States stopped accepting anything more from Austria, the Americans had received \$40,000,000 from themselves, of which they returned \$30,000,000.

What these figures mean is that the Russian puts his hand in for about 4 percent of the Austrian budget and the Briton and Frenchman each for 2½ percent, while the American keeps pouring money in.

#### RED SYSTEM EXPLAINED

The way the Russian gets his extra dividend from the American taxpayer is especially adroit. Here's how it is done:

After the annual percentage figure has been agreed on by the four generals—with Austrian groans audible halfway across Europe—all four powers are supposed to get a quarter share of the pseudo-Austrian pie made of

American materials. The facade of allied equality is maintained, but it is only a genteel sham to conceal the Soviet advantage.

The Americans take their \$15,000,000 and hand it right back into the Austrian economy, to join the approximate \$500,000,000 they have given under ERP. In addition the Americans pay in dollars their household costs of around \$13,000,000.

#### FRENCH GET SHARE

The French take their \$15,000,000 and pay their local bills, exclusive of soldiers' pay. Whether they do better than break even, nobody knows.

The British claim their \$15,000,000, but for the last 6 months they have left it remain untouched. Without releasing their share, as the Americans have done, they have given the Austrians hope that they will, by paying their current accounts themselves.

The Soviets take their \$15,000,000 and use it to meet some expenses. Then they take about half their Austrian bills and send them unpaid to the Austrian Government. And Austria pays them—with American money.

Mr. Speaker, if we would revamp our foreign policy so as to act with some sense to see to it that our money does not reach Russia and to see to it that no more is furnished to helpless European countries than is absolutely necessary, we could save enough money to furnish Federal aid to schools, to build flood walls, make river and harbor improvements, construct farm-to-market roads, have real farm conservation, and greatly improve and protect our own people. In addition to this, we could take a great tax load off the shoulders of the American people and further reduce our tax burden. I am hopeful the present administration will do this.

### What Tomorrow of Today's Youth

#### EXTENSION OF REMARKS

OF

### HON. JAMES T. PATTERSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, March 28, 1949

Mr. PATTERSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article from the Connecticut Circle:

#### WHAT TOMORROW OF TODAY'S YOUTH

Is he correct in his slogan—Uncle Sam owes me a living?

As we pulled up at our favorite gas station the other day the station owner, as he filled the car remarked, "Did you see that fellow who just drove out of here?" With our "Yes," he continued, "I cash his check each month. He is having his tuition and expenses and the equivalent of board paid by the Government—over a 4-year period. The check I cashed was in addition to this subsidy, in an amount just over \$100; and as I gave him the cash, he said, 'How the h— does Uncle Sam expect me to get along on this?'"

Two students from one of our Connecticut colleges were expounding for our benefit the other day and one of them said, "Communism—they haven't got communism in Russia. That's dictatorship over there. Communism is all right." Now he didn't get those ideas out of his own thinking. He was taught them and it's not a hard matter today to put your finger on those teachers. Communism and socialism are banded about by university professors today in just about the same manner that free silver and free trade

were preached in the nineties and early 1900's—with just as much ultimate good for the general welfare.

Our public schools and public and private colleges teach just about as little patriotism as possible and if a character like George Washington is brought up for discussion, more than likely it will be the Rupert Hughes version that is professorily propounded to receptive and retentive young minds. Pride in heritage is a matter of feeling as well as knowing. And heritage is not just a matter of possession by ancestral lineage. Heritage is the prideful ownership of those individual rights and the freedom of action and thinking which we have as a result of pioneer settlers, who sought and found religious freedom and followed it with civil demands for self government, which when refused, they fought, bled, and died for in order that we today, as has this country for a century and three quarters, might reap unforeseen miraculous "profits."

Only by the right thinking and industrious individual ambitions of our youth, can we expect to survive this present-day holocaust of unrighteous sycophant-breeding propaganda with which they are being filled. Nothing is worthwhile, which is not arrived at through hard work. If that belief alone may be instilled into today's youth, we will win the fight and raise such a bulwark against those who would tear down all that has been build for good in this country that we may look forward without fear to our continued better way of living, and be justly proud that we are carrying on "our heritage."

HARRY FRANKLIN MORSE.

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Additional copies of Government publications are offered for sale to the public by the Superintendent of Documents, Government Printing Office, Washington 25, D. C., at cost thereof as determined by the Public Printer plus 50 percent: *Provided*, That a discount of not to exceed 25 percent may be allowed to authorized book dealers and quantity purchasers, but such printing shall not interfere with the prompt execution of work for the Government. The Superintendent of Documents shall prescribe the terms and conditions under which he may authorize the resale of Government publications by book dealers, and he may designate any Government officer his agent for the sale of Government publications under such regulations as shall be agreed upon by the Superintendent of Documents and the head of the respective department or establishment of the Government (U. S. Code, title 44, sec. 72a, Supp. 2).

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It shall be lawful for the Public Printer to print and deliver, upon the order of any Senator, Representative, or Delegate, extracts from the CONGRESSIONAL RECORD, the person ordering the same paying the cost thereof (U. S. Code, title 44, sec. 185, p. 1942).

#### CHANGE OF RESIDENCE

Senators, Representatives, and Delegates who have changed their residences will please give information thereof to the Government Printing Office, that their addresses may be correctly given in the RECORD.



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 28 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. KEM to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz: On page 4, between lines 19 and 20, insert the following:

1       (c) Section 111 of such Act is further amended by  
2 adding at the end thereof a new subsection as follows:

3       “(d) No assistance shall be furnished under this Act  
4 to any participating country, the government of which  
5 shall undertake, after the date of enactment of this subsection,  
6 to acquire and operate, in whole or in part, the iron and  
7 steel industry of such country or any other basic industry  
8 thereof.”

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1       (c) Section 111 of such Act is further amended by  
2 adding at the end thereof a new subsection as follows:

3       “(d) No assistance shall be furnished under this Act  
4 to any participating country until such country has elimi-  
5 nated any currency controls imposed by it that prevent  
6 its currency from reflecting its actual purchasing power  
7 in terms of the United States dollar on the free monetary  
8 market of the world.”

81ST CONGRESS  
1ST SESSION

# S. 1209

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Intended to be proposed by Mr. ELLENDER to the bill (S. 1209)  
to amend the Economic Cooperation Act of 1948, viz:

- 1       On page 7, before the period in line 24, insert a comma
- 2   and the following: “and by inserting before the semicolon
- 3   at the end thereof a comma and the following: ‘but such
- 4   special account shall not be used for administrative expendi-
- 5   tures of the government of such country’ ”

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- 3   at the end thereof a comma and the following: ‘but such
- 4   special account shall not be used for payment of interest
- 5   on or retirement of the national debt of such country’ ”.

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4     account shall not be used for administrative expenditures of  
5     the government of such country or for payment of interest  
6     on or retirement of the national debt of such country’ ”.

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## IN THE SENATE OF THE UNITED STATES

MARCH 28 (legislative day, MARCH 18), 1949

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## AMENDMENTS

Intended to be proposed by Mr. ELLENDER to the bill (S. 1209)  
to amend the Economic Cooperation Act of 1948, viz:

- 1        On page 8, line 3, strike out "5 per centum" and insert
- 2    in lieu thereof "25 per centum".
- 3        On page 9, line 1, after "materials" insert "plus amounts
- 4    allocated in accordance with subsection (h)".

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## AMENDMENTS

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Intended to be proposed by Mr. ELLENDER to  
the bill (S. 1209) to amend the Economic  
Cooperation Act of 1948.

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MARCH 28 (legislative day, MARCH 18), 1949  
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# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 28 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. BREWSTER to the bill (S. 1209)  
to amend the Economic Cooperation Act of 1948, viz: At  
the proper place in the bill insert the following:

- 1 No funds authorized for the purposes of this Act shall
- 2 be allocated to or expended for any foreign government
- 3 which fails to comply with the orders or requests of the
- 4 Security Council of the United Nations until such times as
- 5 the Administrator is advised, in writing, by the President
- 6 of the Security Council that such compliance has been
- 7 effected.

81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

S. 1209

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## AMENDMENT

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Intended to be proposed by Mr. Brewster to the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

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MARCH 28 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed









existing law the first \$1,800 of investment income is exempt. Under the proposed bill the first \$2,400 will be exempt. In 1945 the exemption was \$1,500.

Corporate rates were also reduced. The present Canadian law imposes a full 30-percent tax on corporate net income. The rate on the first \$10,000 of profits is to be reduced to 10 percent, while the rate on the profit above \$10,000 is raised to 33 percent. This, according to Mr. Abbott, was intended both as a relief for small business and in order to save any loss of revenue on this particular item in their tax bill.

I digress here to say that if anything is ever done for the small taxpayer in America, it must be done taxwise. In my opinion, the Canadian system is sound in principle. Here it would be necessary to take one additional step, and that step would be to permit ordinary copartnerships to treat themselves as corporations for tax purposes.

As a first step in dealing with double taxation of dividend incomes, about which we have talked a great deal and done nothing, individuals are to be allowed a credit against their personal income tax equal to 10 percent of the dividends which they receive from the common shares of Canadian taxpaying corporations.

The 10-percent credit does not apply to anything but dividends upon common stock. It does not apply to preferred stocks, and it does not apply to the ordinary dividends issued by cooperatives.

Excise taxes were reduced generally. Very much the same general excise list is to be found in Canada as is found in our own law. The rates during the war period have not been much out of line with each other. There has been a complete elimination of a number of the excise taxes, including taxes on travel, or transportation, as we call it, tickets, sleeping-car berths, parlor-car chairs, telegrams, cables, long-distance telephone calls, extension telephones, soft drinks, carbonic acid gas, candy, chewing gum, and transportation buses. A decrease back to the prewar level on certain excises was also recommended by the Finance Minister. Purely as an illustration, he proposes to reduce the tax on cosmetics, toilet articles and preparations from 25 percent to 10 percent; and the 10 percent is levied at the level of the manufacturers, and not on the retailers.

Mr. President, Canada has a sizable national debt for 12,000,000 to 13,000,000 people. Her national debt is somewhat in proportion to our own when population is considered. But the Canadian Government finds it not only proper, but necessary, to make these tax reductions at this time.

I have before me, Mr. President, a copy of the Winnipeg Free Press, which carries the Finance Minister's address and gives the results at which he arrived. Of course, it may very well be said—and no doubt his opponents in Canada will say—that he has his eye fixed on the next election. However, there is one thing absolutely sure. In 1947 Canada found that her dollars and her reserves were being very rapidly depleted. She took appropriate steps, and although her reserves

reached the very low level of approximately \$500,000,000, they are now already above \$1,000,000,000.

Our economic conditions are not dissimilar to conditions in Canada, as I stated in the beginning. In my opinion there is but one thing which will bring us a sizable depression in 1949. After that, of course, no one can even venture to make a guess. That one thing is to super-add to the already heavy tax burdens of the American people between \$4,000,000,000 and \$6,000,000,000. If we do that, there will be a flight of American capital into Canada, and there will be no further shortage of American dollars in the Canadian reserve account. Indeed, there is none now. That is the one thing that can bring this country close to a threatened recession or depression at this time.

One further word. If we are not willing to reduce spending by the Federal Government—say what we please about it, and whatever may be the great cause for which money is being spent—we shall face a deficit or we shall be compelled to increase taxes. Of course the President has estimated a \$4,000,000,000 tax raise. Mr. President, a \$4,000,000,000 tax increase will not be placed upon the taxpayers; a part of it will be a shift. The moment we undertake to adjust tax rates in this country, there will be a loss of at least \$1,000,000,000 through the elimination of many excise taxes which ought to be eliminated, and through the reduction of others which ought to be reduced; and, instead of \$4,000,000,000, we shall necessarily have to increase the tax rates to a point where we can realize at least \$5,000,000,000.

Where are we going to place that burden? It can fall only on American corporations, by having them reduce their reserves, which are absolutely indispensable if we are to carry on a program of expansion in the industrial field; or it can fall somewhat on estates. But, Mr. President, be assured that it must also fall upon the individual taxpayers. The one thing we ought to be able to do now is to increase exemptions on single persons to at least \$1,000, as Canada has done, and on married persons without children to \$2,000; and assuredly we should give some credit for dividends actually distributed; and assuredly also we should apply a special rate to corporate earnings not in excess of some fixed amount, in order to take care of small business; and for tax purposes, we should treat all partnerships, at their option, as corporations.

Mr. President, if we wish to impose \$5,000,000,000 more in taxes upon individuals and corporations, do it; and make it necessary by not cutting a penny from any of the appropriations.

This year we are collecting at the rate of only \$44,000,000,000 from our taxpayers. About \$2,000,000,000 goes back by way of tax refunds, but it does not go back automatically except in cases of overwithholding on the wage and salary accounts of our people. If we increase the budget for the fiscal year 1951 to a level of at least \$48,000,000,000, and as a consequence put \$5,000,000,000 more on the taxpayers of the United States, we

shall have something which will strongly resemble a depression in these United States.

Mr. President, I should like to offer for the RECORD the entire address, omitting the tables, of the Canadian Finance Minister, because I think it most informative and I think it indicates which way the wind is blowing in other countries which have very much the same economic problems and economic system that we have.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

[From the Winnipeg Free Press for March 23, 1949]

#### TEXT OF AMENDMENTS IN INCOME-TAX RATE

OTTAWA, March 23.—Here is the text of the resolution to amend the income-tax act. It provides:

1. That, for the 1949 and subsequent taxation years, the following shall be the exemptions from individual income tax:

(a) Two thousand dollars in the case of a married person and persons allowed a deduction equivalent to that of a married person, and \$1,000 in the case of all other persons; and

(b) Four hundred dollars in the case of dependents not eligible for family allowances, \$150 in the case of children eligible for family allowances.

2. That, for the 1949 and subsequent taxation years, the schedule of graduated rates for individual income tax be replaced by the following schedule:

On the first \$1,000 of income or any portion thereof, 15 percent per annum; or

\$150 upon the income of \$1,000; and 17 percent upon the amount by which the income exceeds \$1,000 and does not exceed \$2,000; or

\$320 upon the income of \$2,000; and 19 percent upon the amount by which the income exceeds \$2,000 and does not exceed \$4,000; or

\$700 upon the income of \$4,000; and 22 percent upon the amount by which the income exceeds \$4,000 and does not exceed \$6,000; or

\$1,140 upon the income of \$6,000; and 26 percent upon the amount by which the income exceeds \$6,000 and does not exceed \$8,000; or

\$1,660 upon the income of \$8,000; and 30 percent upon the amount by which the income exceeds \$8,000 and does not exceed \$10,000; or

\$2,260 upon the income of \$10,000; and 35 percent upon the amount by which the income exceeds \$10,000 and does not exceed \$12,000; or

\$2,960 upon the income of \$12,000; and 40 percent upon the amount by which the income exceeds \$12,000 and does not exceed \$15,000; or

\$4,160 upon the income of \$15,000; and 45 percent upon the amount by which the income exceeds \$15,000 and does not exceed \$25,000; or

\$8,660 upon the income of \$25,000; and 50 percent upon the amount by which the income exceeds \$25,000 and does not exceed \$40,000; or

\$16,160 upon the income of \$40,000; and 55 percent upon the amount by which the income exceeds \$40,000 and does not exceed \$60,000; or

\$27,160 upon the income of \$60,000; and 60 percent upon the amount by which the income exceeds \$60,000 and does not exceed \$90,000; or

\$45,160 upon the income of \$90,000; and 65 percent upon the amount by which the income exceeds \$90,000 and does not exceed \$125,000; or

\$67,910 upon the income of \$125,000; and 70 percent upon the amount by which the



income exceeds \$125,000 and does not exceed \$225,000; or

\$127,910 upon the income of \$225,000; and 75 percent upon the amount by which the income exceeds \$225,000 and does not exceed \$400,000; or

\$269,160 upon the income of \$400,000; and 80 percent upon the amount by which the amount exceeds \$400,000.

#### DIVIDENDS ON SHARES

3. That, for the 1949 and subsequent taxation years, there may be deducted from tax payable by an individual resident in Canada 10 percent of the amount of his income that is from dividends on shares, having no preference of any kind, in a corporation resident in Canada that was liable to corporation tax in the taxation year; provided that in the case of dividends deemed to have been received from a personal corporation the deduction shall only be 10 percent of that part of the income deemed to have been received by the shareholder as a dividend that the income of the corporation derived from dividends is of the whole income of the corporation.

4. That, with respect to income of corporations earned on and after January 1, 1949, the present rate of tax of 30 percent shall be reduced to 10 percent on the first \$10,000 of income and increased to 33 percent on income in excess of \$10,000 with corresponding changes in the rates in the case of consolidations.

5. That interest on unpaid taxes on income of the 1948 and subsequent taxation years for which no assessments have been issued will cease to accrue 12 months after the date for filing the return in place of 20 months.

6. That, for the 1949 and subsequent taxation years, the business losses that may be deducted from income shall include losses sustained in the 5 years preceding and the year following the taxation year in the place of the 3 years preceding and the year following the taxation year.

#### CLERGY DEDUCTIONS

7. That for the purpose of computing income of the 1948 and subsequent taxation years of a member of the clergy or of a religious order or a regular minister of a religious denomination there may be deducted the value of the residence or other living accommodation enjoyed by him as such member or minister to the extent that it would otherwise be included in his income, or the rent paid by him for, or the fair rental value of, such a residence or living accommodation.

8. That, for the 1949 and subsequent taxation years, the exemption from income of an individual in respect of a spouse supported by him shall not be reduced because of exempt income of the spouse.

9. That, for the 1949 and subsequent taxation years, all amounts whether in the form of lump sums or otherwise, received by employees from their employers, whether before, during or after their employment, shall be included in computing income of the employee unless it is established that they cannot reasonably be regarded as consideration for entry into the employment, remuneration for services or consideration for restrictions on the activities of the employee.

10. That, for the 1949 and subsequent taxation years, payments made for a wheel chair may be included in the medical expenses for which a deduction from income may be made for the purpose of computing taxable income.

11. That, for the 1949 and subsequent taxation years, \$500 may be deducted from income for the purpose of computing taxable income of a taxpayer who, throughout the whole of the taxation year, was necessarily confined by reason of illness, injury, or affliction to a bed or wheel chair.

12. That special deductions from income to taxpayers engaged in exploring or drilling for natural gas, oil, or minerals be allowed for

expenses incurred in the 1950, 1951, and 1952 operations on the same basis as for expenses in 1949 operations.

13. That special deductions from taxes to taxpayers engaged in exploring or drilling for oil for expenses incurred on deep-test oil wells be allowed for such expenses in 1950 operations on the same basis as for such expenses in 1949 operations.

14. That the provision for the exemption of income derived from a metalliferous or industrial mineral mine that came into production during the calendar years 1946 to 1949 inclusive during the period of 36 months after the mine came into production be extended to exempt income from such mines that come into production during the calendar years 1950, 1951, and 1952.

15. That tax concessions under statutes of Newfoundland shall not apply in respect of taxes imposed by any act of the parliament of Canada.

Mr. GEORGE. Mr. President, blood undoubtedly is thicker than water; and Canada met heavy responsibilities to the mother country during the war. But Canada is not exhausting her substance in overseas contributions at this time. She is doing what a prudent people—and they are a prudent people in that great community—ought to do, namely, meet all her responsibilities, but conserve—so far as it is possible to do, consistent with its clear obligations—her own resources.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. WATKINS. Mr. President—

Mr. TAFT. Mr. President, will the Senator yield to me, to permit me to make a brief statement in connection with the offering of an amendment?

Mr. WATKINS. I ask unanimous consent, Mr. President, that I may yield for that purpose without prejudicing my right to the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. TAFT. Mr. President, I cannot add anything to the force of what the Senator from Georgia [Mr. GEORGE] has said, except to come to the conclusion, from his statement, that if we hope to avoid having to vote a tax increase in June, when we reckon up expenditures and income, we shall have to cut practically all the proposed expenditures which now contemplate a deficit of \$800,000,000. In my opinion, unless we are willing to cut the appropriation for ECA, unless we are willing to begin at this time to make cuts, there will be very little hope of cutting other appropriations.

For that reason, on behalf of the junior Senator from Georgia [Mr. RUSSELL] and myself, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 5, in lines 14 and 15, it is proposed to strike out "\$1,150,000,000" and insert in lieu thereof "\$1,035,000,000."

On page 5, in line 16, it is proposed to strike out "\$4,280,000,000" and insert in lieu thereof "\$3,852,000,000."

The PRESIDING OFFICER. The question is on agreeing to the amend-

ment offered by the Senator from Ohio [Mr. TAFT] on behalf of the Senator from Georgia and himself.

Mr. WATKINS. Mr. President, at the outset of my remarks this afternoon, let me say that I think all of us were very much impressed with the very able statement and warning given to us just now by the distinguished senior Senator from Georgia [Mr. GEORGE]. I think what he has said today should be taken into account by every citizen of the United States, and particularly by those in the Government of the United States who are connected in any way with the spending of the taxpayers' money. What he has said in regard to Government expenditures points up the statement I had intended to make this afternoon with respect to the European recovery program and its allied North Atlantic Pact.

Several days ago, Mr. President, while the European recovery program was under discussion on the floor of the Senate, I asked a number of questions about the over-all budget for our foreign spending. The answers which were given covered some of the items; but the answers were rather indefinite and vague, and I was unable to obtain a clear picture of just what is intended by the program which we now are proceeding to consider, not only the ECA program, but another program which the President of the United States will shortly have before us, namely, the North Atlantic Pact, immediately following which, if we can believe the accounts appearing in the newspapers, we shall have the proposed legislative implementation of that pact by a huge rearmament program, to begin rather modestly this year, and to increase as the need is demonstrated in the years to follow.

So it is highly important that we keep in mind what the Senator from Georgia has told us. I have great respect for his judgment. Of course, we have not yet had time to analyze all he said or to consider all the implications growing out of his statement. I am sure that it will have far-reaching effects if it is given the consideration it deserves, and I think it should immediately be given consideration by this body in connection with the study of the foreign-aid programs which are being presented to us.

Of course, the first one is the ECA program. We wish to know exactly what it will cost. The request presently before us is for an authorization only, which amounts to \$5,500,000,000. We know that under the foreign-aid program we have in Germany an army we must maintain. We know that as a part of the cost of that occupation we are helping feed German people in the occupied zone in which our troops are located. We know that we have an obligation to maintain our army in Japan and to help feed the Japanese people and to help restore them. I am informed that it costs about \$1,000,000,000 at least for those occupations and for the incidental costs connected with them. And now this vast sum is asked for in connection with the European recovery program.

Some of us are wondering whether all this money is necessary. We are asking



questions about whether the Marshall plan countries have recovered to the point where they can carry a part of the load, or do with less money from the American Treasury. Immediately we are met at times by the public critics who say, "You are trying to deny the necessary means to reach the end desired. We must appropriate all this money. We must not cut off anything. We must not go into detail. We must enter upon this over-all program and leave it to somebody else to say whether it is too much or too little."

I maintain we must give this matter very careful consideration at this moment. In connection with it we are entitled to know what the plans are for the rearming of Europe, if and when we adopt the North Atlantic Pact. That is tied in with it. So I make no apologies today in discussing both these matters.

The other day a telegram was read into the RECORD, or at least a press dispatch, by way of the wire service, by the junior Senator from California [Mr. KNOWLAND], in which it was pointed out, for instance, that Great Britain, one of the countries to be benefited by the recovery program, was planning to go ahead with its economic trade treaties and economic policies of doing business in Europe as it had always done. I asked in connection with that general subject some questions about trade treaties which were supposed to have been entered into by Great Britain with Russia and one of her satellites, Poland. I was unable to get any information from the Senators who were then presenting the program for the committee. So I took the time to get the trade pacts which are now in effect between Great Britain and Russia and Poland.

I call the attention of the Senate to a trade agreement entered into at Moscow on the 27th day of December 1947 between Great Britain and Russia. The trade agreement, as Senators will note from the date, came a short time before we provided the Marshall program for the recovery of Europe. It was then in existence, and it will be noted that by the terms of the agreement, it runs for many years. I read from that treaty, as follows:

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Union of Soviet Socialist Republics, prompted by a sincere desire to insure the development of Anglo-Soviet trade to their mutual advantage and attaching particular importance not only to the establishment of a short-term program of supplies having the object of facilitating the satisfaction of current needs of both countries but also to the development of Anglo-Soviet trade on a long-term basis, have, through their respective trade delegations appointed for that purpose, reached the understandings embodied in the annex to the present protocol.

Then I read from this treaty some of the articles which are considered to be in the trade. Under article 1, Russia is to furnish to Great Britain from the 1947 harvest and the 1948 harvest, 450,000 metric tons of barley, 200,000 metric tons of maize, and 100,000 metric tons of oats. None of these, I understand, are war materials coming from Russia

to build up the war potential of Great Britain. Moreover, they are articles which I think could have been purchased in the United States or in Canada or in other parts of the world.

In return for this, Mr. President, I want the Senate to note what Great Britain is to give to Russia:

Light rails with fishplates, bolts and nuts for narrow-gauge railway: 25,000 English long tons (including not less than 10,000 English long tons from new production and the balance from the United Kingdom military surpluses) and in addition 10,000 English long tons from any further United Kingdom military surpluses which may become available during the year 1948 in the United Kingdom and overseas.

I do not know what military surpluses are in Great Britain, but whatever they are, the rails were to be taken from the military surpluses. Whether they are surpluses which we let them have by lend lease, or, munitions and commodities which we had in Great Britain at the close of the war, I do not know. I do not know how England accumulated military surpluses, unless by the help of the United States. But I note that the rails are made of steel, and shall I follow on to show that other articles which are used in war and are of great help in the building up of the war potential are also mentioned. We then proceed to article 3-B (i), which says:

Both sides being desirous of extending trade between the two countries are agreed that apart from carrying out of deliveries provided for in article II and paragraph (A) of this article corresponding negotiations will immediately be commenced with the object of supplying to the Union of Soviet Socialist Republics, wool, rubber, aluminum.

If I remember correctly we have been hearing a great deal in the Senate from Senators on the other side of the aisle about the shortage of aluminum in the United States. That shortage is attributed to the fact that we did not vote enough money for certain projects in the West. Here we have one of our allies, and one of the nations that intends to come into the Atlantic Pact, entering into an agreement to furnish aluminum to Russia. So far as I know, the United Kingdom, at least Great Britain, the island itself, England, does not have as a natural product the materials from which aluminum is made.

I shall not read the entire treaty, but I want to call the attention of Senators to a long-term arrangement, under article IV, which reads as follows:

The aim of the two Governments is to secure as soon as possible a balanced trade on an expanding basis between the United Kingdom and the Union of Soviet Socialist Republics, due account being taken of other transactions which enter into the balance of payments between the two countries.

The two Governments will appoint representatives who will meet not later than May 1948 for the following purposes—

It then names them, on down the line, and then, finally it says:

To draw up in the light of this review a balanced program of shipments between the two countries consisting of:

(1) From the Union of Soviet Socialist Republics to the United Kingdom: Wheat, pulses, pit props, cellulose, canned goods;

(2) From the United Kingdom to the Union of Soviet Socialist Republics: Oil-well tubes, tin plate.

Oil well tubes, as I understand, are used in connection with drilling for oil and for use in oil production. As we know, oil is one of the most vital materials in connection with the prosecution of a war. So, apparently, Great Britain will furnish oil-well tubes in the future; and that may well be in the contemplation of Mr. Brown, the Chairman of the Board of Trade of Great Britain, and a member of the British Cabinet, who is talking about doing business as usual. He probably had this in mind in connection with future expansion.

Then we come to the annex to the treaty. All of it is quite interesting. We see the types of equipment to be delivered by Great Britain to Russia. We find narrow-gauge 750 millimeter locomotives. There are 1,100 of them. They require a great deal of steel and workmanship.

There are flat trucks, 750 millimeter, 2,400.

Winches, 2,400.

Excavators, 210.

Caterpillar loading cranes, 54.

Auto timber carriers, 250.

Tugs, 14.

Dredgers, 4.

Locomotives, 200 units.

Fifty kilowatt mobile Diesel electric generators, 150.

We find, also, timber mill equipment, 400,000 English pounds' worth in value. We find scientific and laboratory apparatus, valued at 150,000 English pounds; electro dredger; ball mills for copper ore grinding; ball mills for grinding apatite; rod mills for grinding ores; spiral type classifiers; gyratory crushers; railway steam cranes; 154-kilovolt voltage transformers; 100-kilowatt electric motors. There are 300 of them.

Every one of these articles would be needed in the prosecution of a war. They are being traded, now, in exchange for grains, and in the future they may be traded in exchange for rubber and aluminum. Those commodities may be involved in some of the contracts in the future.

I call these facts to the attention of the members of the committee. They did not, in my opinion, give satisfactory answers as to what is now taking place under the so-called recovery program. It seems to me that in this cold war between our ideals of democracy and the Communist idea of democracy slaves of the state we should watch everything that is done, so that we can see that we are not building up the strength of those who want to overthrow our way of life. I respectfully call this matter to the attention of the Foreign Relations Committee and to the Senate, so that if we are doing violence to the express wording of our agreement with the countries which we are now helping, we should know it and insist upon the enforcement of the provisions, and if our agreements do not now contain provisions preventing such a thing, then they should be included in future contracts and in the extension of the program.



Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. WATKINS. I yield for a question.

Mr. BREWSTER. Is the Senator from Utah familiar with the provision in our settlement with Great Britain regarding the balances of military supplies which have been furnished? I think there were between four billion and five billion dollars worth at the end of the war which were turned over, under the settlement arrangement, with a reservation to our country that it might veto any transfer of those supplies to any other country. Has that information ever come to the attention of the Senator?

Mr. WATKINS. I think someone mentioned it, but I had not been acquainted with it until that moment, and I do not know the terms of that particular agreement between our country and Great Britain.

Mr. BREWSTER. I do not know whether any subsequent arrangements have been made, but I think it might be well for the Senator to make inquiry about it. That question was raised in connection with the Near East, in the Palestine war, as to whether a very considerable quantity of our military supplies were not being used directly or indirectly in connection with transfers to Russia, involving items such as rails, of which the Senator speaks. It would seem to me to be a matter which could be appropriately explored.

Mr. WATKINS. I thank the Senator. I think it should be explored. I think it should be explored by the Foreign Relations Committee. I think they should have the information so that we can know what is going on under the agreements and in the recovery program.

I remember that many of the trucks, locomotives, and other material transferred to Yugoslavia after the war, under UNRRA, or whatever agency had charge of the material, have gone for use by the army of that country and probably to other satellites, or probably to Russia itself. We do not know. I do not know where we can get the information, but I think we should have it.

I am not calling attention to this matter in any spirit of criticism. I am calling it to the attention of the Senate as being one of those things into which we should look before the program goes much further, and particularly in view of the fact that we have to make sacrifices in this country in order to carry out such a large program of help to other countries.

Mr. President, I ask unanimous consent that this particular trade agreement be made a part of the RECORD immediately following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. WATKINS. Mr. President, I also have a copy of the trade agreement between Great Britain, Northern Ireland, and the Government of Poland, which is in somewhat the same terms as the trade agreement I have just mentioned between Great Britain and Russia.

I want to call attention to the fact that under this agreement the Government of the United Kingdom undertakes

to grant for the year 1949 import quotas to the value of £600,000 sterling for Polish furniture and other wooden articles to be agreed upon by the contracting parties.

It has been said from time to time that there will be obtained from these countries for our friends in western Europe materials which will help them build up their war strength. Maybe furniture will do that; I do not know; but at least that is what they are to take—£600,000 worth of Polish furniture.

We find articles which are to be exchanged by the Government of the United Kingdom with Poland. The list starts off with raw wool to the value of 10,000,000 English pounds in each of the years 1949 to 1953; crude rubber, 3,000 tons in 1949, increasing by 500 tons yearly to 5,000 tons in 1953; tin plate, 300 tons in the period April to December 1949 and 300 tons in 1950.

We have to obtain it from Great Britain or some of her colonies in order to build up our stock pile.

We find, in the year 1949, 400 tons of tinplate for packing 2,000 tons of canned meat for supply to the United Kingdom. This is a deal which I think would be very beneficial to Great Britain, because the tins come back filled with meat for the United Kingdom.

Then we come to subdivision (iv):

Rubber conveyor belting, 30 miles in each of the years 1949 to 1953.

(v) Shellac, 200 tons in 1949, rising to 400 tons in 1953.

(vi) Rubber tires for cars and tractors, 125,000 English pounds' worth in each of the years 1949 to 1953.

Spare parts for cars and trucks, 250,000 pounds, English money, in each of the years 1949 to 1953.

Then there are to this treaty annexes which contain a list of the articles which are to be exchanged. I think that without reading all those, or any large number of them, I may say in general that many of the items are made of steel, and we have been shipping steel to Great Britain, I understand, under the recovery program.

I ask unanimous consent to have inserted in the RECORD at the conclusion of my remarks a copy of the trade agreement between Great Britain and Poland.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 2.)

Mr. DONNELL. Mr. President, will the Senator yield for an inquiry?

Mr. WATKINS. I yield for a question.

Mr. DONNELL. I notice in the trade agreement between Great Britain and Russia, in part (B), which is entitled "Long-Term Arrangements," a provision that the two Governments may appoint representatives who will meet not later than May 1948, for certain purposes, among which is the following:

To arrange for the appointment of representatives who will as often as may be necessary, but in any case not less frequently than once a year, meet alternately in London and in Moscow to discuss the progress made in fulfillment of this agreement and to make recommendations to the two Governments designed to improve, develop, and widen the basis of trade between the two countries.

I ask the Senator whether or not he has found out yet whether the meeting was held not later than May 1948, whether it is contemplated that a meeting will be held in 1949, and whether he has any information which would enable him to know whether this is intended to be, as would be indicated from its heading, a long-term arrangement.

Mr. WATKINS. I take it for granted that the British people, the English Government, will try to keep that agreement, and they probably have met and probably are meeting, and that the letter from the President of March 17 had in mind that this agreement between these two countries would be carried out as provided in the agreement. I have no reason for assuming for a moment that Great Britain will not keep its agreement under that contract.

Mr. DONNELL. The Senator referred to the expanding basis. I take it that the particular language in his mind at this time is that contained in this provision:

The aim of the two Governments is to secure as soon as possible a balanced trade on an expanding basis between the United Kingdom and the Union of Soviet Socialist Republics, due account being taken of other transactions which enter into the balance of payments between the two countries.

Has the Senator learned what are the other transactions which are referred to in the excerpt I have just read?

Mr. WATKINS. No; I have not learned what they are, and I am very much mystified about what they intend to do in the expanding trade they are contemplating.

Mr. DONNELL. Does the Senator think it would be an appropriate subject of inquiry by the Committee on Foreign Relations of the Senate, while it is investigating this matter, to learn something of what the other transactions are which enter into the balance of payments between the two countries, Great Britain and Russia?

Mr. WATKINS. I think it is the duty of the Committee on Foreign Relations, or of this body, if they do not do it, to ascertain what this expanding trade is, what effect it has on the recovery of Great Britain, and how it would in any way cast a further burden on us to help Great Britain in her recovery.

Mr. DONNELL. I thank the Senator.

Mr. BRICKER. Mr. President, will the Senator from Utah yield?

Mr. WATKINS. I yield for a question.

Mr. BRICKER. Does the Senator know whether there are any other contracts or trade agreements like this, of any kind or character, between the other ECA countries and Russia or her satellite countries?

Mr. WATKINS. I cannot answer the question; I do not know. I happened to know about these trade treaties because I saw them mentioned in the press. I asked the same question, the Senator will remember, in the address I made on March 4 in the Senate, when I called attention to many of these matters which I understood were in existence, and I wanted to know what treaties of any kind existed between the countries which intend to become a part of the North Atlantic Security Pact and those who are



doing business with Russian and the satellite countries. We want to get that information.

Mr. BRICKER. Has the Senator been advised by the State Department whether they have any information in regard to that matter?

Mr. WATKINS. I have not been advised. I made that public address here, and I assume that probably these questions will be answered in time. The State Department has not advised me, and I have not put up to them a specific request for any of the trade agreements. I asked for those I have just produced for the RECORD. I think the State Department knows what I have said, and I had hoped they would volunteer. I cannot put my finger on any others, because I do not know about them.

Mr. BRICKER. Does the Senator know whether any of the ECA supplies which have been furnished by this country, or purchased by funds of this country, which have gone to England have subsequently been delivered to Poland or Russia or any other satellite country under the agreements to which the Senator has referred and produced for the RECORD this afternoon?

Mr. WATKINS. I do not know.

Mr. BRICKER. Does the Senator know of any way by which we could follow that up?

Mr. WATKINS. The only way to follow it up would be for the State Department to furnish a full statement of what is being done.

Mr. BRICKER. The Senator does not know, does he, whether the State Department has any information, as of this date, in regard to that?

Mr. WATKINS. I do not know whether they have it or not. I am certain they can get the information if they desire to get it, because I cannot conceive of Great Britain refusing to give it if the proper request were made for it.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. WATKINS. I yield.

Mr. DONNELL. In view of the fact that in the proposed North Atlantic Treaty there is a provision that the parties to it "will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them," does not the Senator think it would be very appropriate for the Committee on Foreign Relations of the Senate to make full and thorough inquiry, in advance of any commitment or vote by the Committee on Foreign Relations, as to just what trade agreements and treaties of the type to which the Senator has referred this afternoon are in existence, or may be contemplated?

Mr. WATKINS. I think it would be very good procedure, and I think it is absolutely necessary for the committee or for some other agency to get that information. I take it for granted that if this body should instruct or request the Committee on Foreign Relations, it would get the information desired.

Mr. President, some few days ago I made on this floor two addresses with respect to questions which should be considered in connection with the North Atlantic Security Pact. I called the atten-

tion of this body to the necessity for having certain information before we could act intelligently in considering the proposal, and the necessity of determining whether our policy should be directed away from that we had followed in for some 150 years.

Later I urged the President of the United States—and I put it that way in a telegram—to make public the text of the treaty, for the information of the Senate and the general public, and also asked him to give us information supporting the reasons why we should enter into the pact so that it could be considered well in advance of the signing of the instrument. I tried to point out to the President the embarrassment which would inevitably follow if this were not done in advance of the signing, for the reason that if, after it had been signed we questioned it in this body, argued against it, and possibly in the end failed to ratify it, it would be considered by the people of the world, the peoples of Europe in particular, a great blow to the United States and the other nations in the cold war against communism which has been raging for several years. The President replied to me in his letter that he did not agree. I asked for 60 days. I thought that would be a reasonable time for the treaty to be in our possession for study before the ceremonies of signature. He pointed out in his letter to me in substance that he did not agree for the simple reason that the Senate of the United States had been in on the conception of the treaty; that there had been full and complete and detailed cooperation between the Foreign Relations Committee and the State Department from the very time it was conceived over a year ago in this body until the present time, and that by reason of that close cooperation between the Foreign Relations Committee of the Senate and the State Department, it was not necessary to have the treaty in our possession for any great length of time. In effect he said that we are already committed to the treaty, so why take a great deal of time to discuss it in advance of its signing.

Mr. President, I have heard no denials from the members of the Foreign Relations Committee on the Senate floor as to the implications of the letter of the President on this particular subject, and if the President is correct, I am at a loss to understand why it has been so difficult for Members of the Senate to obtain from the Foreign Relations Committee information about the pact, the reasons for it, and what had been written into the various texts as the programs progressed.

As I have said, I cannot reconcile the apparent inability of the committee to give us this information, with what the President has said had actually been taking place. From some private conversations I have held with members of the committee, I am convinced that the President has been misinformed, and that there was not the full and complete collaboration and detailed consultation which the President mentioned.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a question?

Mr. WATKINS. I yield for a question.

Mr. HICKENLOOPER. Does the Senator interpret the letter of the President to him, which he has placed in the RECORD, and to which he has referred, as indicating to him that the Foreign Relations Committee of the Senate has been fully informed upon the subject of the implementation of the North Atlantic Pact, if the pact should be ratified?

Mr. WATKINS. I would say that that would naturally follow from what the President said. I cannot conceive of men of the ability of the members of the Foreign Relations Committee, and of men in the State Department, when discussing the Atlantic pact, not taking into consideration how it would be implemented, and how it would be made to work for the protection of the democracies of the world.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for another question?

Mr. WATKINS. I yield.

Mr. HICKENLOOPER. I should like to ask the Senator if he is not aware—I am sure he is—that the North Atlantic Pact has not yet come before the Foreign Relations Committee of the Senate officially for its recommendation and ratification, and that it will come before the Foreign Relations Committee officially after it has been signed as a treaty by the administrative or executive departments of the various governments?

Mr. WATKINS. I understand that is the procedure. That is the way it will be done.

Mr. HICKENLOOPER. Mr. President, will the Senator further yield? I merely want to develop this point for the RECORD.

Mr. WATKINS. I yield for a further question.

Mr. HICKENLOOPER. Is the Senator aware of the fact—and I am speaking as an individual now—that there has been no detailed or specific information furnished, so far as I know—and I am a member of the Foreign Relations Committee—to any Member of the Senate or to the committee, as to the details of the implementation of the North Atlantic Pact? I, as one individual member of the committee, know that some other members of the committee have been very insistent that before we are asked to pass finally on the approval or disapproval of the North Atlantic Pact we be furnished with some understandable information that will clarify what we are expected to do and what other nations are expected to do in implementing the pact, if we adopt it. Has the Senator been informed of that?

Mr. WATKINS. If I may say so, with the Senator's permission, I think this day the Senator from Iowa informed the Senator from Utah that full information, so far as he knows, has not been furnished to the committee.

Mr. HICKENLOOPER. I should like to make my own position clear as to what I have sought to do in the way of obtaining information.

Mr. WATKINS. I should like to verify that the Senator has sought to elicit information respecting the implementation of the pact; how it is going to be carried out with respect to rearmament of



Europe, the cost to them, and the cost to us.

Mr. HICKENLOOPER. I think it is completely necessary in connection with the North Atlantic Pact that we know with considerable detail and specifications exactly that, and I believe it is part and parcel of the consideration of the North Atlantic Pact. In other words, what are our physical obligations by way of implementation of the pact in general? I use the words "in general" because I realize that in many fields it may not be possible to specify minutely. I think it is a vital part of the consideration of the whole proposition that we know with considerable accuracy what particular obligations we will be expected to assume, and what contributions and obligations other nations parties to the pact will be expected to assume. I say that as one who is inclined to believe that the pact is probably a step toward peace rather than a step toward war.

Mr. WATKINS. I appreciate the Senator's statement and his comment. I should like to make a suggestion to the Senator and see if he agrees with my view. Does not the Senator believe we should have complete information in connection with the entire European program, including the ECA authorization bill which is now before the Senate? Is it not necessary to have such information now before we finally pass on what we are going to do here with respect to this particular bill?

Mr. HICKENLOOPER. In answer to the Senator's question, if I may answer his question by not asking him another, and not be admonished that I am guilty of infraction of the rule—

Mr. WATKINS. Mr. President, may I get this matter clear. The other day, when I had the floor, and was speaking, and endeavored to protect myself against losing the floor by yielding only for questions, I was informed by the majority leader that we were now back to the point at which we started before the filibuster began, and that there was no longer demand for enforcement of the ironclad rule that a speaker could yield only for a question to a Senator who wished to interrupt him. I want to know now whether the majority leader was correct in making that statement?

The PRESIDING OFFICER (Mr. HUNT in the chair). The Chair is informed that the Vice President is continuing to enforce the rule.

Mr. WATKINS. The Vice President still insists on enforcing the rule?

The PRESIDING OFFICER. The Chair so understands.

Mr. HICKENLOOPER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HICKENLOOPER. I have known the present Presiding Officer for a good many years, and I know his genial and lenient disposition, so I presume he will not be too intolerant if I answer the Senator's question before asking him one.

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Iowa for a question?

Mr. WATKINS. I yield for a question, and I am not going to be technical re-

specting just how the Senator from Iowa asks the question.

The PRESIDING OFFICER. Neither is the Chair going to be too technical in his interpretation of the rule.

Mr. HICKENLOOPER. Mr. President, I shall begin my question by asking the Senator from Utah if he wants me to answer the question, as I assume he does?

I do not believe I go as far as the Senator does in assuming that the North Atlantic Pact is an integrated part of the European economic program. I believe that the economic program in western Europe, in the consideration of which we are now engaged, has already been adopted as a policy of this country, and we are committed to it separate and apart from any question of arms or armament or treaties such as the North Atlantic Pact. I believe there is a strict division between policy. On the one hand we have already adopted the policy, we are in it, and we are going forward with it. Without doubt the North Atlantic Pact has a very important relationship to the economic recovery program, because it is in the nature of a union of these countries for the purpose of preserving peace, as differentiated from the economic unity of these countries in their recovery program. They are interrelated, but I believe they can be discussed and evaluated separately. I also believe that if they are coordinated eventually that will be of great help.

Mr. WATKINS. I understand what the Senator says, and I must respectfully state that I disagree with him. In the first place, I think we have no commitment. At least, I understood last year when we adopted the European recovery program that it was on a 1-year basis, that we had no future commitments, and that we could discuss it at this time just as though we had never started the program.

I also think that the history of the last war will show completely, beyond question, that the economic output of a country is just as essential to war as are men, guns, battleships, and planes. In other words, men will have nothing to fight with unless they have weapons, and they must be produced in the industries of those countries, or some other country.

So I cannot see how it is possible to separate the two programs. I think they ought to be considered together. I think we ought to have laid before this body at this time the over-all budget of this country with respect to its world commitments—all of them—so that we can find out whether or not we are going to do what the Senator from Georgia [Mr. GEORGE] said we might do, and that is to overexert ourselves and bring on a depression.

Mr. HICKENLOOPER. Mr. President, will the Senator further yield?

Mr. WATKINS. I yield.

Mr. HICKENLOOPER. I should like to make it clear that I do not take the position that because of any policy in connection with western European recovery we are committed to the yearly appropriation of any specific amounts of money, or any particularly specific recovery programs. I do believe that we

are committed, as shown by the record and our attitude when the economic recovery of western Europe was first brought up, to do a reasonable amount of continuous assistance, provided the western European countries show a satisfactory measure of self-help and development on their own initiative. I do not mean to be understood as saying that because we voted for \$5,000,000,000-plus last year we are committed to vote for \$5,000,000,000-plus this year.

Mr. WATKINS. Or to vote for any amount.

Mr. HICKENLOOPER. Or for any amount, if we decide that the program is not going forward successfully or economically.

Mr. WATKINS. Suppose we decide that we do not want to do any more, that we do not have the money and want to quit. What then? Are we committed to go on? If we are, the situation is much different from the story we were told when the argument was made for the recovery program a year ago.

Mr. HICKENLOOPER. I believe that if we decide that in our own best interests and in the interest of our own economy we simply cannot afford to go on with this program, we are at liberty to discontinue assistance in western Europe.

Mr. WATKINS. Without breaking any obligation.

Mr. HICKENLOOPER. I think that is correct.

Mr. WATKINS. Moral or otherwise.

Mr. HICKENLOOPER. But if we can continue to aid the countries of western Europe when they are short of the reasonable goal of recovery which we establish, I believe we must evaluate the problem year by year, see what their progress is, see what the justification is, and then take such action as we believe we are justified in taking to aid them, based upon their past experience and their potential for future recovery up to the goals we may eventually set.

Mr. WATKINS. I agree with the Senator that that part of the program is all right. However, I want it clearly understood—and I thought that was true of the entire membership of the Senate—that we are not obligated in any way to go on with this program unless we wish to continue it. Personally I am trying to support some kind of a program, but I want to know where we are going. I want answers to some of the questions asked by the Senator from Georgia today. I want to know what this program is going to do to us. That is the reason why I am asking these questions today.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. WATKINS. I yield.

Mr. FERGUSON. Has the Senator a copy of the pact?

Mr. WATKINS. The North Atlantic Pact?

Mr. FERGUSON. Yes.

Mr. WATKINS. I have a copy of it.

Mr. FERGUSON. I should like to ask the Senator a question. If the pact is ratified as a treaty, which I understand is the form in which it will be presented to the Senate, will article 3 legally commit the United States to carry on the Marshall plan aid, or the ERP, or what-



ever we may wish to call it—the aid which we are discussing today? Under the head of mutual aid, this is what we are asked to do:

In order more effectively to achieve the objects of this treaty the parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack.

Could it not be said that this mutual aid would enable the countries which are parties to the pact to develop themselves so they could resist armed attack, and that therefore we are in duty bound to do something by way of mutual aid, either through the Marshall plan or the plan outlined in the North Atlantic Security Pact, or both of them—including mutual aid by way of arms?

Mr. WATKINS. I think it is open to that interpretation. In fact, I cannot see any necessity for article 3 if it is not intended to bring about some aid in an economic sense to those people, to help them build up their industries so that they can manufacture weapons, and so that they will be equipped for combat not only in the field of actual fighting but also in the economic field, to provide a defense against the inroads of communism. It seems to me that that is exactly what this plan is intended to do. I think there is a commitment in it. If there is no commitment, there is no necessity for the meeting downtown on April 4. There is no necessity for all this talk about it if there is no commitment to do anything. I think it means exactly what it says.

When it comes to the question of mutual aid it is very much as was described yesterday by the Senator from Indiana [Mr. JENNER]. The "mutual" part of it will be our part. We shall be expected to give, and they will be doing the taking, for the most part. It has been claimed—and I have heard no denial of it—that they are not in a position to do very much, but we are, and they are counting on us to give most of the so-called mutual aid.

Mr. FERGUSON. Do the words "mutual aid" in article 3 relate to war matériel, or to the aid which we are giving at the present time, which we call non-war matériel, but which consists of aid in building up the industry and capacity of the country to defend itself, or even to exist? Would "mutual aid" include both such aids?

Mr. WATKINS. I think it does include both economic and military aid. For proof of that we may look at the article which provides that there shall be an elimination of economic conflicts between the various nations. The last sentence in article 2 reads as follows:

They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

This is not only a military pact, this is an economic pact, and that is one phase of it which is receiving very little discussion, and which should receive a great deal of attention from the American people, particularly those who work in industry.

Mr. FERGUSON. Does the sentence which the Senator has just read require other countries to do everything possible to form an economic unit such as they have been working on in London for the past few days? Is there not some responsibility on those nations to do what they are doing if this treaty is signed by all of them? Is there not some responsibility on their part to do what they are doing today in London?

They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

Is there not a responsibility upon them to build a united Europe and to destroy economic barriers, such as tariff barriers and others, between their countries?

Mr. WATKINS. For two reasons: First, because it is a part of the agreement under the Marshall program; and, secondly, because if they finally enter into this agreement, it appears to be an obligation of this agreement as well.

Mr. DONNELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McCLELLAN in the chair). Does the Senator from Utah yield to the Senator from Missouri?

Mr. WATKINS. I yield.

Mr. DONNELL. Does not the same obligation which the Senator has just read, namely, to eliminate conflict in their international economic policies and encourage economic collaboration between any or all of them, apply to the United States as well as the other countries?

Mr. WATKINS. If we were parties, I think it is obvious that it would apply to us.

Mr. DONNELL. So we would be binding ourselves, if we went into this pact, not merely along military lines, but also, as the Senator has indicated, to the extent that we, the United States, obligate ourselves, with all the other 11 countries, to seek to eliminate conflict in their international economic policies and encourage economic collaboration between any or all of them.

Mr. WATKINS. I think so; and I may point out that it is my judgment, after going into this matter somewhat, that it is probably a commitment to take something like the International Trade Agreement, which is in the offing and is to be brought before the Senate after a while. By the way, I think we should take time to consider what that is. My objection to this matter is that these various requests are brought in on the installment plan. We are told, "Consider just this much; do not bother with all of it, but take only this one step at this time."

But after that is done, Mr. President, we shall later be presented with the implementation bills, and then later we shall have the International Trade Treaty, which must be in harmony with the proposal now before us. If we go into the agreement now requested, in effect we shall have bound ourselves to go into the other agreements or proposals. Perhaps we should do that, but the American people should know what we shall be required to do if we sign the treaty which will soon be before us.

Mr. DONNELL. Does not the Senator from Utah think that it is the function and right and duty of every Member of the Senate—not only those who are members of the Foreign Relations Committee but the other 83 Senators likewise—to have every opportunity to know fully both the military, the economic, and all other implications of this treaty before we vote on it?

Mr. WATKINS. I think so. Let me say in that connection that I have referred and shall refer again to the letter which the Senator from Missouri and I sent to the Foreign Relations Committee. I think what the Senator from Missouri has said is especially true, inasmuch as the members of the Foreign Relations Committee now, for the most part—not all its members; from what has been said by the Senator from Iowa [Mr. HICKENLOOPER], I think probably he is not a party to advocacy of the pact—seem to be advocates of the pact. As a matter of fact, after reading the President's letter—assuming that he had been correctly informed—I came to the conclusion that most of the members of the Foreign Relations Committee, insofar as it is concerned, do not need to hold hearings; they have been "in" on the matter from the very beginning, and they already know all the answers, and probably they could turn the matter over to us tomorrow without having any hearing at all. I make that assumption of course, on the theory that the President was not misinformed; but, on the other hand, I am happy to say that I think the matter has not gone that far, and that there are Senators on the committee who have not yet made up their minds about the treaty, and who can benefit from having hearings held.

Mr. DONNELL. Mr. President, does the Senator from Utah refer to the letter written by the President of the United States under date of March 17, 1949, and to be found at pages 2895 and 2896 of the CONGRESSIONAL RECORD for March 21?

Mr. WATKINS. Yes.

Mr. DONNELL. Does the Senator from Utah refer to the following language contained in that letter:

In view of the importance of the present treaty there has been close collaboration between the State Department and the committee since its inception.

And also this language:

The treaty has subsequently been negotiated in accordance with the advice contained in that resolution—

Namely, Senate Resolution 239—

and with full and detailed consultation with the committee.

Does the Senator also refer to the further language of the letter from the President, to which I have adverted, and I read now beginning with the middle of a sentence:

the Foreign Relations has already carefully considered its provisions—

Meaning the provisions of the treaty. Is that some of the language to which the Senator from Utah has been referring?

Mr. WATKINS. I think the Senator from Missouri is pointing it out correctly.



[That is one reason why I became convinced—as probably the Senator from Missouri became convinced—that under those circumstances, if the President were correct, there would be only one thing to do, and that would be to permit all Senators who are not members of the Foreign Relations Committee to attend the meetings of that committee and to ask questions and receive answers to their questions. This should be done because the committee, according to the President, is a coauthor of the treaty. It is committed to it. That is no reflection upon it, I have no intention of reflecting upon the very able Senators who make up that committee. But I say that in fairness to all of us and in the interest of making all information available, favorable or unfavorable, to the treaty, it is asking too much of them to expect them to bring before us, here in the Senate Chamber, all the material and all the facts bearing on that matter, and some of which might argue against their thinking in regard to the pact to which they now are committed.]

Mr. DONNELL. Let me ask if it is correct that no reflection was intended by the letter addressed to the Foreign Relations Committee by the distinguished Senator from Utah and myself.

Mr. WATKINS. No reflection at all was intended. That letter is simply in keeping with the policy of the Senate to permit the Members of the Senate to ask questions about matters of importance to the Senate.

I know the situation has been referred to as an almost impossible one. I shall refer to that in greater detail later on.

I daresay that if the request we have made of the committee is granted, probably not more than 8 or 10 Senators will appear before the committee and will request the privilege of interrogating witnesses; and there may be not more than 5, 10, or 15 Senators, at the outside, who will have suggestions in regard to what witnesses should be called and what material should be investigated.

So I see no practical impasse, so far as that is concerned.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. WATKINS. I yield.

Mr. DONNELL. Even if every Member of the Senate not on the Foreign Relations Committee were to avail himself of the privilege of participating in the hearings before the committee, is not the vital importance of the treaty from the standpoint of the national interest and the interest of the Republic such as to make it advisable for us to spend all the time that it is necessary to spend in order that all the other Members of the Senate, the other 83 Senators, may be able to know as much about the treaty as do the members of the Foreign Relations Committee?

Mr. WATKINS. I agree in general with the suggestion that the treaty is so important that every opportunity to obtain information should be afforded the Members of the Senate, so that when the Senate finally concludes its action on this matter the people of the United States will be united in their position regarding it. If the Senate refuses to rat-

ify the treaty the people of the United States should be fairly well back of that position. If the Senate does ratify the treaty the people of the country should be back of that position to a man. So I think that that result, one way or the other, could possibly come as a result of carrying out our suggestion to the committee.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. WATKINS. I yield for a question.

Mr. FERGUSON. As I understand the matter, the treaty now under consideration is proposed, just as the United Nations Charter was proposed, as a means of keeping peace in the world. If that be true, is not it advisable that the people of the United States, as well as the people of the other nations which are to become signatories to the treaty, understand all the terms of the treaty, at the time when we vote on the treaty, so that we may decide if it will keep the peace? Let us consider the last sentence of article 2 of the proposed treaty: "They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them," and, in short, to do what is provided in articles II, III, and IV of the treaty—things which, at least in the opinion of some of us, will help to keep peace among all the nations of the world. The question for us to decide is if we agree to these provisions and ratify the treaty. Will the treaty keep the peace?

Mr. WATKINS. That is what the proponents of the treaty say, and I believe they are sincere in saying it and in stating that they believe the objective and purpose of the treaty is to keep the peace. Of course, Mr. President, the question immediately arises, Will it keep the peace?

Mr. FERGUSON. Very well. In order to keep the peace, should not we be willing to ratify this treaty? In other words, should not we be willing to provide for keeping the peace and adopt the provisions of this treaty?

Mr. WATKINS. Does the Senator from Michigan mean the provisions of the treaty or the provisions of other proposals?

Mr. FERGUSON. I mean the provisions of the treaty, perhaps supplemented by other proposals if necessary.

Mr. WATKINS. Yes; we should consider whether the treaty, or proposals, will result in keeping the peace; and, if they do not violate the Constitution, we should consider whether we should be willing to adopt all the other proposals which are made in this connection.

Mr. FERGUSON. Then I come back to the question I asked the able Senator from Missouri [Mr. DONNELL] as to whether there can be an unconstitutional treaty. I am of the present opinion that there cannot be an unconstitutional treaty. The only limit on the treaty-making power is the ballot box.

Mr. WATKINS. Mr. President, let me see whether I understand what the Senator from Michigan is saying. He does not mean to say, I assume, that we can change a treaty at the ballot box; does he?

Mr. FERGUSON. I mean that is the only way the people can make their sentiments known, and if they are not satisfied with a treaty after it is ratified it may be denounced; but the courts cannot declare it unconstitutional.

Mr. WATKINS. I am not so sure about that. I should say—and this is only a curbstone opinion, for which lawyers are famous—that if a treaty should violate the Constitution, it would in effect give the Senate and the President of the United States the power to amend the Constitution; because if a treaty is unconstitutional and if it is ratified, and thus becomes the law of the land, and if it is upheld, then in effect it amends the Constitution by bypassing all the machinery set up in the Constitution itself for the amendment of the Constitution.

Mr. FERGUSON. My reason for saying that we cannot have an unconstitutional treaty is that under the *Curtiss-Wright case* (299 U. S. 304) it was stated that international sovereignty is over and above and outside the Constitution. "The broad statement that the Federal Government can exercise no powers except those specifically enumerated in the Constitution, and such implied powers as are necessary and proper to carry into effect the enumerated powers, is categorically true only in respect of our internal affairs."

The *Curtiss-Wright* and *Holland* against *Missouri* decisions make it clear that it is impossible to have an unconstitutional treaty, because there is no way by which the court can review a treaty.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. WATKINS. I cannot say I agree with the Senator from Michigan. It is an interesting suggestion and I think that is one of the questions that should be explored, if I may so state at this moment, at a time and under conditions where we are not under terrific pressure to ratify a treaty. By that I mean the period after the signing.

Mr. DONNELL. Mr. President, will the Senator yield for a further inquiry?

Mr. WATKINS. I yield to the Senator from Missouri for a question.

Mr. DONNELL. Did the Senator hear, the other day, in the response that was made to the Senator from Michigan when he made the inquiry as to whether it was possible to have an unconstitutional treaty, the illustration which I mentioned, namely, this: Suppose a treaty were to be ratified providing that on the next morning after the ratification of the treaty, every third person in the United States should be taken out and shot.

Mr. WATKINS. I remember that.

Mr. DONNELL. I understood at that time the Senator from Michigan was inclined to think there might be some point in the suggestion that such a treaty might be unconstitutional.

Mr. FERGUSON. May I answer that?

Mr. DONNELL. Just a moment. If I may ask the further question: Is it not a fact that the *Curtiss-Wright case*, in substance, merely holds that it is not necessary in the course of the negotiation of a treaty that the President be able



to point to a specific provision in the Constitution authorizing it; that there is a power under which the President can proceed in the case of external affairs, which does not exist in the case of internal affairs; in which latter case it is necessary to point to the specific provision of the Constitution? Is not that the holding in the Curtiss-Wright case? Is it not true also that the case of Missouri against Holland, which is one which would require very careful analysis, does not hold that there cannot be an unconstitutional treaty? Is the Senator familiar with those two cases? Does he recall them at the moment?

Mr. WATKINS. I am somewhat familiar with them. I have not read them very recently, but I am familiar with the doctrine that is supposed to have been laid down in those cases, and I think I agree in substance with the suggestions of the Senator respecting those two cases. I have a strong feeling on the question whether or not a treaty that is in violation of the Constitution could be entered into, and whether it would become the supreme law of the land. I think that has not been decided. I think that is still open.

Mr. DONNELL. Mr. President, will the Senator yield for another question?

Mr. WATKINS. I yield.

Mr. DONNELL. I ask you if you have in effect said, in answering the Senator from Michigan, in your curbstone opinion, it is not possible to bypass the Constitution by means of a treaty and to enact something into a treaty which is contrary to express provision or implication of the Constitution.

Mr. WATKINS. I think that is exactly correct, and I think if the case were presented squarely to the Supreme Court, the Court would so hold, that we cannot in effect amend the Constitution by means of a treaty.

Mr. FERGUSON. Let me ask the Senator some questions. Mr. President, will the Senator yield?

Mr. WATKINS. I yield.

Mr. FERGUSON. Is it not true that when this Nation was founded it acquired or took upon itself entire sovereignty and is not that sovereignty over and above what is provided for in the Constitution, so far as domestic matters are concerned? What does the Senator say about that?

Mr. WATKINS. I would say the Constitution I think is the supreme law of the land. It is what the Senator and I are sworn to defend, and all the powers not granted in it are reserved to the people.

Mr. FERGUSON. Yes; but as I understand the case of *United States v. Curtiss-Wright Export Corp.* (299 U. S. 304), it said the entire sovereignty the United States Government has is not in the States so far as international law is concerned, and therefore we did not take it from the States. We took it because we became a sovereign nation. The Court said:

And since the States severally never possessed international powers, such powers could not have been carved from the mass of State powers but obviously were transmitted to the United States from some other source.

Mr. WATKINS. If I may ask the Senator a question, were not the Thirteen Original Colonies sovereign nations before they formed the Union?

Mr. FERGUSON. No, no; they were not. They had their ties to Great Britain, which held the entire sovereignty.

Mr. WATKINS. They broke them off before they adopted the Constitution, as I remember.

Mr. FERGUSON. At least the Curtiss-Wright case says that entire sovereignty did not exist in the States, but the United States Government itself took on all powers of sovereignty, the same as that which Great Britain or any other nation possesses.

Mr. WATKINS. I appreciate the suggestion.

Mr. FERGUSON. Therefore, it is impossible to have an unconstitutional treaty.

Mr. WATKINS. I should appreciate the suggestion from the Senator from Michigan as to how we would handle the State of Texas. Texas came in as a sovereign nation, did it not?

Mr. FERGUSON. Yes; I would say that it did.

Mr. WATKINS. And all the States, other than the Original Thirteen, came in, of course, as part of the territory. But the State of Texas came in as a sovereign nation. It was the Republic of Texas, was it not?

Mr. FERGUSON. Yes. But the United States Government had full sovereignty prior to 1848 when the State of Texas became a part of the United States. If it had full sovereignty, is it not true that it can make any treaty it desires with a foreign nation—in fact, should make treaties in order to keep the peace?

Mr. WATKINS. The Senator is now speaking about the United States, I assume.

Mr. FERGUSON. I am talking about the United States of America.

Mr. WATKINS. We could make treaties. We have the power to make treaties. But I still believe treaties cannot be made in violation of the Constitution because that is the grant of power. The President derives his power from the Constitution. The Constitution is a grant of power, and all not granted remains in the people.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. WATKINS. I yield.

Mr. DONNELL. Does the Senator recall that the case of Missouri against Holland was the migratory bird case, that no question was therein involved as to whether the President and the Senate could by treaty exceed their powers under the Constitution of the United States, and that in that case there was no question as to whether a treaty could violate a provision of the Constitution? Does the Senator recall that the question was merely one between the Nation and the States, as to whether the Nation could enter into a migratory bird treaty in view of the powers reserved to the States? And does not the Senator also recall that in the Curtiss-Wright case the point decided by the court was simply that the

executive department does not in international affairs have to go to a specific provision of the Constitution for its authority, whereas in internal affairs it does have to go to a specific provision of the Constitution for its authority?

Mr. WATKINS. As I remember the case, it was to that general effect.

Mr. TAFT. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Ohio?

Mr. WATKINS. For a question? I may say that these distinguished lawyers seem to be opening their guns on me. I am just a Senator barely out of the freshman class. To have these distinguished constitutional lawyers fire these questions is giving me a good workout. But I may not be giving the right answers.

Mr. DONNELL. The Senator from Utah is doing very well.

Mr. TAFT. It seems to me that article VI of the Constitution is the whole basis of the discussion. It says:

This Constitution, and the laws of the United States which shall be made in pursuance thereof; and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land.

It is perfectly clear that a law must be in accordance with the Constitution. But treaties are put upon a separate and distinct basis. The Constitution says, "all treaties made or which shall be made under the authority of the United States." They are put on a parallel basis with the Constitution itself; so that there certainly is some justification for the claim, does the Senator not think, that at least there is no provision that treaties must be in accord with the Constitution?

Mr. WATKINS. In answer to that I would say there are lawyers who think a treaty should be, and there are others who think a treaty should not be, in accord with the Constitution. That presents the very problem I am trying to present here, if I am able to finish, which is that the treaty is a very important matter and should receive the utmost careful and thorough consideration before it is signed and before we are under the pressure to go ahead after we have committed ourselves by adding our signature to the treaty.

Mr. TAFT. Mr. President, if the Senator will yield, what I was going to suggest was that the limitation on treaties was not the Constitution, but the authority of the United States. It seems to me that authority in some respects may be subject to certain constitutional provisions; but, apparently, in the case of Holland against Missouri, all of the provisions of the Constitution are not a limitation on treaties. I suggest to the Senator that we can argue whether particular provisions of the Constitution limit the authority of the United States.

Mr. WATKINS. What about the Bill of Rights?

Mr. TAFT. That is one of the questions which I think the Senator should discuss.



Mr. WATKINS. All these questions point up the fact that there is a vast difference of opinion between lawyers on this question. I did not intend to discuss constitutional questions today.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. WATKINS. I yield for a question.

Mr. BREWSTER. Has the Senator from Utah ever read the opinion of Mr. Hackworth, formerly attorney for the State Department, who advanced a very interesting theory before the Committee on Commerce, that an agreement made by the President of the United States, without any consideration by the Senate, was morally and legally binding on the United States under international law, even without any constitutional safeguards? I do not know that he found full concurrence in that view, but he earnestly advanced it before the Committee on Commerce.

Mr. WATKINS. I thank the Senator.

Mr. BREWSTER. May I add that I do not know whether the Senator is aware of the fact that Mr. Hackworth is now a justice on the World Court, where he can put his ideas into practice.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. WATKINS. I yield for a question.

Mr. DONNELL. Along the line of the inquiry of the Senator from Ohio, does the Senator from Utah care to express himself at the moment as to whether it would be possible, in his opinion as a lawyer and former judge, for the President of the United States, by a treaty ratified by the Senate, to declare war, although under the terms of the Constitution Congress shall have the power to declare war? Does the Senator think at this moment, as he is at present advised, that a mere treaty could bypass that provision of the Constitution of the United States?

Mr. WATKINS. I certainly do not agree with that.

Mr. DONNELL. The Senator does not agree that it could bypass that provision of the Constitution?

Mr. WATKINS. No; I do not think it could bypass the Constitution. I have not made a complete study of the proposed pact or proposed treaty. We have many calls on our time. We have had the text for only a short time, and it would require a considerable period of study to go into all the legal questions involved. They are not as easy as they may seem. Curbstone opinions do not get us very far. I think there are many questions which can be legitimately raised and which ought to be considered in an atmosphere of absolute freedom from pressure, so that we can go into them and not feel, as we probably shall feel after this pact is signed, that we cannot say this or that or do this or that because we may give aid and comfort to an enemy.

Mr. President, I should like to continue some observations I started awhile ago, and of which I have almost lost track because of the questions which have been asked. I am frank to say that I have not had time, up until now, to give the necessary study to all these legal ques-

tions which are involved. What I have said is more or less in the nature of curbstone opinion in reply to numerous questions regarding the Constitution. When interrupted, I was directing attention to what the President of the United States had said to me in his letter in response to my request that we be given at least 60 days from the time the text of the treaty was made public to study it before it would be signed. The President said "No" very courteously. Some discussion has taken place since that time as to whether that has been the proper stand to take.

I wish to call attention to the fact that in Denmark and Italy, if we can credit the press dispatches, the parliaments of those two countries have been given opportunity to study the pact and to give it their approval before their ambassadors or plenipotentiaries come to this country for the ceremony of signing the pact. That might be a good precedent for us to follow, although, of course, it is not binding upon the President of the United States.

This matter has attracted some attention in the press. I wish now to read from an editorial which appeared in the Washington Star on the 23d of this month, and which reads as follows:

President Truman has indicated that the North Atlantic Pact will be signed, as planned, on April 4, which would be 17 days after the text of that agreement was put before the people. Senator WATKINS, of Utah believes there should be an interval of 60 days between the publication of the text of the pact and its signature.

It is hard to know how much importance should be attached to this disagreement. The President would have been entirely within his rights had he decided to hold up any publication until after the treaty had been signed. In fact, that is the usual procedure. But an exception has been made in this instance because, to use the President's words, "of the importance of the present treaty."

There can be no question of its importance. Senator VANDENBERG has just told the United States conference of mayors that it is the most important step in American foreign policy since promulgation of the Monroe Doctrine. Senator WATKINS believes that with ratification of the treaty "we shall have become so involved in the affairs and troubles of Europe and of the rest of the world that we shall not be able to withdraw, but we shall be involved in them forever." The Star agrees with both statements, although it believes we are going to be irrevocably involved in the affairs and troubles of Europe in any event, and favors ratification of the treaty in the belief that this would mean fewer troubles, not more troubles.

It is important, however, to have the largest possible measure of public support behind the treaty if and when it is ratified. Quite possibly, a majority of the people are already in favor of ratification. But if any significant minority holds a different view, it unquestionably would be desirable to win them over as proponents, if that can be done by public study and debate of the pact's provisions.

To me this last paragraph is very, very important, and especially the last sentence:

But if any significant minority holds a different view, it unquestionably would be desirable to win them over as proponents, if that can be done by public study and debate on the pact's provisions.

I intend to come back to that section of the editorial after I have read the remainder of it. I continue:

Senator WATKINS fears that once the pact has been signed there will be heavy pressure on the Senate to ratify it as a matter of good faith, and he does not believe this can be compensated for by full debate after signature. This probably is not an idle fear, and since it is likely that pressure of other business will prevent Senate consideration of the treaty before May or June, it is hard to see any compelling reason for signature by April 4.

This newspaper is unreservedly in favor of ratification of the treaty without any material change. That is merely another reason, however, why the Star would look with misgiving on any approach to ratification which smacks of steam-roller tactics, or which could reasonably be interpreted as such. The North Atlantic Pact finds its justification in the logic of our times. And the more this logic is explored, the more compelling will be the case for ratification. If this is a sound view of the situation, then the proponents of the pact may discover that a needlessly early signing of the treaty will give its opponents a better argument than they could have found in a debate on the merits.

There is much in that editorial with which I agree, but I desire to go back to the paragraph I mentioned a few moments ago, namely, the following:

But if any significant minority holds a different view, it unquestionably would be desirable to win them over as proponents, if that can be done by public study and debate on the pact's provisions.

I call the attention of the Senate to the fact that it has been a difficult matter to get before the people of this country any debate or the statement of any Senator or public official who raised any question about the desirability of entering into this pact.

I called attention in my address on March 8 to this very situation. In a subsequent statement to the Senate I called attention to the fact that the press of the country gave very little notice to any questions raised with respect to the pact. The newspapers in Washington, with the exception of the Star I think, did not mention the fact that any question had been raised by me or any other Senator on the floor of the Senate.

One of the leading newspapers in the United States, the New York Times, which publishes "all the news that is fit to print," ignored the first statement I made, but later, after I had made the second one, did carry a news story about it.

Then there was an observation by Mr. Arthur Krock in the New York Times, under date of March 10, 1949, in which Mr. Krock pointed out some of the questions I had raised, or at least the dilemmas we faced, and my criticism of the situation in which one certain newspaper was able to get the information when the rest of them were not, and when even the Members of the Senate not on the Foreign Relations Committee did not get the information.

Then, after he goes on with that statement, he gets to what he describes as a "paradox" which I pointed up by my address. I shall comment on this, because it is an important development in the history of the pact, and points out



that I was justified in calling attention to the fact that it is difficult to get anything before the people of this country which might in any way question the desirability of entering into the pact. I am not blaming anyone in the Senate for that situation, but in this country, where we pride ourselves on the fact that we have full information, it seems we now have an iron curtain here through which some of us cannot get through to the people with respect to certain phases of this treaty. Said Mr. Krock:

But Mr. WATKINS in the course of this same speech furnished a paradox. Though complaining that the secrecy surrounding the pact negotiations and the evolution of the text had kept the Senate in official ignorance of what it will soon be asked to approve, and cannot take effect until that approval is given, he criticized the only channel of information which provided him with the materials of his complaints and the substance of his fears. That channel is the public press.

"To be very frank about the matter," he said, after stating his belief that part of the press has become a propaganda machine to achieve the situation he opposes, "I do not like the idea of having to depend on a newspaper columnist for information which will be of help to me in making up my mind in regard to such a proposal."

I omit material in the way of explanation, not necessary to this discussion, and I come to this:

Here was a Senator calling on the Executive for information about a treaty of vast consequence, and for time to consider this information before it is signed. But here was the same Senator joining the press to the Executive as partners in an effort to make the Senate rubber-stamp a rush order, and failing to make due acknowledgment of his obvious debt to the press.

The facts would not have been overstated if that acknowledgment had far outweighed the part of Mr. WATKINS' speech which was critical of certain editorials supporting the aims of the North Atlantic Pact and of some news reports of his previous speech on the subject.

I want Senators to note this:

So far as the Washington staff of this newspaper is concerned, no greater diligence, tenacity, and knowledge of the subject were ever required in giving due information to the public—and Senator WATKINS—about a negotiation in this field and of this gravity.

During the conferences at Dumbarton Oaks, while the Charter of the United Nations was being written, the State Department imposed the same secrecy, and only by ceaseless reportorial effort were the public and Congress informed, in time to assure adequate debate, of the agreements on the veto, on the admission of White Russia and the Ukraine as separate nations, and other matters.

And note this:

But the official wall between the public and essential information on the North Atlantic pact was even higher, thicker, and more difficult to penetrate. That, however, was accomplished in a responsible manner, and that is why the Senate and the public will have had a proper opportunity to discuss the issues pro and con. That also is why Mr. WATKINS was able to come to an opinion about the official tactics to which he took exception.

I may be indebted, and probably we are all indebted, to the New York Times

for giving us, I was going to say, a blow by blow account of the writing of this text, but I am somewhat intrigued by a situation created by what Mr. Krock has said and by what was said by the New York Times on January 16, 1949. I shall read what the New York Times said in the leading editorial about this situation. This was a long time before Mr. Krock wrote his article. I quote from the New York Times of January 16, 1949:

The State Department's review of foreign policy, published yesterday under the title "Building the Peace," would please Woodrow Wilson if he could know about it. It is in line with his declaration in favor of "open covenants of peace, openly arrived at," made 31 years ago this month. Our Government now recognizes that diplomacy is not properly a hush-hush affair to be carried on by elegantly dressed gentlemen behind closed doors. In the good old American phrase, the State Department has laid all its cards on the table.

There are a few surprises in what is now said.

Perhaps Mr. Krock is right; perhaps the ramparts they had to get over to get this information on the Atlantic Pact were much more difficult to surmount than were those in the case of the Bretton Woods agreement and the beginning of the United Nations agreement. But according to the Times editorial the State Department had laid the cards on the table, and one would be justified in asking, Were the cards on the table to the New York Times and to nobody else?

Mr. President, I say that advisedly. That paper has a perfect right to espouse any cause within the laws of this country. I have admired the New York Times for many years. When I was a student at college in New York for some 5 years I read it assiduously, and it was my daily diet in the way of newspaper reading. I admire the splendid service the paper has given to the country. But I am coming to the points that I made in my first speech; I am not backing down on a single one of them. I charged that a propaganda campaign had been entered into; that some papers got the information about the treaty and others apparently could not get it. I did not name the source of the information; I did not know its source. I could not obtain it from our own committee, the agent of the Senate, and other Senators could not obtain it. But apparently the New York Times got it from some source and it was published to the world. Mr. Krock says they had a difficult time in obtaining it, but the editor says that all the cards were laid on the table by the State Department. When Mr. Krock resolves that contradiction I shall be able to resolve the paradox he charges me with creating. I have great respect for Mr. Krock.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WATKINS. I shall yield in a moment.

Mr. CONNALLY. The Senator is denouncing the Committee on Foreign Relations constantly on the floor of the Senate, but then he will not listen to the truth about the matter.

Mr. WATKINS. I shall give the Senator an opportunity in just a moment.

The PRESIDING OFFICER. The Senator from Utah declines to yield.

Mr. WATKINS. I wanted to say before I finish this particular phase of the subject, that I have great respect for Mr. Krock. He may have had to do all he says he had to do, but I say he has a contradiction to resolve just as much as I have with respect to the paradox mentioned in this article.

Now I am willing to yield to the Senator from Texas for a question.

Mr. CONNALLY. I do not care to have the Senator yield to me.

Mr. WATKINS. Very well, sir, if the Senator does not care to have me yield. We are here to discuss this matter.

Mr. CONNALLY. If the Senator cannot yield to me courteously and in good spirit, I do not want to have him yield to me.

Mr. WATKINS. I will yield to the Senator in as good a spirit as he now has been asking me to yield, if he knows what that is.

Mr. President, I should like to say now, since the suggestion has been made that I have been denouncing the committee, that I have been pointing out the situation in which we find the committee to be, and I believe there are members of the committee who realize what that situation is. I am not denouncing them for taking their stand. I say they are within their rights. But I say all Senator DONNELL and I are asking, since they have become committed in this matter, and are partisans from our point of view, is that we and other Senators be permitted to ask questions at the hearings. I have no intention to reflect on any member of the Foreign Relations Committee.

Mr. CONNALLY. The Senator has been doing it for 4 or 5 days.

Mr. President, will the Senator yield?

Mr. WATKINS. I will submit the record.

Mr. CONNALLY. Will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Texas?

Mr. WATKINS. I yield to the Senator for a question.

Mr. CONNALLY. Will not the Senator from Utah admit that he has made speeches on the floor of the Senate four or five different times, and that in those speeches he has claimed that the Committee on Foreign Relations was concealing something from him, and that he could not obtain the facts, and could not crawl over the breastworks? As a matter of fact, the Senator knew what was in the treaty as soon as it was released. The Committee on Foreign Relations made public the treaty as soon as it was agreed upon. The committee could not give the Senator the information as the negotiations went on, with one country insisting on this, and another country insisting on that. During that time we could not rush into the press and give the Senator the information. But when the pact was agreed upon the Senator from Utah, if he can read, knew exactly what was in the



treaty. And every other Senator knew what was in it. The committee went far beyond the usual custom in advising the Senate about it.

Mr. WATKINS. Just to keep the record straight, as I recall the committee did nothing of the kind. The President of the United States and the Secretary of State released the treaty, and not the committee.

Mr. CONNALLY. Well, they did not release the treaty until we had agreed to it in committee informally.

Mr. WATKINS. The committee may have agreed to it, but—

Mr. CONNALLY. We told the Senate that. And we told the Senator from Utah that. But he does not want to know. He wants something to complain about and to fuss about and to denounce the Committee on Foreign Relations for.

The Committee on Foreign Relations has just as high a concept of its public duty as has the Senator from Utah. The Senator from Utah, notwithstanding he got all the information that was available, now proposes to come in and take charge of the Committee on Foreign Relations. He is going to ask the questions and he is going to oust the committee from jurisdiction and take over the examination of this subject. He has been from time to time speaking on the floor of the Senate on the pact when it is not before the Senate.

Mr. President, it is time that we proceed with the business of the Senate. The Senator from Utah will have plenty of time to discuss the treaty when it comes before the Senate. He will have plenty of time in the Committee on Foreign Relations when it holds extensive hearings.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WATKINS. I should like to make a short statement to the Senate, in view of the charges which have been made. I think what has just been said might be considered to be an infraction of the rules of the Senate, but I shall not ask to have it expunged from the RECORD. I want to say, however, that every word of what I have stated is a matter of record in the CONGRESSIONAL RECORD. Whether or not the Senator has placed the right interpretation upon it can be easily ascertained by anyone who reads. I deny any such intent as the Senator has suggested, and I deny that my language would justify such an interpretation. What was requested of the Committee on Foreign Relations by the Senator from Missouri [Mr. DONNELL] and myself is also in writing. There can be no question about it. Now, after the Senator from Texas has made his statement, I am wondering if he has actually read our letter, because I cannot see how on earth he can gain the impression that anyone wants to take over his committee. We have merely asked to do what the Senator himself has done on numerous occasions, appear before the committee and ask some questions, and that our colleagues who are not on that committee may come before the committee and ask some questions. That is all we have done. I leave that to the RECORD.

Mr. TAFT. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Ohio?

Mr. WATKINS. I yield.

Mr. TAFT. Does the Senator from Utah understand the distinguished chairman of the Foreign Relations Committee to say that the North Atlantic Pact was approved by the Foreign Relations Committee?

Mr. CONNALLY. No; I said informally.

Mr. TAFT. The Senator said that hearings are to be held on the pact. Do I understand that the committee has already approved the pact before the hearings have been held?

Mr. CONNALLY. No. Mr. President, I ask the Senator from Utah to yield in order that I may make reply.

The PRESIDING OFFICER. Does the Senator from Utah yield for that purpose?

Mr. WATKINS. I yield to the Senator from Ohio.

Mr. TAFT. I first thought perhaps the Senator had merely said that the committee had approved the release of the treaty, but as I later understood him he said that the committee had informally approved the treaty itself.

Mr. CONNALLY. I did say "informally," but I did not mean that it was an official act at all. What I meant to say was that those of us on the committee who had from day to day been in contact with the Secretary of State, who himself had been in contact with representatives of the other governments, and who submitted to us from time to time what he, the Secretary of State, proposed to do, just as a group of the members of the committee, informally agreed that we favored the language of the treaty. Now if that be a crime, if that be a sin, very well. The Senator is complaining that we did not tell him what was going on all the time, but we did tell the Senator just as soon as we were able to. We did not release the treaty. The Secretary of State released it. But he would not have released it if some of us who had been in on the negotiations indirectly had not approved what he had done.

Mr. WATKINS. And if the Senator from Utah had not asked to have it released. The Senator may add those words to his statement.

Mr. CONNALLY. What is that?

Mr. WATKINS. And if the Senator from Utah also had not requested to have the treaty released. That request was made in a telegram to the President, and in a resolution.

Mr. CONNALLY. I am sure that telegram may have moved the President. We had no desire to keep anything from the Senator. We could not give out the treaty until it had been completed. If the Senator wants to know all about this matter, if he will just wait patiently until we take it up in the committee he can have all the time he wants in the hearing. But I object to his taking up the time of the Senate from day to day talking about something that is not before the Senate and delaying the con-

sideration of a very urgent matter, the ECA bill, which is now pending before the Senate.

Mr. WATKINS. Mr. President, if I remember correctly, about 2 weeks ago, or some time back, the Senator from Texas and some of his colleagues were talking about a number of bills which were not before the Congress, not only for 1 day, but for 2 weeks, and some of us had to sit and listen to that discussion. I believe the Senator from Texas himself talked about those bills. They were not before the body at that time either. The talk was only on a motion to take up a resolution. But that is neither here nor there.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. WATKINS. I decline to yield. I do not intend to enter into an argument or to engage in a quarrel about this matter. I have the highest regard for the Senator from Texas, who is chairman of the Foreign Relations Committee. But I say he has overlooked the fact that what I am complaining about is that certain newspapers obtained the information, but Senators could not. I wanted to make a study of the pact some time before it was signed. The Washington Star has pointed out, and Mr. Krock has pointed out that after the big ceremony of signing takes place at the State Department, before some 1,300 people who will be present, and when the entire world has been shown the ceremony on the movie screens, it is going to be very embarrassing later on to question the treaty. It places anyone who has an honest question to ask about it, or who may find himself inclined to oppose it, in a position where it will be immediately said, "You are aiding and assisting the Communists. Can you not stand by your country? We have signed this treaty, and see what you are doing now."

That is what is likely to happen, and that is what I am complaining about. It seems that I have not been able to make myself clear. When newspapers could get that information before the Secretary of State released a copy, I thought we ought to be able to get it from our own committee. The committee is not the Senate; and I am sure that no member of the committee has ever so claimed. On the other hand, it is an agency of the Senate. If newspapers could get the information, I felt that individual Senators could get it. I have no apology to offer for the course of action I have taken. What I have said is all in the RECORD; and if anyone wishes to challenge it, let him take the RECORD and present it to the Senate and to the country. I will stand by it and take my chances.

Mr. President, I realize that sometimes it is inconvenient to call attention to important matters which arise. Senators have things which they want to have done right away. I waited from last Friday until this afternoon to make this speech. I did not take advantage of the opportunity to get the floor at the time the rent-control bills were brought up. I stepped aside rather than take advan-



tage of the opportunity afforded me and other Senators to present our views.

The more I listen and the more I see of the conduct of the business of the country here, the more I realize that there may be a great deal of merit in what Senators from the South have been contending about the House and the Senate. I have listened with a great deal of respect to the arguments of the distinguished Senator from Texas on that very point. I can see now that if it is not right to bring these matters up just because a particular bill is not before us we may not have free speech in this Senate for very long.

If the Senator from Texas had been present at the beginning of my remarks, he would know that I tied these subjects in with the ECA. I wanted an over-all budget, an over-all blueprint of ECA and the implementation of the North Atlantic Pact.

The Senator from Georgia [Mr. GEORGE] brought before us very impressive information on the state of the Union with respect to our finances. That subject is tied in with the entire program, and the whole program is a part of it. That is all I have to say on that particular subject.

In connection with the request which I made of the President, I invite attention to the fact that the Washington Star thought it was a good idea to have more time allowed before the treaty was signed. It was in favor of the pact, but it thought it would be reasonable to let us have the time requested before pressure was brought on us to approve the treaty.

In my judgment the question of the rearmament of Europe and the implementation of the pact, or whatever we are going to do, is important. Something is going to be done. The State Department has announced that there will be a program of rearmament, which costs money. That program ought to be considered in connection with the entire expenditure which we are making all over the world, particularly in Europe.

There should be some delay. The programs are all tied together. I do not see how we can ratify the pact without knowing something about the general program.

I read an article in the Washington Times-Herald of March 28, under the title "GEORGE Urges Year's Delay on Arms Aid." The subhead is "Marshall plan debate will continue today."

Senator GEORGE, Democrat, of Georgia, yesterday urged a 1-year delay in the United States program to help rearm anti-Communist Europe, lest it cause the frightful mistake of crippling the Marshall European recovery plan.

Does that tie in with what we are doing now? I think it does. The Senator from Georgia suggests a year's delay in considering that particular program. If it is necessary to have a year to study that subject, perhaps the entire program should be postponed for a year. I think we could postpone it to good advantage. It is one of the most important programs ever to be presented to this country. It commits us to important obligations. I think the Washington Star, in its edi-

torial agreed with me that it commits us to an intervention in the affairs of Europe forever, or at least as long as this Nation endures, if we once go down this road.

I have said in my previous speeches, "Let us take a look." We went into the United Nations, and found that it did not work. This pact now practically abandons the United Nations. It is an admission on its face that the United Nations has failed to work. It is proposed as a substitute for the United Nations. Having gone that far down the road, we should take a look and see what has been accomplished. We should see where we stand. That is what I am pleading for. That is what I am urging not only Senators, but the entire citizenry of the country, to do. Unless the press is willing to give to the country information on the questions which are raised, and the arguments which are made, how can we have an enlightened people? How can they understand the program?

I invite attention to the fact that when the Senator from Missouri [Mr. DONNELL], who is admitted to be a great constitutional lawyer, made a speech on the floor of the Senate, some of the newspapers which claim to publish everything that is fit to print did not even mention what he had said. Yet a day or so before—or perhaps on the same day—the distinguished former chairman of the Foreign Relations Committee [Mr. VANDENBERG] made a speech on the same subject, and the newspapers not only gave the ordinary news story but many of them printed the text of his speech. That is what they should have done. It was a fine thing to have printed the speech of the Senator from Michigan. It was a great contribution. We should all know about it. But why, in the name of everything that is fair, should they refuse to give even one line to the distinguished former Governor of Missouri when he made a wonderful contribution on the floor of the Senate? Let anyone raise his voice praising the program, and immediately he gets the headlines. But that has not been the treatment accorded those who question the treaty.

We are spending a great deal of money to put the Voice of America overseas, to tell the people over there about America, but if this situation is to continue, and we cannot get information to our own people as to what is going on in the Senate, I do not know what the result will be.

I use another illustration. Yesterday the Senator from Indiana [Mr. JENNER] made a speech on the floor of the Senate. Some may not like it. Others may agree with it. At least the speech was made by a United States Senator, who has some responsibility in these matters. I had to hunt through the newspapers to find a line about it. In one newspaper I found four lines about this speech which occupied half the afternoon on a very important question.

Mr. President, I am trying to get light on the proposal which is now being made. I want the American people to know what they will be called upon to do if we go into this pact. Many of them will have to make sacrifices. They will have

to pay higher taxes. They may have to go without things. They may have to line up in queues before the stores to get rationed food and clothing and other things, just as they did during the war, and just as the people of Europe did. The American people must be informed. I hope the American press, of which I have been a part in a very modest way, will at least give some information about the important questions which are being raised in connection with this treaty.

So far as I am personally concerned, I am a Senator from a small State. I am not a former governor. I am not a great constitutional lawyer; but I have a duty to discharge, and that is why I make this plea and why I urge that the people of the country be fully informed before we go into this pact.

It was said by the President of the United States that he acted on the advice of this body. I invite attention to the fact, as I remember—and I think I am correct—that we spent about half a day on the so-called Vandenberg resolution, with 21 Senators not answering to the roll call when the vote was called for. The President stated that the treaty had been drafted in full accordance with that "advice." Was that enough time to consider it? It was before us on the 11th day of June, just before the national conventions, when the attention of Senators was distracted. According to the President, apparently we committed ourselves at that time.

In connection with what the Senator from Georgia said in urging a year's delay on arms aid, I point out that there appeared in the Washington Star of Sunday, March 27, an article by Constantine Brown under the heading "North Atlantic Pact best insurance for peace if backed up by steel." The subhead is "Agreement is worthless without armament plan. Atlantic alliance drafters and military men convinced treaty must be backed by might to be of any value."

That question has already been raised. It is in line with what the Senator from Georgia [Mr. GEORGE] said. It must be backed up. As I understand, bills are now being prepared for that purpose, and will be introduced in Congress.

Mr. President, there are many implications growing out of the pact which the people do not realize. I want to be fair. I want to get as much information to our people as I can.

Last Sunday I read an article in the Washington Star, written by the Senator from Massachusetts [Mr. LONG], who is a member of the Foreign Relations Committee—

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. WATKINS. I yield for a question.

Mr. DONNELL. Has the Senator seen the New York Times of Sunday, March 27, in which there appears an article by Mr. Hanson W. Baldwin, under the heading "Arms to support pact an intricate problem. The \$1,800,000,000 asked of Congress would be a start for program."

The article reads, in part, as follows:

Representatives of the "Atlantic community" are converging on Washington for the formal signing of the Atlantic Pact, the first step in a system intended to provide politico-military security for western Europe.



The next step is now being charted in Washington, but its general outlines were clarified yesterday with the disclosure that Congress would be asked for an initial installment of \$1,800,000,000 to provide arms and equipment to the pact signatories and associated countries.

So I offer it, and it is just a sample of what is being handed out to us day after day in the newspapers. We are told that now we are to be faced with the rearmament program and its accompanying cost. So I maintain that it is material for us now, in connection with the proposed ECA program, to consider what we shall have to provide further, because all the expenditures will come out of the pockets of the taxpayers of the United States; and before we make any decision, we must consider what the over-all charges are to be.

Mr. WATKINS. Mr. President, I started to read the article by the Senator from Massachusetts [Mr. LODGE]. Although I do not agree with all that he says in the article, I think it throws considerable light on the problem we are discussing today. So I ask unanimous consent to have it printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. FULBRIGHT in the chair). Without objection, it is so ordered.

(See exhibit 3.)

Mr. WATKINS. Mr. President, I say that the people of the United States have not understood and do not now understand, I think, the full implications which may grow out of this pact. Most of them have been converted to belief in the United Nations. They have felt that it was our best insurance for peace. I think that if we go back in the CONGRESSIONAL RECORD we can find many statements by many of the distinguished Members of the Senate who said, at the time of the consideration of the United Nations Charter, that it was our last great hope and insurance for peace.

I hold in my hand an article by Thomas L. Stokes, who is not unfriendly to the administration now in power. The article is entitled "UN Versus Atlantic Pact."

I wish to read the article. It will take a little time to read, but I know of no effective way to present the truth which the writer of this article has recognized other than to bring it to the attention of the Senate and, through the CONGRESSIONAL RECORD, to the attention of the country. The article has already received some circulation, but it should receive more.

Said Mr. Stokes:

The member of the family who indulges in occasional essays in this space on global generalities, with the apologetic timidity of the novice, was discussing the Atlantic pact not long ago with the female member of the family who fortunately has a refreshing way of getting right down to the essentials.

She looked up, finally, and inquired with what appeared to be sheer innocence:

"Whatever happened to the United Nations?"

Whatever did? A good question. Probably millions of others in this country and the world are asking it.

And I am asking it now.

I read further:

It is noted now that there is creeping into the official campaign on behalf of the Atlan-

tic pact the suggestion that this regional arrangement—which, incidentally, takes in a rather diverse group of nations—may be the beginning of another United Nations. This regional pact, it is intimated, would be hooked up with the one we have already with Latin-American Republics. Then there would be a Mediterranean pact and a Pacific pact and so on until, presto, we'll have another United Nations, including practically everybody but Russia.

#### GOOD EXCUSE

If Russia wants to come in after it gets all fixed up, then all right. But if she doesn't, and if she wants to start anything after she gets all hemmed in, then all the rest of us will be ready for her, and she won't dare. At least that's the thesis. It may be sound, and again it may not, for there is a human tendency of those who get hemmed in to try desperately to break out.

It is a good excuse, anyhow, as history demonstrates. In starting the last two world wars Germany complained she was being hemmed in and so convinced her people. It is good psychology for those who want to expand to say they are hemmed in, and to add to that some flowery, if illogical, rhetoric about bringing together in one piece, under one cover, people who have a kinship of blood or race or ideals or economic interests or what-have-you, such as Germany did in Europe and Japan did in Asia with her talk about an east Asia coprosperity sphere or whatever the phrase was. Russia talks like that, too. Nor are we entirely guiltless, for though we have no aims whatever of expansion, we speak glibly of bringing the "democracies" under our cover, and our pact is getting beyond such, for they are not too plentiful in the world today.

The point here is not the validity of all of this, of which there is very little, but that rulers have a way of making people believe it enough so they'll fight. A fact of human nature, not theory, is involved.

Worth contemplating now, from the place we have reached, is the difference in purpose in the United Nations as originally conceived and that of the new series of regional alliances. The UN was a world organization designed to achieve peace by removing economic and social injustices and maladjustments, which start wars, and by limiting armaments with which wars are fought. The objective was bold and positive.

#### ALLIANCE MEANS ARMING

The aim of the projected alliances is to preserve peace by arming ourselves all over the world. It is defensive, negative, and old as man and has proved futile for centuries.

Mr. DONNELL. Mr. President, will the Senator be kind enough to read that sentence again?

Mr. WATKINS. Certainly.

The aim of the projected alliances is to preserve peace by arming ourselves all over the world. It is defensive, negative, and old as man and has proved futile for centuries. It can do nothing but start an arms race, and that is not only costly but dangerous. That is the reason for the questions raised in Congress about the proposed program, supplementary to the pact, to supply arms to western Europe, while there is general acceptance of the pact itself.

The UN was a weak sort of vessel from the start. It got stalled with the veto, which permitted big power domination, and while achieving something in the economic and social field it has failed completely of two basic objectives. One is disarmament, including atomic control; the other, an international police force to check aggression. For all this Russia is much to blame, but not altogether.

The Atlantic Pact and the projected extension of such regional arrangements are but the inevitable result of a policy that started with the Truman doctrine in Greece and

Turkey which was thought necessary to counter Russian expansion. It established a philosophy which could lead nowhere else.

There was another direction, another choice, which was to proceed boldly to make the UN a real world government, a positive force, for which the world yearned. But nowhere in the world was there leadership for such a course, and so we find the UN disintegrating in a series of secession movements. The whole world has hemmed itself in with ancient concepts and prejudices.

Here is offered no sermon, no remedy—only an epitaph which, however, we would not dare place above the graves of those who thought they were dying for a brave new day:

"Here lie the hopes of the world."

Mr. President, it is beginning to dawn on the American people, particularly those who are thinking about this problem, that the North Atlantic Pact is the way out of the United Nations and, if adopted, will mean the end of the United Nations. I read with considerable interest a statement made by one of our distinguished Members, the Senator from Tennessee [Mr. KEFAUVER], in which he agreed in substance with that thought, and said he would welcome the change—in other words, for us to leave the United Nations and go into the North Atlantic Pact.

Although I do not wish to prolong my remarks today, I think I should present these matters, for the Senate and for the country to consider. Therefore, I have presented the articles to which I have already referred, and I now ask unanimous consent to have printed in the body of the RECORD, at the conclusion of my remarks, an article appearing in the New York Times on March 24 of this year. The article is written by Mr. C. L. Sulzberger, and it bears a date line "Paris, March 23." In the article Mr. Sulzberger points out that the Atlantic Pact may require changes in the Brussels treaty. So I ask unanimous consent to have the article printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 4.)

Mr. WATKINS. Mr. President, in my questions the first day I spoke on the Atlantic Pact, I asked for information about the treaties of alliances that had been entered into by Great Britain and Russia, and by France and Russia. I wanted to know what effect they would have on this agreement, what their provisions were, and also to have a study made as to how far they bound Great Britain and France to the support of Russia. I have here copies secured from the State Department, indirectly, of these treaties of alliances, and I ask unanimous consent to have each of them placed in the RECORD, following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 5.)

Mr. DONNELL. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Missouri?

Mr. WATKINS. I yield for the purpose of a question.

Mr. DONNELL. I should like to ask the Senator if he would have any objection to the RECORD showing at this point,



in regard to the remarks which I made a few days ago, about which the Senator was so kind and generous in his expressions, that I noticed a reference to it, I think in the New York Times, in a long column article, down near the bottom of the article, and I recall that the Times-Herald of Washington, D. C., made reference to it on the 21st or 25th of this month.

Mr. WATKINS. I thank the Senator for the information. I mentioned the fact that so far as I could ascertain I could not find anything in the New York Times reporting the Senator's first speech. There may have been a reference to it, as he stated, but I searched that paper and had the members of my staff search it, and they could not find it. I did that, not because I was interested to see whether what appeared to me to be the case was actually the case, but because I did not want to make any charges not founded in fact.

Mr. DONNELL. I may say to the Senator I do not recall saying anything as to the remarks made on March 21. I think the one sentence to which I referred in the column referred to the one of March 25. I do not recall whether there were any statements in regard to the remarks I made on February 14.

Mr. WATKINS. I would appreciate it if there is any information to that effect; but I have tried to make diligent search. It was not done in such a way that it was very prominent in the newspaper. If done at all—it was not given the prominence given to the case presented by those who were for the pact.

I ask unanimous consent to have printed in the RECORD following my remarks, an article from the Times-Herald under date of March 28, this year, written by Bob Considine, in which he calls attention to the fact that the Senator from Tennessee [Mr. KEFAUVER] calls the Atlantic Pact the end of America's share in the United Nations; also an article by Constantine Brown, in the Washington Evening Star, March 27, 1949, of which the heading is "North Atlantic Pact best insurance for peace if backed up by steel."

(See exhibits 7 and 8.)

Mr. DONNELL. Mr. President, if the Senator will yield, in the interest of accuracy, I recall that, regarding the February 14 remarks, there was quite an extended statement, including quotations from the interchange between the Senator from Texas [Mr. CONNALLY] and the Senator from Michigan [Mr. VANDENBERG] and myself. That is as to February 14. But as to March 21, I recall no mention in the New York Times; and, as to March 25, only one sentence.

Mr. WATKINS. I thank the Senator for that information.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. WATKINS. I ask unanimous consent—

Mr. KNOWLAND. Mr. President, will the Senator yield at that point?

Mr. WATKINS. I am just about to yield the floor.

Mr. KNOWLAND. Right at that point I wanted to ask a question with refer-

ence to the matter the Senator has been discussing.

Mr. WATKINS. I yield for a question.

Mr. KNOWLAND. I should like to ask the able Senator from Utah whether the significance of his remarks is to the effect that there has been what might be called a conspiracy of silence on the part of the press. I think if that is his inference, he is doing an unfairness to the press of the country, because there are many factors which go into the coverage of the news with respect to a Senator. One of those factors may be the time of day at which a speech was delivered. It might be competing news releases which occurred on a particular day. My general observation has been, of course, that a man who has been chairman of the Foreign Relations Committee or who is the present chairman of the Foreign Relations Committee, from the point of news coverage quite properly from the national point of view, might warrant much greater coverage than some of the others of us would warrant, just as when the President of the United States makes a statement, it properly gets greater coverage than the statement of a United States Senator would get. So I think it is necessary to take into consideration the whole picture as to the situation. My own observation has been that the wire services and the newspapers have been doing a good job in covering the situation in the Senate. But in the final analysis, they have to be the ones to judge the news value of what is sent over the wires.

Mr. WATKINS. I appreciate the comment of the Senator from California and I may say that I do not charge any conspiracy. I am merely calling attention to what has happened, or has failed to happen, the omissions that have occurred. I did refer to the fact, in the beginning—and I am not backing upon it—that with respect to information about the treaty, only a certain newspaper or certain newspapers seemed to have any information about it. They scored a scoop. I was advised by Mr. Krock and the New York Times that I had created an oratorical paradox. I was indebted to them for the news. Then I called their attention to the fact that in an editorial of February 17 they said all the cards were laid on the table, so I could not reconcile those two statements.

I should like further to say that I have the utmost respect for the American press, and from what I have said today, I hope they will look into this question and see to it that there shall be better coverage for those who present divergent views.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. WATKINS. Just a moment. I have looked over the newspapers. In a very very modest way, I have been connected with the newspaper business a part of my lifetime, and I know many of those problems. But I also know that it is possible for the newspaper to play up the matters it is interested in particularly to which it is giving editorial support. I have been around newspapers and I know it is possible for them to do

that. I not only know it is possible for them to do it, I know they do it many times.

Mr. KNOWLAND. Mr. President, will the Senator yield for a question?

Mr. WATKINS. I yield.

Mr. KNOWLAND. In fairness, will the Senator not also agree that the New York Times and the Herald Tribune and other newspapers, both in this city and elsewhere, have covered stories, for instance, Henry Wallace's statement in opposition to the North Atlantic Pact? I can recall in half a dozen newspapers that I try to read every day, quite extensive coverage was given to his opposition to the North Atlantic Pact. I have seen statements in opposition to it made by the two Senators in question. But, so far as the amount of coverage is concerned, I do not think the newspapers of the country can be expected to cover each Senator's speech with the entire text. If they did that I am quite sure they would have no space left in their newspapers for any other news of the world.

Mr. WATKINS. I did not intimate that they ought to give each Senator full coverage, but they at least should have printed a reasonable summary of what was said. I think it was perfectly proper, and so I said a few moments ago, to give to the public the statement made by the distinguished former chairman of the Foreign Relations Committee. I think that was fine coverage. The New York Times has been giving the text of most of the documents and the speeches made upon important questions. I understand the reporting of what Henry Wallace said. But I could not understand why they would report what he said, a man who is not now in office and who has been repudiated by the people at the polls, why they should give space to him, and yet not give space to the speech, and the very able speech, on the law involved in this matter, made by the senior Senator from Missouri. I could not understand it. I am calling it to the attention of the newspapers of this country. We just do not get coverage. I do not say there is any conspiracy; I do not believe there is, because the newspapers are competitors.

But for some reason or other, they have not been giving space to the questions which have been raised. They ought to publish those things so that the people can be thinking about the subject. It seems to me we are trying to get our story over to Russia—and, by the way, I will say that I believe the Voice of America is carrying more copy on what the Senator from Missouri [Mr. DONNELL] and I have said than are in the newspapers of America. It might be a good idea to do a little informing in America and have the Voice of America addressed to America for a while.

I have no quarrel with newspapers. I have great respect for newspapers; they are great institutions; but sometimes, in the rush of things, some persons and causes are given a great deal of attention and others are not.

I wish to call attention to the fact that I do not think a single newspaper



printed the text of the letter which the President sent to me regarding this subject, although the letter contains very important history and implications. Usually, whatever the President does is published. If he goes bathing in Florida, and wants to wear trunks, or if he wants to sun himself under a palm tree, the newspapers tell the whole story. I cannot understand, and it has not been explained to me yet, why the President's letter was not important enough to print. It stated that he denied the request I made to extend time for the signing of the pact and gave his reasons for the denial.

As I have said, I am not quarreling with the newspapers, but I hope they will see that this is an important matter and will see to it that the American people are given information on both sides of the question, so that an intelligent decision can be made.

Mr. President, I have two or three more insertions, and I am through.

I ask unanimous consent that the entire article by Arthur Krock appearing in the New York Times of March 10, 1949, may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE PRESS AND THE NORTH ATLANTIC PACT  
(By Arthur Krock)

WASHINGTON, March 9.—Senator WATKINS, of Utah, voiced the feelings of many when he took the Senate floor to complain of the secrecy in which the State Department has shrouded the process of composing the text of the proposed North Atlantic defense pact. His fears, said Senator WATKINS, were these:

1. The text would be made public by the State Department, so near to the date fixed for signing that the Senate would not have an opportunity commensurate with the importance of the subject to study the project before it became a national commitment by the President.

2. Immediately after the parties to the contract signed it, a propaganda campaign for ratification by the United States, which Mr. WATKINS said is already under way in the press, would be intensified with a call for rapid Senate action.

3. Then every Senator who felt that his duty and the national interest required thorough study and debate, or who disapproved the text, would be bombarded with such arguments as, "If you now turn down the President the whole world will say the Communists have won a victory and you \* \* \* are only helping the Communists." And the burden of proof that these Senators were not would be unfairly placed on them.

This is the gist of that portion of Mr. WATKINS' speech which provoked the second lively debate on the subject and more searching questions from other Senators than were asked on the previous occasion. He also informed his colleagues that, to avert the situation he feared was about to arise, he had formally asked the President to set a period of 60 days between the submission of the text to the Senate and the signing of the treaty. And he offered a resolution to this purpose.

AN ORATORICAL PARADOX

But Mr. WATKINS in the course of this same speech furnished a paradox. Though complaining that the secrecy surrounding the pact negotiations and the evolution of the text had kept the Senate in official ignorance of what it will soon be asked to approve, and cannot take effect until that approval

is given, he criticized the only channel of information which provided him with the materials of his complaints and the substance of his fears. That channel is the public press.

"To be very frank about the matter," he said, after stating his belief that part of the press has become a propaganda machine to achieve the situation he opposes, "I do not like the idea of having to depend on a newspaper columnist for information which will be of help to me in making up my mind in regard to such a proposal." (He indicated that in the word "columnist" he was also covering reporters, editorial writers and other newspaper workers who have brought the news of the treaty into the open.)

Here was a Senator calling on the Executive for information about a treaty of vast consequence, and for time to consider this information before it is signed. But here was the same Senator joining the press to the Executive as partners in an effort to make the Senate "rubber-stamp a rush order," and failing to make the due acknowledgement of his obvious debt to the press.

The facts would not have been overstated if that acknowledgment had far outweighed the part of Mr. WATKINS' speech which was critical of certain editorials supporting the aims of the North Atlantic Pact and of some news reports of his previous speech on the subject. So far as the Washington staff of this newspaper is concerned, no greater diligence, tenacity, and knowledge of the subject were ever required in giving due information to the public—and Senator WATKINS—about a negotiation in this field and of this gravity.

POSITION OF STATE DEPARTMENT

During the conferences at Dumbarton Oaks, while the Charter of the United Nations was being written, the State Department imposed the same secrecy, and only by ceaseless reportorial effort were the public and Congress informed, in time to assure adequate debate, of the agreements on the veto, on the admission of White Russia and the Ukraine as separate nations, and other matters. But the official wall between the public and essential information on the North Atlantic Pact was even higher, thicker, and more difficult to penetrate. That, however, was accomplished in a responsible manner, and that is why the Senate and the public will have had a proper opportunity to discuss the issues pro and con. That also is why Mr. WATKINS was able to come to an opinion about the official tactics to which he took exception.

The State Department has good arguments for its secrecy in this and other delicate and momentous undertakings in the international field. The wishes and interests of proposed partners to a treaty must be understood and fully considered. Some officials are confident that the less the Politburo knows about the problems of negotiation and text before they are finally resolved, the more effective a North Atlantic Pact will be. Moreover, the Senate to the Department is a composite problem child which can't safely be told much, and often can't be told anything, in advance of an executive fait accompli. That opinion began with the Republic.

But if the American press in all circumstances, including periods of peace and "cold war," makes this position its own, it vacates its function as a responsible institution. Then, in many instances, it would merely serve official interests which were not necessarily those of the whole people.

Mr. WATKINS. Mr. President, I ask unanimous consent that the editorial which appeared in the New York Times of Sunday, January 16, 1949, be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

The State Department's review of foreign policy, published yesterday under the title "Building the Peace," would please Woodrow Wilson if he could know about it. It is in line with his declaration in favor of "open covenants of peace, openly arrived at," made 31 years ago this month. Our Government now recognizes that diplomacy is not properly a hush-hush affair to be carried on by elegantly dressed gentlemen behind closed doors. In the good old American phrase, the State Department has laid all its cards on the table.

There are few surprises in what is now said. The Department believes that strong nations can live together in peace if they are willing to do so, no matter how much they may differ in their economic and political outlook and in their national institutions. Our diplomacy since the end of the war has been based on this belief. We have been frustrated by the unwillingness of one great power to cooperate. This unwillingness, together with the Communist-inspired coup d'etat that have taken place in eastern Europe, has produced a sense of insecurity. To restore the confidence of free peoples everywhere the United States adopted the Truman doctrine and the Marshall plan, both of which are now in operation.

But what has been done so far is obviously not enough. The interests of peace require that our European friends shall be in a position to defend themselves. If they are so situated, they are the less likely to be attacked. Consequently—and this is no secret—the United States has been consulting with western European nations and with Canada on a program of mutual protection.

In plain language, this means that the United States must furnish military equipment. But military equipment alone will not be enough. There must be a real defensive union of our friends in western Europe and a real undertaking on our part to come to their aid if they are attacked. This was the principle implicit in the Vandenberg resolution of last June, which the State Department took as its text in yesterday's statement. We cannot under the Constitution commit ourselves to go to war without a declaration by Congress. We can, however, make it clear that this country and its people will act if there is "any armed attack by an aggressor nation upon a peace-loving nation" whereby we judge our own security to be endangered.

The State Department let it be known that we would not be disposed to furnish military equipment to nations which will not come into the proposed North Atlantic defense pact. This is fair enough. Those who reap the benefits should take the risks. Another delicate problem will be the balance between economic aid and military aid. It is good to know that our Government still holds that "economic recovery is fundamental and should continue to have priority over rearmament."

As this statement was given out, Secretary Marshall, who will retain that title until next Thursday, was about to take off for a vacation in Puerto Rico. The principles announced are his and are a tribute to his intelligent and devoted service to his country. They are also the principles the prospective new Secretary of State, Dean Acheson, will uphold. We hope public opinion here and elsewhere will realize that in preparing for a united defense the democratic nations desire peace.

Nothing whatever in this new document threatens Russia or any one of Russia's allies. We are simply proposing to stand our ground and within the democratic areas build up a free and nonaggressive civilization.



Mr. WATKINS. Mr. President, I ask unanimous consent that the article by Constantine Brown, appearing in the Washington Evening Star of March 27, 1949, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AGREEMENT IS WORTHLESS WITHOUT ARMAMENT PLAN—ATLANTIC ALLIANCE DRAFTERS AND MILITARY MEN CONVINCED TREATY MUST BE BACKED BY MIGHT TO BE OF ANY VALUE

(By Constantine Brown)

Unless the Atlantic Pact, which is expected to be ratified by a substantial majority of the Senate, is implemented by appropriations for the purchase of equipment for western Europe's projected ground forces, it will remain a dead letter and simply an expression of pious wishes, just like the Kellogg-Briand Pact to outlaw war and many other treaties and agreements signed since World War I.

This is the considered opinion not only of the framers of the alliance in the White House and the State Department but also of some military men, who are skeptical of the willingness of the peoples of western Europe to use the equipment we send them.

#### TAXPAYERS' ANGLE

Most Members of Congress have open minds on this subject. Some hold the definite opinion that neither the Italians nor the French would make a better showing against the Russians than they made in World War II—the French against the Germans and the Italians against the Americans, British, and French.

Others consider it likely that under the weight of an invasion by Asiatics, the men of western Europe will fight better, and with more determination, than in the last war. Finally, there is a group in both Houses of Congress which hopes that the Atlantic Pact, in which America pledges itself in advance to fight a future aggressor, together with adequate military preparations, will act as a deterrent on the men in Moscow.

All Members of the Senate and House, however, are concerned over how much of the taxpayers' money will be required for precautionary measures which, in the last analysis, may lead to an armed clash with the U. S. S. R. They all have a vague idea about the gigantic sums which must be expended in the event of a third world war.

For the time being there are no definite plans for the outlay of money in rearmament of western Europe. Whatever estimates exist for the size of the western European defense force, and for the time to be spent in creating a combat force, remain a military secret. But from available figures it is estimated that the cost of equipment alone for each armored division created in western Europe will be about \$250,000,000.

According to unofficial reports, the high command of the Western European Union at Brussels considers that it needs at least 60 divisions in order to make a good showing against the vastly superior number of troops held in readiness by the U. S. S. R. and its satellites.

#### SUPPLY UNIFORMS, TOO?

Of these 60 divisions a minimum of 15 must either be armored or motorized forces. That is to say, the American taxpayer will be called on to provide some \$3,750,000,000 for the equipment of these 15 divisions alone. Of course, this does not take into account the gasoline needed for the training of personnel to man the tanks. The upkeep of officers and enlisted men, together with the ammunition required for training, would be paid, it is hoped, by the respective European governments.

The other 45 divisions of the western European ground forces would be provided, partially at least, with artillery and machine guns, as well as communications material, radar, and other instruments which are produced in very limited quantities on the other side of the Atlantic.

The organization of the desired force will require, under the best possible conditions, between 3 and 5 years, and a rough guess is that we will have to put up for this rearmament program of our new allies somewhere between \$12,000,000,000 and \$15,000,000,000.

Added to an estimated \$15,000,000,000 for the balance of the European recovery program, this sum brings to nearly \$30,000,000,000 the expenditure to be required of American taxpayers for western Europe's recovery and security during the next 4 years.

The first question which arises in the mind of every Member of Congress is whether the taxpayer will be able to stand the burden which the administration may feel impelled to impose—without our economic and social structure breaking down.

The second question—of equal importance—is whether, unless we accept this burden, Europe will fall prey to Russia's expansionism, and whether, if Europe does fall to Russia, our own security will be further threatened.

One other question which comes to the minds of Congressmen who in recent years have studied the international situation first hand is whether the precautions we are now planning to take against possible aggression across the Atlantic will be sufficient without taking some definite steps also to secure our defenses in the Pacific.

We are undertaking to defend our European allies not only on their own territories but also in Algeria. The western European nations which look to us for all possible assistance have not promised anything, according to the wording of the pact as it stands, to assist in defense if Russia should strike at the United States or at other nations in the Pacific and Indian Ocean areas.

It is conceded by those officials and legislators who are studying western Europe's defensive rearmament that the economy of this country will be heavily burdened by this new and inevitable expenditure. It is agreed by all those who have studied present conditions in Europe that unless we proceed to the physical rearmament of the western European Union the Atlantic Pact will be a dead letter. Our refusal to provide the necessary arms, even on a smaller scale than western Europe envisages, will play into the hands of Communist agitators better than if we had never agreed to enter an alliance.

The Communists will say not only that America is ready to sacrifice millions of lives and watch impassively the havoc of a new war in Europe, but also that the money-minded Americans refuse to give their "victims" even the most essential means of fighting in their own defense.

#### TREATY COULD BOUNCE

The Communists will revive the story of the real causes for the defeat of the French armies in 1940, which they ascribe solely to the lack of adequate modern military equipment, and will say that America aims to destroy Europe.

American refusal to implement the Atlantic pact after its ratification by the Senate may cause the treaty to boomerang. It will be difficult, therefore, for Members of Congress to reject a request for appropriation for military supplies for western Europe. What worries American military men, who are lukewarm to the idea of sending large quantities of military equipment to Europe, is whether the French and Italians who comprise the projected ground forces have enough fight left in them to make good use of costly American war material.

There seems to be no doubt among American military men that the British will make good and determined soldiers. But they seem to be uncertain about the fighting qualities of continental Europeans.

Some American military experts contend that after a perfunctory defense continental Europe will seek safety in surrender. This opinion is by no means general. Some of our high-ranking officers believe that the French, for instance, fought poorly against the Nazis not only because the latter had better armament and a devastatingly superior air force, but because the French soldiers had an inferiority complex about their German opponents.

#### ITALY'S CASE DIFFERENT

Conditions are different in Italy, where the soldier of modern times has fought indifferently in wars of aggression—against the Arabs in Cyrenaica, against the Ethiopians both in 1886 and 1935, and against the Greeks, the French, the British, and ourselves in World War II.

It is possible, however, that in a defensive war, in which they may have to oppose the hordes of an atheistic, totalitarian government, the Italian soldier may give a better account of himself. Whereas under Mussolini the Fascist ideology took precedence, since the war the population of Italy once more has turned strongly toward the church. This change may be an important factor in the ability of the Italians to resist the anti-Christian forces.

These are purely psychological conditions, but have to be taken into account in the general estimate as to the willingness of western European governments to make good use of American war material.

What stands out forcefully today in the minds of those who carefully analyze the pros and cons of supporting the nations of western Europe with military equipment is that if we refuse to accept what may become a dreadfully heavy burden, the Atlantic Treaty will never be anything but a pious wish, and the real purpose for which it has been negotiated—the defense of Europe as a means to our own defense—will be defeated more decisively than if we had never entered such an alliance.

#### EXHIBIT 1

##### GREAT BRITAIN—U. S. S. R.

TRADE AND PAYMENTS AGREEMENTS BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS

Moscow, 27th December, 1947

No. 1. Protocol of Agreement Between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Union of Soviet Socialist Republics on Questions of Trade and Finance

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Union of Soviet Socialist Republics, prompted by a sincere desire to ensure the development of Anglo-Soviet trade to their mutual advantage and attaching particular importance not only to the establishment of a short-term programme of supplies having the object of facilitating the satisfaction of current needs of both countries but also to the development of Anglo-Soviet trade on a long-term basis, have, through their respective trade delegations appointed for that purpose, reached the understandings embodied in the Annex to the present Protocol.

The present Protocol together with its Annex shall come into force on the date of signature.

In faith whereof the undersigned, duly authorized to that effect, have signed the present Protocol.



Done in Moscow, 27th December, 1947, in duplication both in the English and Russian languages and both texts being equally authentic.

MAURICE PETERSON.  
A. MIKOYAN.

ANNEX TO THE PROTOCOL OF AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM AND NORTHERN IRELAND AND THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS OF 27TH DECEMBER, 1947

PART A.—SHORT-TERM ARRANGEMENTS

Article I

There will be made available from the Union of Soviet Socialist Republics to the United Kingdom the following goods in accordance with the terms and conditions of the contract which has been concluded between Vsesojuznoje Objedinenije "Export-khleb" on the Soviet side and the Ministry of Food on the British side.

Grain—

Out of the 1947 harvest (for delivery during a period of eight months from 1st February, 1948, to 30th September, 1948, inclusive)—

450,000 metric tons barley.  
200,000 metric tons maize.  
100,000 metric tons oats.

Article II

The Government of the United Kingdom will ensure the supply from the United Kingdom to the Union of Soviet Republics of the following goods in accordance with the contracts to be concluded between Vsesojuznoje Objedinenije "Promsyroiimport" on the Soviet side and the Ministry of Supply or the appropriate British manufacturers on the British side and the agreement already reached between the two Parties in respect of prices and periods of delivery:—

Light rails with fishplates, bolts and nuts for narrow-gauge railway: 25,000 English long tons (including not less than 10,000 English long tons from new production and the balance from United Kingdom military surpluses) and in addition 10,000 English long tons from any further United Kingdom military surpluses which may become available during the year 1948 in the United Kingdom and overseas.

Article III

A.—(i) The Soviet economic organisations and the appropriate British firms will conclude contracts for supplying from the United Kingdom to the Union of Soviet Socialist Republics equipment mentioned in the attached Schedules I and II. The Government of the United Kingdom has indicated in these Schedules the prospective dates of delivery of the equipment in question.

The Government of the United Kingdom recognising the importance for the economy of the Union of Soviet Socialist Republics of the equipment mentioned undertakes to afford all possible aid for ensuring that the contracts between the Soviet economic organisations and the appropriate British firms for the delivery of the equipment in question shall be signed in good time and carried out by the prospective dates of delivery specified in the Schedules. For this purpose the Government of the United Kingdom will as necessary use any of the powers exercised by it in such matters, in particular with regard to the giving of permission to the supplying firms to acquire the materials necessary for the orders.

(ii) It is understood that the buyers and suppliers may agree to earlier dates of delivery. In such an event the Government of the United Kingdom will do their utmost to apply the facilities under the preceding subparagraph in respect of the contracts concerned.

B.—(i) Both sides being desirous of extending trade between the two countries are agreed that apart from the carrying out of deliveries provided for in Article II and paragraph (A) of this Article corresponding negotiations will immediately be commenced with the object of supplying to the Union of Soviet Socialist Republics wool, rubber, aluminium, cocoa beans, coffee and other goods to be agreed.

The Government of the United Kingdom for its part declares its readiness to facilitate the supply of such goods through the appropriate trade channels.

(ii) Both Governments in the near future will enter into additional negotiations concerning the question of obtaining supplies of tin to the Union of Soviet Socialist Republics.

C. In the event that by 31st May, 1948, the total value of Soviet orders placed for equipment provided for in the above-mentioned Schedules I and II does not reach half of the whole value of this equipment, then the Government of the Union of Soviet Socialist Republics will have the right to reconsider its undertaking relating to the making available to the United Kingdom of the last 200,000 tons out of the 750,000 tons of grain mentioned in Article I. In reviewing the position on 31st May, 1948, the value of contracts actually concluded and prepared for concluding for the above-mentioned equipment will be taken into account.

PART B.—LONG-TERM ARRANGEMENTS

Article IV

The aim of the two Governments is to secure as soon as possible a balanced trade on an expanding basis between the United Kingdom and the Union of Soviet Socialist Republics, due account being taken of other transactions which enter into the balance of payments between the two countries.

The two Governments will appoint representatives who will meet not later than May 1948 for the following purposes:—

(i) to review the payments position between the two countries resulting from shipments made and orders placed under the preceding Articles of this Agreement and from other financial transactions between the two countries;

(ii) to draw up in the light of this review a balanced programme of shipments between the two countries consisting of—

(a) further supplies of the goods enumerated in Articles I, II and III and in the Schedules I and II mentioned in Article III; and of

(b) supplies of the following goods—

(1) from the Union of Soviet Socialist Republics to the United Kingdom: Wheat, pulses, pit props, cellulose, canned goods;

(2) from the United Kingdom to the Union of Soviet Socialist Republics: Oilwell tubes, tinplate; and of

(c) such further goods as may be agreed; (iii) to arrange for the appointment of representatives who will as often as may be necessary, but in any case not less frequently than once a year, meet alternately in London and in Moscow to discuss the progress made in fulfilment of this Agreement and to make recommendations to the two Governments designed to improve, develop and widen the basis of trade between the two countries.

PART C.—FINANCIAL ARRANGEMENTS

Article V

I. The Government of the United Kingdom and the Government of the Union of Soviet Socialist Republics have agreed on the following amendments to the terms of the Agreement of 16th August, 1941<sup>(1)</sup> concerning mutual deliveries, credit and methods of payment:—

(a) As from 1st May, 1947, the interest payable on the amount of the advances outstanding under the Agreement of 16th Au-

gust, 1941, shall be calculated at the rate of one-half of one per cent. per annum; similarly the rate of interest on all further advances, including that of 1st August, 1947, will be one-half of one per cent. per annum.

(b) The Account mentioned in Article 5 of the Agreement of 16th August, 1941, shall be balanced as at 31st July, 1947, and at the end of every three months thereafter.

Amounts due from the Government of the Union of Soviet Socialist Republics for goods delivered and still intended for delivery from the United Kingdom under the Agreement of 16th August, 1941, will continue to be dealt with through this Account.

Any debit balance shall be discharged in sterling, to be paid to the Account by the Government of the United Kingdom by way of advances to the Government of the Union of Soviet Socialist Republics.

(c) As from 1st May, 1947, repayment of 50 per cent. of the amount of the advances then outstanding under the Agreement of 16th August, 1941, shall be made in twelve equal yearly instalments of which the first shall be paid at the end of the fourth year and the last at the end of the fifteenth year counting in each case from 1st May, 1947.

(d) The advance being made available as on 1st August, 1947 (in connection with the settlement of the Account on 31st July, 1947), as well as all advances to be made available in connection with future settlements of the Account under the Agreement of 16th August, 1941, shall be repayable in twelve equal yearly instalments of which the first shall be paid at the end of the fourth year and the last at the end of the fifteenth year, reckoned in each case from the date on which the advance was made.

(e) The Government of the Union of Soviet Socialist Republics shall have the right at any time to make repayments of advances before the due date of any instalment or instalments.

Except as modified by this Article the provisions of the Agreement of 16th August, 1941, shall remain in force.

II. The Government of the United Kingdom agrees to waive its claims for the repayment of the costs of all supplies and services to the Government of the Union of Soviet Socialist Republics during World War II, other than those arising out of the Ships' Expenses and Freights Agreement, as set out in the Exchange of Letters of 22nd June, 1942, between the British Embassy in the Union of Soviet Socialist Republics and the People's Commissariat for Foreign Trade in the Union of Soviet Socialist Republics.

PART D.—TRANSPORT ARRANGEMENTS

Article VI

Having regard to the considerable expansion of trade between the two countries which will result from the present Agreement and with a view to facilitating the transport of the goods concerned both Governments have agreed—

(a) to give their fullest support and co-operation in fostering the development of the shipping trade between the two countries and to refrain from actions tending to hinder arrangements to enable the shipping of each of them to participate on an equitable basis in the trade between the two countries.

(b) to grant facilities to enable their respective shipping organisations to engage immediately and thereafter periodically in direct negotiations in order to put into effect the principles set out in paragraph (a) of this Article.

These organisations will meet alternately in London and Moscow or as otherwise mutually agreed but not less often than once a year to consult in accordance with the needs of the trade.

MAURICE PETERSON.  
A. MIKOYAN.

<sup>1</sup> See Appendix.



## Schedule I (to article III of the annex)

## EQUIPMENT FOR DELIVERY FROM THE UNITED KINGDOM TO THE UNION OF SOVIET SOCIALIST REPUBLICS

Item No.	Description of equipment	Quantity or amount	Prospective period of delivery
1	Narrow Gauge 750-mm. Locomotives.....	1,100	75 in first two years from placing of order, 350 per annum thereafter. Complete in 2¾ years from commencement of delivery.
2	Flat Trucks, 750-mm.....	2,400	Commence 18 months after placing of order at 25 a month. This rate will increase to 100 a month and the delivery period will cover approximately 2¼ years.
3	Winches (2 and 3 Drums).....	2,400	Commence 12 months after placing of order. Delivery at rate of 1,000 units in 1949 and 1,400 units in 1950. One-half will be fitted with electric motors.
4	Excavators.....	210	In 1948, 30 units; in 1949, 60 units; in 1950, 120 units.
5	Caterpillar loading cranes (Diesel types in substitution for equivalent number of excavators).....	54	In 1948, 4 units; in 1949, 20 units; in 1950, 30 units.
6	Auto timber carriers.....	250	2 a week commencing 18 months after placing of order.
7	Tugs.....	14	In 1948—4 from surplus, 10 from new building starting 18 months after placing of order. Delivery one per month.
8	Dredgers.....	4	First—24 months after placing of order. Remainder at rate of 1 every 3 months.
9	Locomotives.....	200 units	Commence delivery in 21 months from placing of order and complete in further 18 months.
10	50-K. W. Mobile Diesel Electric Generators.....	150	15—4 months from placing of order. 135 in further 12 months.
11	Steam Power Turbine Stations, 500 K. W.....	24	First set would be delivered in 2½ years from placing of order and thereafter 1 set per month.
12	Plywood Equipment.....	£1,050,000 value	1949, £100,000 per annum; 1950, £200,000 per annum; 1951, £200,000 per annum, and after at the rate of £200,000 per annum.
13	Timber Mill Equipment.....	£400,000 value	1949, £50,000; 1950, £100,000; 1951, £100,000, and after at the rate of £100,000 per annum.

(Intld.) M. P.

(Intld.) A. M.

## Schedule II (to article III of the annex)

## EQUIPMENT FOR DELIVERY FROM THE UNITED KINGDOM TO THE UNION OF SOVIET SOCIALIST REPUBLICS

Item No.	Description of equipment	Quantity or amount	Prospective period of delivery
1	Scientific and Laboratory Apparatus.....	£150,000 value	In 1948-49.
2	Pile Drivers mounted on pontoons.....	4	Deliver first one in 2 years after placing of order and then one every 5 months.
3	Winding Gear.....	4 sets	Start in 2 years after placing of order and complete in further 6 months.
4	Electro Dredger.....	1	Delivery 2½ years after placing of order.
5	Ball Mills for Copper Ore Grinding.....	18	Start 2¼ years after placing of order. Deliver 4 mills a month.
6	Ball Mills for Grinding Apatite.....	8	Start 2¼ years after placing of order. Deliver 4 mills a month.
7	Rod Mills for Grinding Ores.....	3	Deliver in 2¼ years after placing of order.
8	Spiral Type Classifiers.....	8	Deliver in 2½ years after placing of order.
9	Gyratory Crushers.....	2	Deliver in 2 years after placing of order.
10	Railway Steam Cranes.....	3	Delivery 2 years after placing of order.
11	154-K. V. Voltage Transformers.....	48	Delivery to commence 2½ years after placing of order and complete in further twelve months.
12	Complete Distributing Sets (13.8 K. V.).....	6	Delivery to commence 2½ years after placing of order and complete in further six months.
13	Isolating switches (154 K. V.).....	45	Delivery to commence 2¾ years after placing of order and complete in further six months.
14	Oil Purifying Apparatus.....	10	Delivery to commence 2 years after placing of order and complete in further six months.
15	100-K. W. Electric Motors.....	300	Delivery to commence 2 years after placing of order at rate of 150 a year.

(Intld.) M. P.

(Intld.) A. M.

## NO. II. PAYMENTS AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS

(1)

Sir Maurice Peterson to M. A. Mikoyan  
BRITISH EMBASSY,  
Moscow, 27th December, 1947.

Monsieur MIKOYAN,

With reference to the recent consultations which have taken place between representatives of our two Governments, I have been instructed by my Government to propose that the following procedure relating to payments between the Union of Soviet Socialist Republics and the "Scheduled Territories" as defined in paragraph 6 (1) below and the use of sterling for payments between the Union of Soviet Socialist Republics and other countries should apply:—

1. All payments between residents of the Union of Soviet Socialist Republics and residents of the Scheduled Territories shall continue to be settled in sterling.

2. (a) As from 15th January, 1948, the existing Account at the Bank of England called the "State Bank of the Union of Soviet Socialist Republics No. 1 Account" shall be des-

ignated "State Bank of the Union of Soviet Socialist Republics No. 2 Account."

(b) As from 15th January, 1948, the existing "ordinary" undesignated accounts of the State Bank of the Union of Soviet Socialist Republics at the Bank of England and at the Moscow Narodny Bank, London, shall each of them be designated "State Bank of the Union of Soviet Socialist Republics No. 1 Account." Each of these accounts shall be a transferable account and they are hereinafter jointly referred to the "Transferable Accounts."

3. The Government of the United Kingdom shall not restrict—

(a) The availability of sterling standing to the credit of "Transferable Accounts" for making payments for current transactions to residents of such countries outside the Union of Soviet Socialist Republics and the Scheduled Territories as may be agreed between the Bank of England and the State Bank of the Union of Soviet Socialist Republics acting as agents for their respective Governments.

(b) The availability of sterling standing to the credit of the "Transferable Accounts" and of any Union of Soviet Socialist Republics Account as defined in paragraph 6 (1) below for making payments to other resi-

dents of the Union of Soviet Socialist Republics or to the residents of the Scheduled Territories.

4. The Government of the Union of Soviet Socialist Republics shall not restrict the acceptance by residents of the Union of Soviet Socialist Republics of sterling at the disposal of residents of such other countries outside the Union of Soviet Socialist Republics and the Scheduled Territories as may be agreed between the Bank of England and the State Bank of the Union of Soviet Socialist Republics acting as agents for their respective Governments in settlement of payments for current transactions.

5. All transactions authorised by the State Bank for payment through the "Transferable Accounts" shall be in respect of current transactions.

6. For the purpose of these arrangements the expression—

(1) "The Scheduled Territories" shall have the meaning from time to time assigned to it under the United Kingdom Exchange Control Act, 1947.

(2) "Union of Soviet Socialist Republics Account" means any account so designated by the Bank of England under the United Kingdom Exchange Control Act, 1947.



I have the honour to suggest that the present letter and your reply should be regarded as constituting an agreement between the two Governments in this matter with effect from 15th January, 1948.

I avail, &c.

MAURICE PETERSON.

(2)

[Translation]

M. A. Mikoyan to Sir Maurice Peterson, Ministry of Foreign Trade of the U. S. S. R., Moscow, 27th December, 1947.

M. l'Ambassadeur,

Acknowledging receipt of your letter of to-day's date, I have the honour to inform you that the Government of the U. S. S. R. accepts the proposals set forth in that letter relating to payments between the U. S. S. R. and "the Scheduled Territories" and the use of pounds sterling between the U. S. S. R. and other countries.

Your letter and this answer will be considered as constituting an agreement between the two Governments, coming into force as from 15th of January, 1948.

I take this opportunity, &c.

A. MIKOYAN.

#### APPENDIX

#### AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS CONCERNING MUTUAL DELIVERIES, CREDIT AND METHODS OF PAYMENT

(Moscow, 16th August, 1941)

The Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the Government of the United Kingdom") and the Government of the Union of Soviet Socialist Republics, desiring to arrange for mutual deliveries and to provide for the associated payments, have agreed as follows:—

#### Article 1

(a) The Governments of the United Kingdom and of the Union of Soviet Socialist Republics have agreed to deliver goods to one another. Such mutual deliveries of goods shall be regulated by special lists to be agreed upon between the two Contracting Parties. Such lists may be supplemented or modified by agreement between the two Contracting Parties.

(b) In the event of either Contracting Party requesting the other to act as its agent in the purchase of any goods in third countries, such transaction shall not fall within the scope of this Agreement.

#### Article 2

Unless otherwise agreed in writing delivery of goods in accordance with Article 1 of this Agreement shall be taken:—

(a) in cases where shipment is made in vessels other than those of the seller, at the port of shipment; and

(b) in cases where shipment is made in the vessels of the seller, at the port of discharge.

#### Article 3

(a) The prices to be charged by the seller to the purchaser for the goods to be delivered in accordance with Article 1 of this Agreement shall be based on world prices. However, in regard to the price of any commodity in respect of which the Government of the United Kingdom have or shall have an agreement with the Government of any foreign country concluded after 2nd September, 1939, the Union of Soviet Socialist Republics shall receive treatment at least as favourable as that country.

(b) Prices shall in every case be calculated f. o. b. port of shipment, and the buyer shall pay the freight from such port onward and shall bear the risks of maritime transportation.

(c) All contracts shall be concluded in sterling, and prices which are normally quoted in United States dollars shall be converted into sterling at the official middle rate of exchange for United States dollars in London on the day on which the contract is concluded.

#### Article 4

The British Government War Risks Insurance Office and the Trade Delegation of the Union of Soviet Socialist Republics in the United Kingdom shall negotiate the insurance against marine and war risks of the goods purchased by Soviet organisations under the present Agreement, of the Soviet ships effecting the transportation of such goods, and also of gold and of such other cargoes and ships effecting the transportation of these cargoes belonging to the Union of Soviet Socialist Republics as may from time to time be agreed upon between the two Contracting Parties.

#### Article 5

(a) All payments between the United Kingdom and the Union of Soviet Socialist Republics for the deliveries provided for in this Agreement shall be made, upon receipt of advice that the delivery of the goods has been taken, in sterling through an Account in the name of the State Bank of the Union of Soviet Socialist Republics to be established at the Bank of England (hereinafter referred to as "the Account"). For this purpose, the Bank of England and the State Bank of the Union of Soviet Socialist Republics shall agree together upon the necessary technical measures for effecting payments hereunder.

(b) Repayment by the Government of the Union of Soviet Socialist Republics of existing indebtedness under the 1936 Export Credit Guarantee Agreement may also be made in each three-monthly period through the Account, up to the value of their deliveries of goods hereunder during that period.

(c) Such other payments may also be made through the Account as the two Banks, with the approval of their respective Governments, may from time to time agree.

#### Article 6

The Account shall be balanced on 31st October, 1941, and at the end of every three months thereafter. Any debit balance shall be discharged as follows:—

(a) As to 40 per cent. by sterling received by the State Bank of the Union of Soviet Socialist Republics from the sale to the Bank of England of United States dollars or of gold to be delivered at centres agreed upon between the Bank of England and the State Bank of the Union of Soviet Socialist Republics; or by delivery of platinum up to such amounts as the Government of the United Kingdom may from time to time specify, the sterling value of such platinum to be agreed between the two Governments.

Sales of United States dollars to the Bank of England shall be made at the official middle rate of exchange for United States dollars in London on the day of sale.

Unless otherwise agreed between the Bank of England and the State Bank of the Union of Soviet Socialist Republics, sales of gold to the Bank of England shall be made at the official price of gold in the United States of America on the day of sale, and the United States dollars shall be converted into sterling at the official middle rate of exchange for United States dollars in London on the day of sale.

(b) As to 60 per cent. in sterling to be paid to the Account by the Government of the United Kingdom by way of advance to the Government of the Union of Soviet Socialist Republics.

Any credit balance shall be at the free disposal of the State Bank of the Union of Soviet Socialist Republics.

#### Article 7

(a) The total of the advances outstanding made hereunder by the Government of the

United Kingdom to the Government of the Union of Soviet Socialist Republics shall not exceed the sum of 10 million pounds. When the total of the advances outstanding approaches the said 10 million pounds the Contracting Parties shall enter into negotiations for a further credit to be granted on the same terms and to be used for the same purposes as are laid down in this Agreement.

(b) The amount of each advance so made shall be repayable in sterling or United States dollars, at the option of the Government of the Union of Soviet Socialist Republics, in five equal yearly instalments, of which the first shall be paid at the end of the third year and the last at the end of the seventh year, reckoned in every case from the date on which the advance was made.

(c) Interest, reckoned in every case from the date on which the advance was made, shall be payable on the amount of the advances outstanding, half-yearly on 30th April and 31st October, at the rate of three per cent. per annum in sterling or United States dollars at the option of the Government of the Union of Soviet Socialist Republics.

(d) The conversion of sterling into United States dollars for the purpose of calculating payments under this Article shall be effected at the official middle rate for the United States dollar in London on the day on which payment falls due.

#### Final article

This Agreement shall come into force on the date of signature, and shall remain in force for the whole period of the utilisation of the credits and of the effecting of deliveries under this Agreement.

In witness whereof the undersigned, duly authorised by their respective Governments for that purpose, have signed the present Agreement and have affixed thereto their Seals.

Done at Moscow, in duplicate, the sixteenth day of August, nineteen hundred and forty-one, in English and Russian, both texts having equal force.

On behalf of the Government of the United Kingdom of Great Britain and Northern Ireland:

R. STAFFORD CRIPPS.

On behalf of the Government of the Union of Soviet Socialist Republics:

A. MIKOYAN.

#### EXHIBIT 2

#### GREAT BRITAIN-POLAND

#### TRADE AND FINANCE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF POLAND

Warsaw, 14th January, 1949

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Poland prompted by a sincere desire to ensure the development of Anglo-Polish trade to their mutual advantage and attaching particular importance to the development of Anglo-Polish trade on a long-term basis and to a settlement of the financial questions outstanding between the two countries have agreed as follows:—

#### Article 1

The Polish Government undertake to make available for export to the United Kingdom in the five-year period 1949 to 1953, and the Government of the United Kingdom undertake to purchase or to permit the import of, as the case may be, the quantities of food-stuffs set out in Schedules I to IV of Annex A to the present Agreement in the years specified therein.

#### Article 2

(a) The Polish Government undertake to make available for export to the United Kingdom in the year 1949 and in the three-year period 1949 to 1951, and the Government of the United Kingdom undertake to purchase or to permit the import of, the classes and quantities of timber specified in Annex



B (1) to the present Agreement. The contracting Governments will consult together in the autumn of 1949 and 1950 for the purpose of determining the quantities to be supplied in the years 1950 and 1951 respectively.

(b) The contracting Governments agree to facilitate and encourage the trade in timber between the United Kingdom and Poland so that Poland shall regain her traditional position as exporter of timber to the United Kingdom.

(c) In particular the Polish Government shall use their best endeavours to supply to the United Kingdom over the five-year period 1949 to 1953, out of the total quantities available for export or re-export, the classes of timber specified in Annex B (2) up to the quantities shown.

(d) The Government of the United Kingdom undertake to grant for the year 1949 import quotas to a value of £600,000 for Polish furniture and other wooden articles to be agreed between the contracting Governments. They will also ensure that the internal regulations in force in the United Kingdom governing the manufacture and sale of furniture and other wooden articles of the classes which shall have been agreed by the contracting Governments shall not discriminate against such goods when of Polish origin.

#### Article 3

The undertakings set out in Articles 1 and 2 of the present Agreement are subject—

(a) to price, type, specification and quality being satisfactory;

(b) to the terms of any contracts that may have been or may be concluded between the contracting Governments;

(c) in the case of foodstuffs to compliance with any health regulations in force in the United Kingdom where they are applicable; and

(d) in the case of goods imported otherwise than through Government channels, to application being made for an import licence.

#### Article 4

The quantities or values shown in the Annexes referred to in Articles 1 and 2 (a) of the present Agreement are minima unless otherwise specified and they may be increased from time to time by agreement between the contracting Governments.

#### Article 5

(a) The Government of the United Kingdom shall facilitate the supply to Poland of the following goods through the appropriate trade channels up to the quantities stated below and subject to agreement on prices:—

(i) Raw wool—£10 million in each of the years 1949 to 1953. In regard to this figure of £10 million any supplies which the Polish Government may purchase from other parts of the Commonwealth shall be taken into account. The Polish Government shall use their best endeavours to ensure that purchases are reasonably distributed over all qualities and types of wool.

(ii) Crude rubber—3,000 tons in 1949 increasing by 500 tons yearly to 5,000 tons in 1953.

(iii) Tinplate—300 tons in the period April to December 1949 and 300 tons in 1950, and in addition—

(a) in the year 1949, 400 tons of tinplate for packing 2,000 tons of canned meat for supply to the United Kingdom, and

(b) in each of the years 1949 to 1953 tinplate for packing frozen eggs for supply to the United Kingdom in the proportion of 300 tons of tinplate to 3,500 tons of frozen eggs.

(iv) Rubber conveyor belting—30 miles in each of the years 1949 to 1953

(v) Shellac—200 tons in 1949 rising to 400 tons in 1953

and in addition, the following goods assuming that Polish buyers are able to place orders for suitable types to meet their requirements.

(vi) Rubber tyres for cars and tractors—£125,000 in each of the years 1949 to 1953.

(vii) Dyestuffs of types for which United Kingdom export licences are normally granted—£250,000 in each of the years 1949 to 1953. In addition, the Government of the United Kingdom shall facilitate the supply of such dyestuffs to Poland during this period to the maximum extent possible within the available types and grades.

(viii) Spare parts for cars and trucks—£250,000 in each of the years 1949 to 1953.

(ix) Semi-manufactured copper goods—3,000 tons in each of the years 1949 to 1953 provided that purchases are reasonably distributed over the whole range of semi-manufactured copper goods.

(x) Wool rags for the textile industry of types for which export licences are normally granted—6,000 tons in each of the years 1949 to 1953.

(b) (i) The Government of the United Kingdom shall place no obstacles in the way of the supply to Poland of 180,000 tons of crude oil f. o. b. Middle East during 1949 rising by regular quantities to 250,000 tons in 1953. They will raise no objection to the supply of additional quantities of such oil, if they are commercially available, in the second half of 1949 and in the succeeding years up to and including 1953. The supply of such oil shall be in accordance with contracts to be arranged by the appropriate Polish organization and the United Kingdom oil companies.

(ii) The Government of the United Kingdom shall place no obstacles in the way of the Polish Government ordering in each of the years 1949 to 1953 reasonable quantities of sisal, manila and electrolytic nickel through London merchants, provided that payment is made in accordance with the normal United Kingdom exchange control procedure.

(iii) The Government of the United Kingdom shall place no obstacles in the way of the Polish Government obtaining in the year 1949 through the appropriate trade channels reasonable commercial quantities of ferrotungsten, ferro-vanadium and refined ferro-manganese.

(c) (i) The Government of the United Kingdom undertake that within such allocation as may be made to Poland for each of the years 1949 to 1953 by the Combined Tin Committee they will facilitate the supply to Poland of a quantity of tin not exceeding 1,000 tons per annum from sources within the Scheduled Territories within the meaning assigned from time to time to that expression under the United Kingdom Exchange Control Act, 1947.

(ii) The Government of the United Kingdom undertake that within such allocation as may be made to Poland by the International Emergency Food Council for each of the years 1949 to 1953 from sources within the Scheduled Territories (within the meaning assigned from time to time to that expression under the United Kingdom Exchange Control Act, 1947) they will facilitate the supply to Poland through the appropriate trade channels of cocoa, copra and oil seeds.

#### Article 6

The Government of the United Kingdom shall not prohibit the export to Poland of capital equipment produced in fulfilment of orders placed by or on behalf of the Polish Government with United Kingdom firms on or before the date of signature of the present Agreement.

#### Article 7

(a) The Government of the United Kingdom undertake to issue in the year 1949 licences upon application for the import from Poland of goods to be agreed from among those specified in Annex C to the present Agreement up to a total c. i. f. value of £2 million. This total shall include the quotas for Polish furniture and other wooden articles established in accordance with the provisions

of Article 2 (d) of the present Agreement. The contracting Governments agree that the individual quotas within this total shall be determined in London not later than 1st March, 1949.

(b) The Polish Government undertake to issue in the year 1949 import licences and to make available the requisite foreign exchange for the import from the United Kingdom of the goods specified in Annex D to the present Agreement up to the c. i. f. values shown.

(c) The contracting Governments agree that the import quotas referred to in paragraphs (a) and (b) of this Article shall come into operation simultaneously on a date not later than 15th March, 1949.

(d) (i) The contracting Governments have agreed to effect in each of the years 1950 to 1953 an exchange of miscellaneous goods of classes corresponding to those specified in Annexes C and D to the present Agreement, with additions or deletions to be agreed. For this purpose they shall enter into negotiations in the last three months of each of the years 1949 to 1952 with a view to making arrangements for such an exchange of goods for entry into force on 1st January of each of the years 1950 to 1953 respectively.

(ii) The quotas for Polish goods imported into the United Kingdom shall amount to a total of £9 million for these years but no quota for any one year shall exceed £2.4 million.

(iii) The quotas for United Kingdom goods imported into Poland shall amount to a total of £5.25 million for these years.

(e) The Polish Government shall authorise the purchase from the United Kingdom in 1949 of cured herrings to a value of not less than £400,000 and if possible to an increasing value in each of the years 1950 to 1953, in accordance with the requirements of Poland, the actual quantity to be negotiated by the contracting Governments each year. The contracting Governments agree that if the value of such purchases in any 1 year exceeds the value of Polish landings of white fish and sales of Polish frozen salmon in the United Kingdom in that year, the excess shall be taken into account as soon as possible in the fixing under the provisions of paragraph (d) of this Article of the Polish import quotas for United Kingdom goods.

#### Article 8

(a) The Polish Government place on record their intention to continue to purchase on at least the same scale annually as hitherto United Kingdom industrial products such as are specified in Annex E to the present Agreement.

(b) It is also their expectation that with the improvement in the economic situation of Poland they will be in a position to authorize within the arrangements provided for in Article 7 of this Agreement the import into Poland on an increasing scale of United Kingdom miscellaneous consumer goods.

#### Article 9

The Government of the United Kingdom take note of the wish of the Polish Government to place orders for capital equipment to the extent of £20 million beyond their current programme. They will continue to take whatever steps are open to them in the light of their general export policy to facilitate the placing of Polish orders for such capital equipment and are prepared to arrange for discussion with the Polish Commercial Counsellor in London or with the Polish Purchasing Mission in London of any particular order which the Polish Government wish to place.

#### Article 10

(a) In order to facilitate the purchase by the Polish Government of raw materials (mainly wool) on terms of payment not exceeding 90 days' credit, the Government of the United Kingdom undertake to raise no objection to arrangements being made in London for the grant or renewal of a re-



volving acceptance credit or credits up to a limit of £2.5 million, to be fully repaid by 31st December, 1949. The Government of the United Kingdom, through the Export Credits Guarantee Department, shall arrange that guarantees on normal terms as hitherto are given for this credit.

(b) The Government of the United Kingdom will be prepared to consider favourably the possibility of facilitating the renewal of this arrangement after 31st December, 1949.

(c) The Government of the United Kingdom undertake to raise no objection to the extension of the credit arrangements for the purchase of capital equipment which are now in force between the Polish Government or Polish financial institutions and London financial institutions, so as to provide that the credit permitted shall become a revolving credit within the existing limits of £6 million available up to 30th June, 1955, in addition to the revolving credit or credits up to a limit of £2.5 million referred to in paragraph (a) of this Article. The provisions of this paragraph shall not apply to orders placed after 31st December, 1951.

#### Article 11

In view of the facilities afforded to Poland under Article 5, 7, 9 and 10 of the present Agreement, and of the new possibilities for the import into the United Kingdom of Polish agricultural products under Article 1, the Polish Government have agreed with the Government of the United Kingdom upon the provisions of Articles 12 to 17 of the present Agreement.

#### Article 12

(a) Not later than 15th February, 1949, discussions shall begin in London between the Polish Government and the Government of the United Kingdom, together with representatives acting on behalf of the United Kingdom interests concerned and approved in that capacity by the Government of the United Kingdom.

(b) The purpose of these discussions shall be—

(i) to consider the possibility of replacing the arrangements set out in the Anglo-Polish Minute of 31st October, 1947,<sup>1</sup> concerning compensation for British interests, confirmed by the Exchange of Notes of 24th January, 1948,<sup>(2)</sup> by provision for the payment of a sum in sterling in satisfaction of the claims of British claimants as defined in Article 1 (b) of that Minute; and to determine the amount of that sum, and the dates on which it shall be paid;

(ii) to determine the sterling amount to be paid, and the dates on which it shall be paid, in respect of all forms of pre-war debts, public and private, in connexion with which it will be agreed that a liability of the Polish Government exists.

(c) The meeting-place for further discussions concerning the settlement of matters referred to in paragraph (b) (i) and (ii) shall be determined during the preliminary stages of the London discussions.

(d) The contracting Governments shall use their best endeavours to ensure that these discussions result in agreement by 30th September, 1949.

#### Article 13

(a) The Polish Government shall ensure that the National Bank of Poland instructs the Bank of England within thirty days of the date of entry into force of the present Agreement to open in the name of the National Bank of Poland an account at the Bank of England denominated "National Bank of Poland No. 3 Account."

(b) This account shall receive moneys provided under Articles 15 and 17, and out of this account shall be made such payments in respect of United Kingdom claims as may be agreed in pursuance of Article 12.

(c) The Polish Government shall arrange at the time when the National Bank of Poland No. 3 Account is opened that the Bank of England be given irrevocable instructions, in a form satisfactory to the Government of the United Kingdom, so as to secure the making of the payments mentioned in paragraph (b) of this Article.

#### Article 14

(a) The Custodian of Enemy Property in the United Kingdom (hereinafter referred to as "the Custodian") shall, on the request of the Polish Government, communicate to them as possible after 1st June and 1st December in each year, until a date to be agreed in accordance with the provisions of Article 16, the Custodian's estimate of the value of the money and property released by him in the preceding six months in accordance with the Anglo-Polish Money and Property Agreement<sup>2</sup> signed this day.

(b) The Custodian, in estimating the value of the money and property released by him shall use, and the Polish Government shall accept—

(i) in respect of all moneys held by the Custodian in his own account, the actual amount released by him;

(ii) in respect of bank balances held to the order of the Custodian, the actual amount of the bank balance on the date of release, as reported by the holding bank;

(iii) in respect of securities quoted in the London Stock Exchange Daily List of Officially Quoted Securities the mean of the quotation for each such security on the date of release by the Custodian, or if there is no quotation on that date, then on the next date on which there is a quotation;

(iv) in respect of gold coin and bullion, and of any foreign currency, the buying prices quoted by the Bank of England, and in respect of silver, the London market price quoted at the daily fixing, each on the date of release by the Custodian, or, if there is no such price or quotation on that date, then on the next date on which there is such a price or quotation.

(c) The Custodian, in estimating the value of the money and property released by him shall use—

(i) in respect of commercial debts, the amount of the debt as reported to him;

(ii) in respect of all other money and property released, except money and property of the kinds referred to in the preceding paragraph (b), the value as reported to him.

(d) The Polish Government may question any estimate made in accordance with the preceding paragraph (c) on the following grounds, evidence of which they shall communicate to the Custodian—

(i) in respect of commercial debts, either—

(a) that the debtor is bankrupt; or

(b) that the debtor is no longer in business; or

(c) that the debtor disputes his obligations;

(ii) in respect of other money or property released, except money and property of the kinds referred to in the preceding paragraph (b), that the value reported to the Custodian is greater than a reasonable estimate of the market value on the date of release.

(e) If the Polish Government produce evidence that the value of the money and property referred to in the preceding paragraph (c) which the Custodian used in his estimate was incorrect, his estimate of the value of the money and property released shall be reduced by an amount to be agreed between him and the Polish Government.

(f) If the Polish Government produce satisfactory evidence that any money or property referred to in the preceding paragraphs (b) and (c) released by the Custodian has not passed under the control of the Polish Government or of a person subject to Polish

exchange control regulations, then the amount payable by the Polish Government under the provisions of Article 15 of this Agreement shall be reduced accordingly.

#### Article 15

On receipt of the estimate to be communicated by the Custodian under the provisions of Article 14 (a) the Polish Government shall pay into the National Bank of Poland No. 3 Account—

(i) forthwith, subject to the provisions of Article 14 (f), the equivalent of the total sum estimated by the Custodian to be the value of the money and property of the kinds referred to in Article 14 (b) released by him in the preceding six months;

(ii) immediately after agreeing with the Custodian any necessary adjustments in accordance with the provisions of Article 14 (e) and (f) the equivalent of the total sum then estimated by the Custodian to be the value of the money and property of the kinds referred to in Article 14 (c) released by him in the preceding six months.

#### Article 16

The obligations of the Custodian under the provisions of Article 14 (a) and those of the Polish Government under Article 15 shall continue until the Custodian has released all money and property which he has reason to believe may belong to Polish persons within the meaning of the Anglo-Polish Money and Property Agreement signed this day, or until the contracting Governments agree that these obligations shall cease. The contracting Governments shall discuss not later than 30th June, 1951, the possibility of terminating these obligations.

#### Article 17

(a) In each of the years 1951 to 1953 the Polish Government shall pay into the National Bank of Poland No. 3 Account three and three-quarters per cent. of the sterling proceeds based on the f. o. b. value of all retained imports from Poland into the United Kingdom during those years plus 10 per cent. of the sterling proceeds based on the f. o. b. value of all retained imports from Poland into the United Kingdom during those years of the goods referred to in Annex F.

(b) Payments under paragraph (a) of this Article shall be made by the Polish Government by quarterly instalments on 31st March, 30th June, 30th September and 31st December of each of the years 1951 to 1953 in accordance with the provisions of paragraph (c) except that on 31st March, 1951, the payment to be made to the said account by the Polish Government shall be £400,000 which sum shall be taken into account in determining the total amount for 1951 due in accordance with paragraph (a) above.

(c) The amount of each quarterly payment to be made under paragraphs (a) and (b) of this Article shall be calculated upon the basis of the figures for the quarter immediately preceding that in which payment is due to be made as prepared by the Government of the United Kingdom and extracted from the declared value of the United Kingdom imports from Poland as published in the Accounts relating to the Trade and Navigation of the United Kingdom and supplemented where practicable by a detailed analysis of such figures, less a deduction of ten per cent. for freight and other appropriate charges. The amount so calculated shall be communicated to the Polish Government not less than fourteen days before it is due to be paid under paragraphs (a) and (b) of this Article.

(d) In the first quarter of each of the years 1952 and 1953 the final amount due in respect of each of the years 1951 and 1952 respectively shall be determined by agreement between the contracting Governments and the difference between the amount so determined and the amount actually paid under paragraphs (a) and (b) of this Article shall be compensated accordingly by increasing or

<sup>1</sup> "Treaty Series No. 23 (1948)," Cmd. 7403.

<sup>2</sup> "Treaty Series No. 10 (1949)," Cmd. 7627.



reducing the payment to be made in the second quarter of each of the years 1952 and 1953 respectively. In respect of the amount due for the year 1953 the adjustment shall be made by agreement between the contracting Governments one month after the final statement of declared value in accordance with paragraph (c) of this Article has been communicated to the Polish Government.

#### Article 18

In the event of the denunciation or expiry of the Anglo-Polish Payments Agreement of March 1948<sup>1</sup> and of no agreement being reached for its replacement by a new Payments Agreement, the contracting Governments will review the position as it affects the present Agreement.

#### Article 19

(a) The contracting Governments agree to refrain from discriminatory action and unnecessary restrictions affecting shipping engaged in international trade.

(b) If a multilateral agreement aiming at the removal of discriminatory action and unnecessary restrictions affecting shipping engaged in international trade to which the contracting Governments are parties comes into force the provisions of the foregoing paragraph (a) shall be regarded as superseded by the provisions of any such multilateral agreement.

(c) The contracting Governments agree that at the request of either of them, officials of the two Governments shall meet in order to determine whether the shipment of goods by sea between the two countries has been carried on in accordance with the principle of non-discrimination between their two flags

and to take any measures which may be necessary with a view to avoiding the recurrence of any difficulties which may have occurred.

#### Article 20

The contracting Governments agree that during the period of validity of the present Agreement meetings of a committee of officials representing the two Governments shall take place by agreement as may be necessary for the purpose of reviewing the progress of the trade between the two countries, of examining any difficulties which may arise and of suggesting solutions for their removal. Such meetings shall be supplementary to, and are not intended to replace, the existing channels of communication between the two Governments on matters arising out of the present Agreement.

#### Article 21

(a) The present Agreement shall come into force on the date of signature and subject to the provisions of paragraph (b) of this Article shall continue in force until 31st December, 1953.

(b) Articles 13, 15 and 17 shall remain in force until the obligations thereunder have been fulfilled. The date of termination of these Articles shall be decided by agreement between the contracting Governments.

In faith whereof the undersigned, duly authorised to that effect, have signed the present Agreement.

Done in Warsaw, 14th January, 1949, in duplicate in the English and Polish languages, both texts being equally authentic.

D. ST. CLAIR GAINER.  
H. MINC.

#### ANNEX A

##### SCHEDULE I—Ministry of Food purchases for which contracts will be negotiated to the end of 1953

[Figures in thousand long tons throughout]

	1949	1950	1951	1952	1953
1. Bacon*	20	30	40	50	60
2. Eggs—shell—(boxes)*	(435,000)	(620,000)	(860,000)	(1,110,000)	(1,200,000)
frozen*	3.5	5	7	8	8
3. Cheese†	.3	1	2	3.5	5
4. Butter†		.5	2	5	10
5. Lard†		.5	.6	.8	1

\* The Heads of Agreement to be in accordance with the terms of letters exchanged between the two Governments.

† Target figures only: the contracting parties will discuss further when export surpluses arise.

##### SCHEDULE II—Items on which individual minimum import quotas will be granted up to the end of 1953, or where appropriate, for which the Ministry of Food will contract annually

[Figures in thousand long tons throughout]

	1949	1950	1951	1952	1953
6. Frozen salmon	0.5	0.7	0.8	0.9	1
7. Fruit pulp	.9	1.5	2	2.5	3
8. Onions	25	35	45	50	60
9. Canned meat	2	2.5	3	3.5	4
10. Bacon factory products—					
Maws and chitterlings	1.65	1.87	2.1	2.27	2.45
Hog casings	.2	.23	.25	.28	.3
11. Canned fish (in varieties to be agreed)	.1	.13	.16	.18	.2
12. Poultry—					
Turkeys	.8	1.1	1.5	1.7	2
Geese, ducks, hens, and chickens	5.5	6.6	7	8.1	8.1
Years beginning 1st April					
13. Pulses	3	5	5	5	5
14. Starch	15	10	10	10	10†
Years ending 30th September					

† A similar figure is agreed for the 1953 campaign.

\* "Treaty Series No. 12 (1948)," Cmd. 7352.

##### SCHEDULE III—Items for which a minimum over-all import quota of £500,000 will be given for each of the 5 years subject to upward revision annually

(a) Items for which individual minimum quotas within the over-all total are established for 1949:

	Figures in £'000 throughout 1949
15. Bilberries (including red and dried)	250
16. Game	25
17. Canned peas and beans	12
18. Tomato powder	11
19. Preserved and salted mushrooms	10
20. Fruit juices	40
21. Vodka, liqueurs	17
22. Sugar and chocolate confectionery	30
23. Seasoned meat	75

(b) Items without individual minimum quotas but which may be imported within the total for this group:

24. Miscellaneous—specified below <sup>1</sup>	140
25. Miscellaneous—not specified elsewhere	10

Total..... 600

To the extent that licenses are under-applied for on some items, the value of licenses for other items may be increased by mutual agreement.

<sup>1</sup> Per annum 1949-53.

<sup>2</sup> 1950-53 for annual negotiation.

<sup>3</sup> Agricultural seeds. Fresh vegetables—cauliflowers, cucumbers, horse radish, asparagus (subject to seasonal limitations). Frozen vegetables—peas and beans, onions, pickles, small pickles. Canned vegetables—other than cucumbers. Fresh fruit—cherries, strawberries, wild berries. Frozen fresh fruit—cherries,

strawberries, raspberries. Fruit salads—peaches, pears, cherries. Frozen eels. Dried mushrooms. Cucumbers in barrels in brine. Pro Memoria: Canned hams (for annual consideration; no imports in 1949).

##### SCHEDULE IV—Items subject to annual and ad hoc arrangements

(a) Minimum quantities now established for 1949:

	Tons
26. White fish	5,000
27. Feed barley (ex-1949 crop)	30,000
28. Malt (ex-1949 crop)	4,000

(b) No minimum quantities established:

29. Oats—The Ministry of Food may be a buyer of Polish oats and will be willing to consider samples and availabilities after each harvest.

<sup>1</sup> Licenses will be granted on application in the ratio of 1 ton for every 7 tons of feed barley contracted by the Ministry of Food.

#### ANNEX B (1)

(SEE ARTICLE 2 (A))

##### Imports of timber from Poland

	1949	1949-51
Softwood ('000 standards)	70	270
Sleepers ('000 pieces) (redwood, to usual British Railways specification)	50	50
Pitprops ('000 fathoms)	30	200
Oak staves (cubic meters)	300	1,400
Plywood (cubic meters)	300	900
Hardwood (cubic meters)	10,000	23,000
Pulpwood ('000 fathoms) (white wood, fully barked and basted)	25	120

#### ANNEX B (2)

(SEE ARTICLE 2 (C))

##### Target deliveries of certain classes of timber from Poland in the 5-year period, 1949-53

Softwood ('000 standards)	450
Pitprops ('000 fathoms)	275

#### ANNEX C

(SEE ARTICLE 7 (A))

I. Textiles: Cotton fabrics (book cloth and mattress ticking included), woolen fabrics, rayon fabrics, plush and hangings, ready-made clothes (workers' clothes, trousers, shirts, etc.), carpets, woolen covers and rugs, handhand-made cloth (home-spuns); woolen yarn worsted and carded, haberdashery, curtains.

II. Chemicals: Sodium chloride, calcium chloride, caustic potash, charcoal, arsenic (white), thallium sulfate, montan wax, turpentine.

III. Wood and wood manufactures: Joinery furniture, joinery chairs, bentwood chairs and armchairs, bentwood coat stands, chair seats, plywood wet glued, plywood dry glued, block boards, joiners' work for buildings (flush doors and block-board doors), ready-made parquet and flooring strips, oak barrel sets and staves, redwood barrels for herrings, boxboard sets, picture frames gilded and silvered, wooden fancy goods, domestic woodware (kitchen and household articles, dowels, and bungs, etc.), baskets (for soft fruit), wood wool of softwood, willows, willow goods.

IV. Metals and manufactures: Enamelware, galvanized buckets, cast-iron enamel goods, zinc containers for small batteries, zinc sheets.

V. Glass, china, cement: Window glass, carboys, bottles, table glassware, lighting glass, table china, cement.

VI. Miscellaneous: Bristles, feathers and down, medicinal herbs, matches, buttons, Christmas-tree ornaments, toys, fancy art goods, gloves, casein.

And other items to be agreed



## ANNEX D

(SEE ARTICLE 7 (B))

	£'000
1. Private motorcars.....	50
2. Mechanical handling trucks and equipment.....	50
3. Commercial vehicles (special types).....	100
4. Garage servicing equipment.....	30
5. Trailers.....	10
6. Motorcycles.....	25
7. Cinematograph equipment.....	60
8. Still cameras and accessories.....	5
9. Drawing instruments, mathematical instruments, and slide rules.....	10
10. Calculating and adding machines.....	10
11. Duplicators.....	40
12. Clocks and watches.....	5
13. Road rollers.....	10
14. Industrial laundry machinery.....	10
15. Industrial sewing machines.....	10
16. Domestic sewing machines.....	5
17. Clothing-cutting machines.....	5
18. Cloth spreaders.....	5
19. Domestic refrigerators.....	5
20. Small tools.....	65
21. Portable power tools.....	80
22. Grinding wheels.....	10
23. Silk yarn, threads, and fabrics.....	10
24. Waterproofs.....	5
25. Tobacco pipes.....	2
26. Sports equipment.....	25
27. Sensitized photographic material.....	20
28. Artists' materials.....	5
29. Books, dictionaries, and encyclopedias.....	20
30. Maps.....	5
31. Newspapers and periodicals.....	10
32. Cutlery.....	5
33. Razors and blades.....	3
34. Toilet preparations.....	10
35. Pharmaceuticals and alkaloids.....	75
36. Proprietary remedies.....	15
37. Dental equipment and deaf aids.....	25
38. Polishing rouge.....	5
39. Musical instruments and gramophone records.....	10
40. Bakelite and Trolit powder.....	5
41. Laminated plastic materials.....	10
42. Moulded plastic goods (industrial and domestic).....	25
43. Linoleum and felt base.....	25
44. Paints.....	15
45. Printing inks.....	5
46. Special varnishes.....	30
47. Cotton yarns and wool tops (except merino).....	25
48. Canvas hose pipes.....	10

## ANNEX E

(SEE ARTICLE 8)

Small pumps (standard); gages and measuring instruments; divers' equipment; concrete mixers and vibrators; agricultural tractors; machinery for ink, paint, and varnish manufacture; electrical measuring instruments; fire-fighting equipment; light-house equipment; pesticides and disinfectants; hoists and winches; commercial refrigerators; brake bands, linings, and parts; ship's measuring equipment; standard laboratory instruments and apparatus; radio equipment, parts, and industrial electronics; rubber hoses, sheets, and tubes.

## ANNEX F

(SEE ARTICLE 17)

1. The goods specified in schedule III of annex A.
2. The goods specified in annex C.
3. Farina.
4. Onions.
5. Fruit pulp.

## EXHIBIT 3

[From the Evening Star of March 27, 1940]

NEW POLICY LEADS AWAY FROM PAST INDIFFERENCE—SENATOR LODGE BELIEVES CONSULTATIVE PLAN OF SIMILAR NATURE WOULD HAVE DISCOURAGED KAISER AND HITLER

(By Senator HENRY CABOT LODGE, JR., member of the Senate Foreign Relations Committee)

There is no use in blinking the fact that the North Atlantic security treaty represents a new departure for the United States. It not only commits us to a policy, which, though moderate, is new. It also takes us away from a very definite old policy of disinterest in the affairs of Europe.

But when we look at the facts of life how can we doubt the wisdom of proclaiming a change which history itself has made inevitable? Until the development of high-powered aviation, an attack on the United States had to be made by sea and could therefore be thwarted by the Navy, which in a very real sense was the first line of defense. Also there used to be a large number of real military powers in Europe. This is not true in the same sense today. The wall between us and the Soviets does not consist of large military establishments of European states.

## DOES NOT INCREASE RISK

What can we lose by embarking on this North Atlantic Pact and these schemes for military aid to western Europe? Obviously we lose the time and treasure which all these efforts cost. But do we in any way increase the risk of war when we say that we will consult with each other if armed attack begins? Clearly we do not. I submit that if there was an armed attack on western Europe that we would not, could not, and should not sit idly by. We would, I am sure, react, and I hope, react with effect.

When we agree to consult, therefore, and to take "such action as we deem necessary, including the use of armed force," we add nothing to what we would have to do in case of an armed attack which might occur without a treaty being in existence.

To put it another and a better way, the North Atlantic Pact and the proposed measures for military aid may make it unnecessary for us ever to use this "uniforce" about which we talk, think, and work so much. I do not believe I am being visionary.

Moreover, I believe that if such a consultative arrangement had been in existence in 1914 that the Kaiser would not have started what we call World War I. I believe that if such an arrangement had been in existence in 1939 Hitler would not have started World War II. I submit that the arrangement (the North Atlantic security pact) which we are now considering, would not only make it far more likely that we would win a new war, if, tragically, it did occur, but that it very much lessens the likelihood that some one will start World War III.

If it has this consequence, it will indeed have been the cheapest bottle of preventative medicine that the American people ever bought.

## MARSHALL AWAKENED US

It is almost 4 years since the fighting in Europe stopped. Unfortunately, the ability which produced those armed forces and gained a victory was not equalled by our preparedness for the end of hostilities. Our unpreparedness for peace, coupled with a nearly complete prostration of Europe, created a vacuum. Into that vacuum stepped the gaunt figure of communism, apparently determined to set up a godless world dictatorship.

General Marshall's speech at Harvard in 1947 awakened us. We began to take the lead. It has become an accepted bipartisan American policy to favor the integration of the countries of western Europe. Those are the countries in which the individual is considered to be worth while, and to be the master, rather than the servant, of the state. We favor the integration by economic, by military and by political methods. We encourage the elimination of tariff barriers in Europe. We speak favorably of setting up a unified European armed force. We dream of a United States of Europe. The order in which I have stated these steps represents, I think, the order in which they will come. Certainly the political integration epitomized by a United States of Europe is far in the future.

Recent steps have been taken looking toward both economic and military integration in western Europe. It is to the latter that I wish particularly to direct attention. We Americans support this movement toward integration, because we think it is best for the nations of Europe, best for us, and, in the long run, best for the world if there arises a third force of approximately equal population and strength with the two great world powers of today—the United States and Soviet Russia—such a third force would contribute greatly to world stability. The alternative—a Balkanized Europe—is certain poverty and misery for the Europeans and the likelihood of war. As separate little countries they are at the mercy of an invader. United they would be a prosperous and powerful organization of human beings.

## IMPORTANT QUESTIONS

The whole policy of our country is directed toward avoiding war. But if war should come it is only natural and proper for us to hope that we would have some friends, some allies who would be fighting on our side. We shall not shirk our duty or evade the obligation of giving everything we have to any future conflict if it comes. But, candidly, we simply have not the manpower to carry the whole burden of a future war alone.

We in the Senate are, therefore, considering a treaty—the North Atlantic security treaty—pledging consultation in the event of an armed attack. This will be followed by a bill providing practical means for strengthening the capacity to resist aggression leveled against the signatory states. This means helping the development of a western European armed force. Without committing myself to any particular bill, it can be said it would be strongly in the interests of the United States and of world stability for us, under the proper conditions, to give help to such a force.

There are questions to which satisfactory answers must be given, however. First, is the proposed pact, a device to spread war by providing that if one country gets into war it automatically pulls all the other nations in with it? The answer is "No." The pact calls for consultation, which is all that any country can honorably promise. The second question is whether American military leaders enthusiastically vouch for the pact. The answer to that is "Yes."

Still another question is whether we are ready to meet reaction to such a pact in non-participating countries. I believe we are. A fourth question arises over a supreme command on which all the member nations can agree. I think such a command is to be seen in the development of Uniforce—that western European army with headquarters at Fontainebleau in France, which has made encouraging progress.



## WILL OF THE SOLDIER

We must be sure, too, that the governments involved in setting up this armed force be free from Communists insofar as top secret military matters are concerned. We must know that these same governments are strong enough to provide the foundation of civil and economic power which is essential to a healthy military organization. Such strength is gaining, thanks in large part to the Marshall plan. There must be complete proof that the participating nations are willing to pledge their manpower in regularly organized military units.

It is essential that we know how much we can afford to send abroad in relation to our own Military Establishment and our own solvency. Let it be set down that there is not one word or sentence in the Atlantic Pact which commits the United States to the ruination or militarization of our own economy by incurring armament expenditures either for ourselves or for other nations.

The final question is the will to fight of the individual soldier in these western European countries. This will to fight is at the bottom of every good military organization. In Europe this will to fight depends fundamentally on the extent to which Europe unifies itself. I believe that this quest for unity in the military sense is off to a good start and that we can have great expectations for the future.

I do not believe that all our hopes for the human race can be stated in military terms. The Communist philosophy cannot be defeated with bullets. Nor can mankind find a way out of its misery by economic aid alone, marvelous and hopeful though the Marshall plan may be. It is to the everlasting credit of mankind that it cares about that for which it lives more than it cares about the mere act of keeping alive. We must therefore make our Christian doctrine of the dignity of man an article of export. It is the most thrilling doctrine in the world if we would only take the trouble to state it to ourselves and others as earnestly as the Communists have done with their 10-cent, tin-horn doctrine.

## EXHIBIT 4

[From the New York Times of March 24, 1949]

## ATLANTIC PACT MAY REQUIRE BRUSSELS TREATY CHANGES—TWO DEFENSE ACCORDS CALL FOR DIVERGENT OBLIGATIONS ON WESTERN UNION RULES

(By C. L. Sulzberger)

PARIS, March 23.—Although the North Atlantic defense pact is not yet a binding document, its strongest European supporters already are legally bound to defend each other against aggression under the Brussels Treaty, which created the Western Union.

As a result of that alliance an integrated headquarters modeled on Gen. Dwight D. Eisenhower's supreme headquarters of the Allied Expeditionary Forces has been established in Fontainebleau by the Army, air, and naval staffs of Britain, France, Belgium, the Netherlands, and Luxembourg.

It is purely a planning body. Its function is to ascertain how best to defend the continental territories of the participating powers—four of which incidentally are possessors of large overseas empires—with the military potential available to them.

No hint has yet reached this headquarters concerning the alterations to this planning function that may be required by the obligations assumed under the Atlantic Pact by the Brussels powers.

## OBLIGATIONS OF PACTS DIFFER

These powers will now become members of two alliance networks with the same fundamental defensive philosophy, but with certain potentially different types of obligations.

The Brussels Treaty provides for automatic action. An attack against one member immediately obligates the signatories to military action defending the victim. The Atlantic Pact specifies no such clear-cut automatic action in article 5.

The Brussels Treaty concerns only the continental territories of the signatory powers and the United Kingdom. The Atlantic Pact includes French Algeria.

There is some speculation now as to whether in the future it may be found convenient to amend some aspects of the Brussels Treaty or at least to expand the membership of the Western Union to include future continental members of the Atlantic Pact.

One technical point may have to be ironed out. By reading articles 2 and 4 of the Atlantic Pact in conjunction with each other it is possible to deduce that the signatory powers are obliged to protect each other's democratic institutions by consulting with a view to action if internal aggression threatens a member's security.

## BRUSSELS PACT NONPOLITICAL

The Brussels Treaty, considering no such indirect threats, is strictly nonpolitical. Thus, theoretically, Britain would be in a dual position vis-à-vis France if the latter were menaced by a Communist coup along the Czechoslovak lines.

Because of these complexities it would appear essential that the western-union nations must review their mutual continental obligations after the Atlantic Pact has been signed. Uniforce, as the Fontainebleau planning headquarters is known, would then presumably have to review its plans in light of the new conditions.

As it is, the officers of five nations gathered here are still concerned only with drawing up defense programs in terms of the available force. This force is limited at present, according to London reports, to seven combat divisions but it is hoped to raise this number to 36.

If Italy or other proposed Atlantic Pact members eventually joined the western union it would completely alter the present plans by expanding the geographical pledges. Presumably something also would have to be done to bring together the differing commitments with respect to Algeria under the two treaties.

Even before these problems descend upon Fontainebleau, this headquarters has enough long-term headaches. For example, no French Government appears yet to have faced the issue of whether it will be worth reconstructing at least part of the expensive Maginot line.

With the existing commitments of France in north Africa and above all in French Indo-China it is difficult to envisage any speedy increase in the number of divisions France can promise the western union for continental use.

## EXHIBIT 5

## TREATY OF ALLIANCE IN THE WAR AGAINST HITLERITE GERMANY AND HER ASSOCIATES IN EUROPE AND OF COLLABORATION AND MUTUAL ASSISTANCE THEREAFTER CONCLUDED BETWEEN THE UNION OF SOVIET SOCIALIST REPUBLICS AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

His majesty the King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, and the Presidium of the Supreme Council of the Union of Soviet Socialist Republics;

Desiring to confirm the stipulations of the agreement between His Majesty's Government in the United Kingdom and the Government of the Union of Soviet Socialist Republics for joint action in the war against Germany, signed at Moscow on the 12th July, 1941, and to replace them by a formal treaty;

Desiring to contribute after the war to the maintenance of peace and to the prevention of further aggression by Germany or the States associated with her in acts of aggression in Europe;

Desiring, moreover, to give expression to their intention to collaborate closely with one another as well as with the other United Nations at the peace settlement and during the ensuing period of reconstruction on the basis of the principles enunciated in the declaration made on the 14th August, 1941 by the President of the United States of America and the Prime Minister of Great Britain to which the Government of the Union of Soviet Socialist Republics has adhered;

Desiring, finally, to provide for mutual assistance in the event of an attack upon either High Contracting Party by Germany or any of the States associated with her in acts of aggression in Europe.

Have decided to conclude a treaty for that purpose and have appointed as their Plenipotentiaries:—

His Majesty The King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India,

For the United Kingdom of Great Britain and Northern Ireland: The Right Honourable Anthony Eden, M. P., His Majesty's Principal Secretary of State for Foreign Affairs;

The Presidium of the Supreme Council of the Union of Soviet Socialist Republics: M. Vyacheslav Mikhailovich Molotov, People's Commissar for Foreign Affairs,

Who, having communicated their Full Powers, found in good and due form, have agreed as follows:—

## PART I

## Article I

In virtue of the alliance established between the United Kingdom and the Union of Soviet Socialist Republics the High Contracting Parties mutually undertake to afford one another military and other assistance and support of all kinds in the war against Germany and all those States which are associated with her in acts of aggression in Europe.

## Article II

The High Contracting Parties undertake not to enter into any negotiations with the Hitlerite Government or any other Government in Germany that does not clearly renounce all aggressive intentions, and not to negotiate or conclude except by mutual consent any armistice or peace treaty with Germany or any other State associated with her in acts of aggression in Europe.

## PART II

## Article III

(1) The High Contracting Parties declare their desire to unite with other like-minded States in adopting proposals for common action to preserve peace and resist aggression in the post-war period.

(2) Pending the adoption of such proposals, they will after the termination of hostilities take all the measures in their power to render impossible a repetition of aggression and violation of the peace by Germany or any of the States associated with her in acts of aggression in Europe.

## Article IV

Should one of the High Contracting Parties during the post-war period become involved in hostilities with Germany or any of the States mentioned in Article III (2) in consequence of an attack by that State against that Party, the other High Contracting Party will at once give to the Contracting Party so involved in hostilities all the military and other support and assistance in his power.

This Article shall remain in force until the High Contracting Parties, by mutual agreement, shall recognise that it is superseded by the adoption of the proposals contemplated in Article III (1). In default of the adop-



tion of such proposals, it shall remain in force for a period of twenty years, and thereafter until terminated by either High Contracting Party, as provided in Article VIII.

#### Article V

The High Contracting Parties, having regard to the interests of the security of each of them, agree to work together in close and friendly collaboration after the reestablishment of peace for the organization of security and economic prosperity in Europe. They will take into account the interests of the United Nations in these objects, and they will act in accordance with the two principles of not seeking territorial aggrandisement for themselves and of non-interference in the internal affairs of other States.

#### Article VI

The High Contracting Parties agree to render one another all possible economic assistance after the war.

#### Article VII

Each High Contracting Party undertakes not to conclude any alliance and not to take part in any coalition directed against the other High Contracting Party.

#### Article VIII

The present Treaty is subject to ratification in the shortest possible time and the instruments of ratification shall be exchanged in Moscow as soon as possible.

It comes into force immediately on the exchange of the instruments of ratification and shall thereupon replace the Agreement between the Government of the Union of Soviet Socialist Republics and His Majesty's Government in the United Kingdom, signed at Moscow on the 12th July, 1941.

Part I of the present Treaty shall remain in force until the re-establishment of peace between the High Contracting Parties and Germany and the Powers associated with her in acts of aggression in Europe.

Part II of the present Treaty shall remain in force for a period of twenty years. Thereafter, unless twelve months' notice has been given by either Party to terminate the Treaty at the end of the said period of twenty years, it shall continue in force until twelve months after either High Contracting Party shall have given notice to the other in writing of his intention to terminate it.

In witness whereof the above-named Plenipotentiaries have signed the present Treaty and have affixed thereto their seals.

Done in duplicate in London on the 26th day of May, 1942, in the English and Russian languages, both texts being equally authentic.

ANTHONY EDEN.  
V. MOLOTOV.

#### EXHIBIT 6

#### TREATY OF ALLIANCE AND MUTUAL ASSISTANCE BETWEEN THE USSR AND THE FRENCH REPUBLIC

The Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics and the Provisional Government of the French Republic, determined to prosecute jointly and to end the war against Germany, convinced that once victory is achieved, the reestablishment of peace on a stable basis and its prolonged maintenance in the future will be conditioned upon the existence of close collaboration between them and with all the United Nations; having resolved to collaborate in the cause of the creation of an international system of security for the effective maintenance of general peace and for insuring the harmonious development of relations between nations; desirous of confirming the mutual obligations resulting from the exchange of letters of September 20, 1941, concerning joint actions in the war against Germany; convinced that the conclusion of an alliance between the USSR and France corresponds to the sentiments

and interests of both peoples, the demands of war, and the requirements of peace and economic reconstruction in full conformity with the aims which the United Nations have set themselves, have decided to conclude a Treaty to this effect and appointed as their plenipotentiaries:

The Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics—Vyacheslav Mikhailovich Molotov, People's Commissar of Foreign Affairs of the USSR

The Provisional Government of the French Republic—Georges Bidault, Minister of Foreign Affairs

Who after exchange of their credentials, found in due form, agreed upon the following:

#### ARTICLE I

Each of the high contracting parties shall continue the struggle on the side of the other party and on the side of the United Nations until final victory over Germany. Each of the high contracting parties undertakes to render the other party aid and assistance in this struggle with all the means at its disposal.

#### ARTICLE II

The high contracting parties shall not agree to enter into separate negotiations with Germany or to conclude without mutual consent any armistice or peace treaty either with the Hitler government or with any other government or authority set up in Germany for the purpose of the continuation or support of the policy of German aggression.

#### ARTICLE III

The high contracting parties undertake also, after the termination of the present war with Germany, to take jointly all necessary measures for the elimination of any new threat coming from Germany, and to obstruct such actions as would make possible any new attempt at aggression on her part.

#### ARTICLE IV

In the event either of the high contracting parties finds itself involved in military operations against Germany, whether as a result of aggression committed by the latter or as a result of the operation of the above Article III, the other party shall at once render its every aid and assistance within its power.

#### ARTICLE V

The high contracting parties undertake not to conclude any alliance and not to take part in any coalition directed against either of the high contracting parties.

#### ARTICLE VI

The high contracting parties agree to render each other every possible economic assistance after the War, with a view to facilitating and accelerating reconstruction of both countries, and in order to contribute to the cause of world prosperity.

#### ARTICLE VII

The present treaty does not in any way affect obligations undertaken previously by the high contracting parties in regard to third states in virtue of published treaties.

#### ARTICLE VIII

The present treaty, whose Russian and French texts are equally valid, shall be ratified and ratification instruments shall be exchanged in Paris as early as possible. It comes into force from the moment of the exchange of ratification instruments and shall be valid for 20 years. If the treaty is not denounced by either of the high contracting parties at least one year before the expiration of this term, it shall remain valid for an unlimited time; each of the contracting parties will be able to terminate its operation by giving notice to that effect one year in advance.

In confirmation of which, the above plenipotentiaries signed the present treaty and affixed their seals to it.

Done in Moscow in two copies, December 10, 1944.

On the authorization of the Presidium of the Supreme Soviet of the USSR

MOLOTOV

On the authorization of the Provisional Government of the French Republic

BIDAULT

#### EXHIBIT 7

[From the Washington Times-Herald of March 28, 1949]

#### KEFAUVER CALLS ATLANTIC PACT END OF AMERICAN SHARE IN UN

(By Bob Considine)

Side glances at celebrities:

Senator KEFAUVER, the scholarly young man who beat the Crump machine and won a seat in the upper House, tells friends that the impending Senate ratification of the Atlantic Pact will be the most important step this country has ever taken in a time of peace and will mark our abandonment of the UN.

"It is an infinitely more important document than the covenant of the League of Nations and the Charter of the United Nations," he says. "It means that isolation is no longer a policy of the United States. It is our final recognition that we cannot stay out of European wars."

"By signing it we are abandoning the United Nations Organization, but I feel no especial regret. UN just isn't enough to preserve the peace. Nor should we worry about Russia's criticism of the pact on the ground that it is inconsistent with the promises we made as a UN signatory. It is inconsistent, but we should remind Russia of the 22 pacts it has made which are equally inconsistent."

He will plug for all-out endorsement of the pact, or none at all. KEFAUVER predicts that Russia will attempt to take over control of UN by watering down its use of the veto and making overtures to pro-United States nations not invited to join in the pact.

"You can say what you want about the pact," the Tennessean says, "but if one like it had been in existence 10 years ago Hitler would not have dared to make his move."

#### EXHIBIT 8

[From the Evening Star of March 27, 1949]

#### NORTH ATLANTIC PACT BEST INSURANCE FOR PEACE IF BACKED UP BY STEEL—AGREEMENT IS WORTHLESS WITHOUT ARMAMENT PLAN— ATLANTIC ALLIANCE DRAFTERS AND MILITARY MEN CONVINCED TREATY MUST BE BACKED BY MIGHT TO BE OF ANY VALUE

(By Constantine Brown)

Unless the Atlantic Pact, which is expected to be ratified by a substantial majority of the Senate, is implemented by appropriations for the purchase of equipment for western Europe's projected ground forces, it will remain a dead letter and simply an expression of pious wishes, just like the Kellogg-Briand Pact to outlaw war and many other treaties and agreements signed since World War I.

This is the considered opinion not only of the framers of the alliance in the White House and the State Department but also of some military men who are skeptical of the willingness of the peoples of western Europe to use the equipment we send them.

#### TAXPAYERS' ANGLE

Most Members of Congress have open minds on this subject. Some hold the definite opinion that neither the Italians nor the French would make a better showing against the Russians than they made in World War II—the French against the Germans and the Italians against the Americans, British, and French.

Others consider it likely that under the weight of an invasion by Asiatics, the men of western Europe will fight better—and with more determination—than in the last war.



Finally, there is a group in both Houses of Congress which hopes that the Atlantic Pact—in which America pledges itself in advance to fight a future aggressor—together with adequate military preparations, will act as a deterrent on the men in Moscow.

All Members of the Senate and House, however, are concerned over how much of the taxpayers' money will be required for precautionary measures which, in the last analysis, may lead to an armed clash with the U. S. S. R. They all have a vague idea about the gigantic sums which must be expended in the event of a Third World War.

For the time being there are no definite plans for the outlay of money in rearmament of western Europe. Whatever estimates exist for the size of the western European defense force, and for the time to be spent in creating a combat force, remain a military secret. But from available figures it is estimated that the cost of equipment alone for each armored division created in western Europe will be about \$250,000,000.

According to unofficial reports, the high command of the Western European Union at Brussels considers that it needs at least 60 divisions in order to make a good showing against the vastly superior numbers of troops held in readiness by the U. S. S. R. and its satellites.

#### SUPPLY UNIFORMS, TOO?

Of these 60 divisions a minimum of 15 must either be armored or motorized forces. That is to say, the American taxpayer will be called on to provide some \$3,750,000,000 for the equipment of these 15 divisions alone. Of course, this does not take into account the gasoline needed for the training of personnel to man the tanks. The upkeep of officers and enlisted men, together with the ammunition required for training, would be paid, it is hoped, by the respective European governments.

The other 45 divisions of the western European ground forces would be provided partially at least, with artillery and machine guns, as well as communications material, radar, and other instruments which are produced in very limited quantities on the other side of the Atlantic.

The organization of the desired force will require, under the best possible conditions, between 3 and 5 years, and a rough guess is that we will have to put up for this rearmament program of our new Allies, somewhere between \$12,000,000,000 and \$15,000,000,000.

Added to an estimated \$15,000,000,000 for the balance of the European Recovery Program, this sum brings to nearly \$30,000,000,000 the expenditure to be required of American taxpayers for western Europe's recovery and security during the next 4 years.

The first question which arises in the mind of every Member of Congress is whether the taxpayer will be able to stand the burden which the administration may feel compelled to impose—without our economic and social structure breaking down.

The second question—of equal importance—is whether, unless we accept this burden, Europe will fall prey to Russia's expansionism, and whether, if Europe does fall to Russia, our own security will be further threatened.

One other question which comes to the minds of Congressmen who in recent years have studied the international situation first hand is whether the precautions we are now planning to take against possible aggression across the Atlantic will be sufficient without taking some definite steps also to secure our defenses in the Pacific.

We are undertaking to defend our European Allies not only on their own territories but also in Algeria. The western European nations, which look to us for all possible as-

sistance, have not promised anything, according to the wording of the pact as it stands, to assist in defense if Russia should strike at the United States or at other nations in the Pacific and Indian Ocean areas.

It is conceded by those officials and legislators who are studying western Europe's defensive rearmament that the economy of this country will be heavily burdened by this new and inevitable expenditure. It is agreed by all those who have studied present conditions in Europe that unless we proceed to the physical rearmament of the Western European Union the Atlantic Pact will be a dead letter. Our refusal to provide the necessary arms, even on a smaller scale than western Europe envisages, will play into the hands of Communist agitators better than if we had never agreed to enter an alliance.

The Communists will say not only that America is ready to sacrifice millions of lives and watch impassively the havoc of a new war in Europe, but also that the money-minded Americans refuse to give their victims even the most essential means of fighting in their own defense.

#### TREATY COULD BOUNCE

The Communists will revive the story of the real causes for the defeat of the French armies in 1940, which they ascribe solely to the lack of adequate modern military equipment, and will say that America aims to destroy Europe.

American refusal to implement the Atlantic Pact after its ratification by the Senate may cause the treaty to boomerang. It will be difficult, therefore, for Members of Congress to reject a request for appropriation for military supplies for western Europe.

What worries American military men, who are lukewarm to the idea of sending large quantities of military equipment to Europe, is whether the French and Italians who comprise the projected ground forces have enough fight left in them to make good use of costly American war material.

There seems to be no doubt among American military men that the British will make good and determined soldiers. But they seem to be uncertain about the fighting qualities of continental Europeans.

Some American military experts contend that after a perfunctory defense continental Europe will seek safety in surrender. This opinion is by no means general. Some of our high-ranking officers believe that the French, for instance, fought poorly against the Nazis not only because the latter had better armament and a devastatingly superior air force, but because the French soldiers had an inferiority complex about their German opponents.

#### ITALY'S CASE DIFFERENT

Conditions are different in Italy, where the soldier of modern times has fought indifferently in wars of aggression—against the Arabs in Cyrenaica, against the Ethiopians both in 1886 and 1935, and against the Greeks, the French, the British, and ourselves in World War II.

It is possible, however, that in a defensive war, in which they may have to oppose the hordes of an atheistic, totalitarian government, the Italian soldier may give a better account of himself. Whereas under Mussolini the Fascist ideology took precedence, since the war the population of Italy once more has turned strongly toward the church. This change may be an important factor in the ability of the Italians to resist the anti-Christian forces.

These are purely psychological conditions, but have to be taken into account in the general estimate as to the willingness of western European governments to make good use of American war material.

What stands out forcibly today in the minds of those who carefully analyze the pro-

and cons of supporting the nations of western Europe with military equipment is that if we refuse to accept what may become a dreadfully heavy burden, the Atlantic treaty will never be anything but a pious wish, and the real purpose for which it has been negotiated—the defense of Europe as a means to our own defense—will be defeated more decisively than if we had never entered such an alliance.

#### WARTIME RECORDS OF THE COMMODITY CREDIT CORPORATION

Mr. LUCAS. Mr. President, I ask unanimous consent that a letter dated March 29, 1949, from Secretary Brannan, of the Department of Agriculture, addressed to me, dealing with the colloquy that has been going on recently in the Senate concerning the Commodity Credit Corporation, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES  
DEPARTMENT OF AGRICULTURE,  
Washington, March 29, 1949.

Hon. SCOTT W. LUCAS,  
United States Senate.

DEAR SENATOR LUCAS: I wish to give you a brief statement of facts on the allegations made by Senator WILLIAMS on March 25 concerning the Commodity Credit Corporation. The Senator's comments refer to a report on the audit of the Commodity Credit Corporation as of June 30, 1945, which I understand the Comptroller General intends to make available to the Congress in the very near future.

Unfortunately, the statements made by the Senator are fragmentary in character and do not reflect the more complete discussion of these matters which, I am informed, will be contained in the audit report. Some of the most pertinent facts, from the point of view of the public interest, are not recognized by the Senator.

1. The \$350,000,000 was accounted for. It was a net book figure representing the results of some 2,000,000 transactions. The program was liquidated in accordance with plans known to and having the concurrence of GAO auditors, and resulted in a profit to the Corporation. It was not possible, however, because of wartime backlogs to furnish the auditors a detailed listing of amounts due the Corporation by name and address of debtors as of June 30, 1945. This apparently is what the Senator refers to.

2. There has been no charge or intimation of fraud or dishonesty on the part of any employee, or of loss to the Government.

3. The period covered by the report ended nearly 4 years ago, while the country was still at war.

The facts regarding these wartime problems are, of course, not new to the Congress. They were thoroughly covered in investigations conducted by Judge Tarver pursuant to House Resolution 50 in the spring of 1945, and they were dealt with again before the Senate Committee on Agriculture and Forestry in connection with hearings on S. 1322 a year ago.

Senator WILLIAMS is now, therefore, bringing up matters which have already been thoroughly investigated and on which full corrective action has already been taken.

I am enclosing a brief discussion of the facts about each of the points, as definitely as we can identify them, which have been raised by Senator WILLIAMS. We shall be glad to furnish any further information which may be desirable.

Sincerely yours,

CHARLES F. BRANNAN,  
Secretary.



Mr. LUCAS. Mr. President, I also have comments by persons in the office of the Secretary of Agriculture with reference to the statements made by the distinguished Senator from Delaware [Mr. WILLIAMS].

I ask unanimous consent that these matters be printed in the RECORD.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

**ATTACHMENTS TO SECRETARY BRANNAN'S LETTER OF MARCH 29, 1949, TO SENATOR LUCAS**

**LACK OF SUPPORT FOR GCP RECEIVABLES—SENATOR WILLIAMS' STATEMENT (CONGRESSIONAL RECORD, MARCH 25, 1949)**

"It has been reported to me, from sources which I consider very reliable, that over \$350,000,000 of receivables in the general commodities purchase program could not be supported or verified because of faulty accounting policies and poorly devised procedures" (p. 3254).

"I think it is well to know whether we can get an accounting of the \$350,000,000 which it is reported the books are out of balance" (p. 3255).

"Four years have elapsed, and if the Corporation cannot make a determination today closer than \$350,000,000 it is time the country knew about it. I desire to know as one, why that cannot be done" (p. 3255).

*Comment*

These statements pertain to operations under the general commodities purchase program conducted by the Corporation for the War Food Administration, which was subjected to a complete investigation under House Resolution 50 in December 1944. The report submitted by Mr. Tarver from the Committee on Appropriations on June 27, 1945 (Rept. No. 816, Union Calendar No. 238, 79th Cong., 1st sess.), contained a full disclosure of the condition of the records and financial statements of these operations.

These receivables largely represented unbilled deliveries under the lend-lease program, and were payable from Federal funds appropriated during the emergency period to the Lend-Lease Administration and its successor agencies. Shortly after July 1945, the Corporation undertook the task of liquidating the program on a reasonable and practicable basis. It was determined that due to the volume of transactions and the administrative costs involved, and since there would be no effect on the over-all interests of the United States Government, intra-governmental receivables would not be reviewed in detail by the Corporation. Other transactions were reviewed in detail. This determination was made following an interchange of correspondence with representatives of the General Accounting Office and discussion with various investigators from the House Committee on Appropriations during hearings on administrative expenses for lend-lease liquidation. The GCP program was liquidated with a net gain to the Corporation. A report as of June 30, 1947, on those actions was submitted to the General Accounting Office on September 24, 1947, and again on December 26, 1947 and in accordance with the request of the GAO, has been supplemented from time to time to show the progress in liquidating claims.

(The attachment referred to follows:)

DECEMBER 26, 1947.

MR. CLARK L. SIMPSON,  
Assistant Director,  
Corporation Audits Division,  
General Accounting Office,  
Washington, D. C.

DEAR MR. SIMPSON: In discussions as early as April 1946 with your office you concurred in our general approach to the problem of liquidating account balances reflecting GCP payables and receivables; and in your letter

of April 16, 1947, you concurred in our proposed plan to make no further investigation of transactions representing deliveries (1) under the lend-lease program prior to September 2, 1945 (VJ-day) and (2) under procurements made for other agencies of the United States Government, provided that it could be demonstrated that there will be no over-all loss to the United States Government.

A comprehensive report was forwarded to you September 23, 1947, with respect to the liquidation of the GCP accounts payable and accounts receivable and the adjustments in the accounts incident thereto. However, in view of our previous discussions and understandings, it is believed appropriate to also briefly summarize the project and its results.

As you know, the total activity during the period under discussion amounted to approximately \$8,000,000,000 and involved individual transactions running into the millions. The unit for inventory and accounting purposes was usually a carload of the commodity involved, so that when such unit is multiplied by the purchase, movements, storage, cost determination, sale, billing, and collection transactions which must be recorded in each instance, the magnitude of the total undertaking almost defies comprehension in terms of usual commercial undertakings.

During the war period and for some time thereafter it was not possible to maintain the accounting operations, including the accounts payable and accounts receivable, of the GCP program on a current basis. With respect to payables, deliveries by vendors and payments therefor based upon documentation called for by the contract were usually recorded currently as each event occurred but were not related to each other for the purpose of ascertaining and recording the normal adjustment for differences between estimated charges based upon shipping information and actual payments based upon certified documentary evidence of delivery.

With respect to receivables much the same situation existed, i. e., liftings based upon shipping information and bills and collections based upon certified documentation were each recorded as currently as possible as the events transpired but were not related to each other for the purpose of ascertaining and recording normal adjustments for differences between estimated lifting values and actual bills and collections. Since there were several million transactions involved in these accounts, it can readily be seen that by not making such adjustments currently the differences accumulated in the accounts and eventually grew into large dollar amounts, although perhaps not disproportionate to the billions of dollars of activity involved.

In order to determine the amount of these differences to be adjusted and also in order to determine as at June 30, 1947, the outstanding payables and receivables with respect to the GCP program, the procedure as outlined in our report of September 23, 1947, and as briefly summarized hereinafter was followed.

With regard to accounts payable, an abstract showing the detail of each delivery by the vendor and each payment by the Corporation was prepared for each contract. If this indicated deliveries which had not been paid for, the data were reviewed and audited with the documents and records reflecting the shipment and storage of commodities. Following this examination, the contracts which still appeared to reflect open items were forwarded to the field fiscal office which had made the payments for further reconciliation and verification. After this work was performed, current liquidations (payments) were verified with the remaining contracts. As of June 30, 1947, there remained only 42 contracts with balances totaling \$11,676,960.68 out of the billions of dollars of contracts involved on

which it was necessary to undertake a final verification for the purpose of determining the validity of the amounts carried as payables. The balance of the accounts payable reflected in the general books at June 30, 1947, prior to adjustment was \$72,843,595.19. Thus the net adjustment required to properly state the accounts was made in the amount of \$61,166,634.51 by reducing accounts payable with a corresponding reduction in cumulative cost of sales.

Should there be claims subsequently submitted by vendors for deliveries which were not included in the amounts established as payables, a complete examination will be made to assure the validity of such claims prior to payment. Also, in collaboration with the Office of Audit, Production and Marketing Administration, and your office a further verification is being completed with respect to the \$11,676,960.68 remaining on the books as of June 30, 1947.

With respect to the accounts receivable liquidation it was necessary to first balance the detail representing lot-by-lot shipments, invoices, and collections to the general ledger control accounts for the period March 1, 1944, through June 30, 1947. After the detail was balanced the transactions were segregated into groups so that detail verification could be made for the purpose of establishing amounts due from commercial customers, foreign governments, and lend-lease deliveries after VJ-day. In accordance with our plan concurred in by your office, we did not examine in detail the transactions representing lend-lease deliveries prior to VJ-day or deliveries to other government agencies since, as previously discussed, any overcharges or undercharges in lend-lease billings and collections prior to VJ-day will not affect lend-lease settlements with foreign governments and since any overcharges or undercharges to other government agencies will not result in any loss or gain to the Government as a whole. However, test checks were made in conformity with generally accepted audit principles, and the results of such test checks revealed that the invoicing and collection operations of the Corporation were generally satisfactory. In addition to the analysis and verification of outstanding accounts receivable which were developed from the detailed entries to the accounts, all shipments (involving over \$2,000,000,000) to cash-paying foreign governments and UNRRA were reconciled with the quantities invoiced and paid, in order to independently establish that any amounts owing and due to Commodity Credit Corporation from these claimants were billed and collected. The status of each contract balance was verified with the accounts prior to the closing of the books as at June 30, 1947, excepting for minor differences which were examined and adjusted in the books subsequent thereto. The results of this work were made available to your office for confirmation with the debtor or creditor in conjunction with your audit.

Adjustments were made as of June 30, 1947 of \$64,827,243.64 and \$31,842,483.09, respectively, to the general books to properly state accounts receivable—unbilled and accounts receivable—billed. Again, although the dollar amounts involved are large, they must be related to the billions of dollars of activity to get a perspective.

Abstracts of the accounts, work papers, supporting documents and files were accumulated during the progress of liquidation of the payables and receivables of the GCP program so as to provide your office with such data as required to verify the adequacy and accuracy of the work involved in this project. Also, the Office of Audit, PMA, is making an examination of the audit of UNRRA and Cash-Paying Foreign Government accounts referred to for the purpose of determining the accuracy of the work performed.



Consequently, we believe the action which was taken by the Corporation was in conformity with our mutual objective of seeking to avoid the incurring of unjustifiable administrative expense by the Corporation and the Government in the correction of wartime accounting deficiencies, but to exert all reasonable efforts in the collection of amounts from sources outside the United States Government.

Very truly yours,

K. A. BRASFIELD,  
Treasurer.

VERIFICATION OF INVENTORIES—SENATOR WILLIAMS' STATEMENT (CONGRESSIONAL RECORD, MARCH 25, 1949)

"The book value of the inventories held by the Corporation as of June 30, 1945, was in excess of \$1,000,000,000, but it has been reported to me that it was not possible to verify that amount physically" (pp. 3254-3255).

"Mr. President, the book value of the inventories held by the Corporation as of June 30, 1945, was in excess of \$1,000,000,000, but it has been reported to me that it was not possible to verify this amount physically."

"My experience in business has been that when the Government agent comes around to audit my account, I must verify every item. I see no reason why we should extend special exemption to the Government Corporation. If they cannot verify the inventory, let us find where the money went. If they can verify the inventory, the matter can be cleared up rapidly. If the charge is unfounded, I shall be the first to place that fact in the RECORD. I feel we should know the truth. I received this information from persons whom I believe to be reliable, and I believe the report to be correct. If I did not believe it to be correct, I would not be standing on the floor of the Senate at this time asking for the facts" (p. 3253).

Comment

The complexities of making a physical verification of approximately \$1,000,000,000 of commodity inventories as at any specific date during the war period is readily understandable in view of the nature of the Corporation's operations. A large volume of commodities held in inventory was evidenced by warehouse receipts issued by bonded warehouses. With respect to fungible commodities such as grain, oilseeds, etc., stored in public warehouses it would be impossible to take physical inventories as at any specific date of the portion against which receipts were held by the Corporation. In the case of processed and packaged commodities, purchases by the Corporation from the commercial vendors were delivered f. o. b. railway cars at shipping point or f. a. s. vessel. Therefore, huge quantities were always in transit to port, in pier storage, located on wharves for lifting, or in process of being lifted or aboard vessels, as of any specific date.

On March 12, 1945, the President of the Corporation, pursuant to a resolution approved by the Board of Directors on March 10, 1945, requested the General Accounting Office to take a physical inventory of processed commodities. This request was prompted by the realization of the Corporation that serious deficiencies existed in inventory-control procedures, which was indicated by the findings included in the report of the Committee on Appropriations on the investigation of the War Foods Administration, made in June 1945 to the Congress. The effectiveness of this endeavor was materially impaired by the factors explained above.

In the conduct of its day-to-day operations at the present time, the Corporation controls its inventory of all processed commodities on a lot-by-lot basis, and makes periodic verifications with respect to individual commodities, as conditions warrant. Generally

such verifications are made when commodity movements permit or at the end of the fiscal year. In the case of fungible commodities and other nonprocessed commodities, evidence of ownership is periodically verified through confirmation with warehousemen.

ACCURACY OF AMOUNT OF COTTON LOANS—SENATOR WILLIAMS' STATEMENT (CONGRESSIONAL RECORD, MARCH 25, 1949)

"In the case of certain other programs it was also impossible to support the recorded balances of receivables, particularly in the case of claims in the case of cotton loans held by the Corporation. It had made no effort to prove the accuracy of the total amount of loans and, therefore, I understand that the total amount of loans reported by the Federal Reserve banks, as custodians, could not be reconciled with the records of the Corporation. At least one duplication of over \$2,000,000 has been reported to me" (p. 3254).

Comment

The books of the New Orleans office of the Corporation did reflect \$2,329,485 as loans held by lending agencies as of June 30, 1945, in error, since these loans had previously been purchased by the Corporation. This error, of course, was subsequently corrected. The comment regarding the reconciliation of individual loan account balances refers to the inability of the New Orleans office to perform as of June 30, 1945, a reconciliation between punch-card cotton-loan records in that office, the records maintained by the Federal Reserve banks acting as custodians of cotton-loan documents, and the general ledger control balances of the New Orleans office. This situation existed as of the date stated over 3½ years ago, but has been corrected since.

The individual IBM bale card system was established primarily to facilitate the physical handling of the huge volume of cotton involved in the CCC loan and purchase programs, and worked well for that purpose. The CCC made loans on approximately 14,000,000 bales of 1940-44 crops of cotton, bought 2,600,000 bales of 1944 crop cotton, and acquired or pooled for producers approximately 9,500,000 bales of loan cotton after August 1, 1939. The problems involved in the record-keeping for as well as the physical handling of this volume of cotton were tremendous.

During the war the New Orleans office was handicapped by a limited number of trained personnel and inadequate accounting machine equipment. Consequently, some auditing and accounting functions, including the comparison and reconciliation of loan and accounting records of the New Orleans office and the Federal Reserve banks were not currently performed.

After 1945, concerted effort was expended toward eliminating all backlogs and balancing all accounts with related subsidiaries. Also, a detailed survey of the accounting system and procedures used was undertaken and a new over-all system was devised and placed into effect. This system worked satisfactorily under the tremendous work load of a 5,000,000-bale loan this year.

Mr. WILLIAMS. Mr. President, I wish to congratulate the Senator from Illinois for cooperating with me and procuring some of the information which I was seeking. I am glad the Secretary of Agriculture is cooperating with us and giving us an accounting in connection with the \$350,000,000 which has been discussed. I wish it had been done 4 years ago, so that the reports could have been submitted to the Congress in accordance with the law. It would have saved me a great deal of trouble. I am glad that they are now going to make an effort to account for it.

I notice, on the first page of the letter offered for the RECORD by the Senator from Illinois that they claim the \$350,000,000 has been accounted for. I am not saying it has not, but I wish the Secretary of Agriculture would tell the General Accounting Office of this alleged fact because as of 2 o'clock yesterday afternoon I was told by them that it was not accounted for, and that they could not support all the vouchers. The General Accounting Office is the agency of the Government which audits books, and that is the agency of Congress which has told me that their auditors had not been able to reconcile the items with the proper vouchers. This is March 1949, and we are speaking of what occurred in 1943, 1944, and 1945. The law provides that the records should be submitted on January 15 following each fiscal year beginning June 30. If the Secretary of Agriculture does have information as to how this \$350,000,000 was spent then let him convince the General Accounting Office. The information being inserted by the Senator from Illinois—a copy of which I have—certainly does not contain the information. All that is contained in these insertions is the opinion only of the Department of Agriculture and not of the General Accounting Office, whose responsibility, I repeat, is to audit these accounts and report to Congress.

I hope that the Department of Agriculture can give us an accounting for each and every item involved, and convince the General Accounting Office to that effect.

I notice that the Secretary claims on the first page of his letter, that the \$350,000,000 was accounted for, but that it "was not possible because of wartime backlogs, to furnish the auditors a detailed listing of amounts due the Corporation by name and address of debtors as of June 30, 1945."

This part of his statement, if I can understand the English language, contradicts itself.

On the second page of the Secretary's letter I notice a criticism of the fact of our bringing this matter up after it had been investigated 4 years ago. In other words, he does not deny it but implies the time limit should protect him. I was not a Member of the Senate 4 years ago. I have found out about this matter since I have been here, in the past 2 years. He should have convinced the General Accounting Office 4 years ago, because they have been working 4 years trying to get the answers, and still have not completed the task.

With reference to the lack of support for receivables amounting to over \$350,000,000 I notice that the Secretary says:

These receivables largely represented unbilled deliveries under the lend-lease program, and were payable from Federal funds appropriated during the emergency period to the Lend-Lease Administration and its successor agencies.

If that is true, they should very easily be able to reconcile those accounts. If it is a transfer from one Government agency to another Government agency, it should not be too much trouble to reconcile them.



The Senator from Illinois stated last night that possibly some of the shipments had been sunk. Surely there is a record of the sinking, if that be the case. It would be very simple to complete the transaction by charging it off accordingly.

In regard to the physical inventories, it was pointed out by the Accounting Office that the book value of the inventories of over a billion dollars in 1945 could not be reconciled with the physical inventory of that date. I read from page 5 of this insertion which the Senator from Illinois just put in the RECORD which gives the Secretary of Agriculture's explanation:

The complexities of making a physical verification of approximately \$1,000,000,000 of commodity inventories as at any specific date during the war period is readily understandable in view of the nature of the corporation's operations.

In other words, because there was a war going on, they claim they did not have a chance to reconcile the inventories. That is a very poor excuse for lack of accounting of the taxpayers' money. The taxpayer himself was held responsible when he could not always reconcile his accounts, war or no war. But we find the Government pleading that they could not reconcile their accounts because there was a war going on. They did not deny my statement.

I now read from page 7 of the Secretary of Agriculture's statement regarding the \$2,000,000 which was reported out of line. He explains that item as follows:

The books of the New Orleans office of the Corporation did reflect \$2,329,485 as loans held by lending agencies as of June 30, 1945, in error, since these loans had previously been purchased by the Corporation.

They proceed to say:

This error, of course, was subsequently corrected.

I call attention to the fact that prior to the time the War Food Administration took this Corporation over it was still the Commodity Credit Corporation, and had been such since 1933. Why had not this error been picked up and corrected before the War Food Administration took over? The mere fact that it was under other management prior to this error, is no answer. It is still not straightened out according to the General Accounting Office as of yesterday. They still do not have the full vouchers to follow through the transaction as required by the law.

I repeat, as I said before, that I am not making any accusation that there is anything wrong, because I am not in a position to do so. I am merely saying that the records have not been reconciled in the amount of over \$350,000,000 according to the General Accounting Office's own statement.

Mr. President, while we are dealing with explanations, I have another matter which I should like to straighten out with this corporation. I noticed that all during the last 12 months, when we were conducting a rather active political campaign, it was the boast of the administration that the Commodity Credit Corporation was operating at a profit. For instance, in a speech made on October

1, 1948, in Chicago the Secretary of Agriculture, Charles Brannan, made this statement:

The Government has not only lost nothing on the total of price supports during the past 15 years but has shown a net gain of \$250,000,000 on wheat, cotton, and corn.

In addition, the Department of Agriculture circulated bulletins throughout the country giving the impression that the Commodity Credit Corporation was making a profit on its operations. I shall read to the Senate a sample of this propaganda taken from a widely circulated Department bulletin dated September 1948, which says:

Recent Government losses and expenditures that have the effect of supporting prices are extremely small in relation to cash farm income—too small to have any appreciable effect on the inflation problem. Incidentally, Commodity Credit Corporation shows a lifetime profit rather than a loss.

I read another statement which was put out by the Department:

Support prices do cost some money sometimes, even though it is true that CCC at present has a lifetime profit rather than loss on this type of operation.

I now read another statement put out by the Department during this same period:

So far this discussion has centered chiefly on support prices of food commodities. Cotton and tobacco are basic agricultural commodities and the Department is also directed to support the price of wool. Support-price activities on recent crops of cotton have been minor and the net result of Commodity Credit Corporation price-support and export operations from 1933 through June 30, 1948, has been a gain of about \$183,000,000.

From these quotations I think it is clear that it was the intention of the Administration to give the American people the impression that in administering its agricultural programs through the CCC, it was actually making a profit for the taxpayers.

From my experience with the operations of this Corporation I could not understand that, because I knew that the Corporation was not set up to make a profit. It has been given a job to do by the Congress upon which it cannot make a profit, and if it conducts its operations properly I am not criticizing it. However, I think it is unfair to the American people to tell them the programs do not cost money, when in reality they are costing billions of dollars.

Knowing these statements were not true, I directed an inquiry to the Director of the Bureau of the Budget, as follows:

Would you please furnish me the net results, from a taxpayer's standpoint, of the operations of the Commodity Credit Corporation, since its inception in 1933 to the latest date you have available. \* \* \* It is not necessary that this information be broken down in any manner, since the only answer I am interested in at this time is the net profit or loss sustained by the Commodity Credit Corporation during its lifetime.

This is the reply from the Bureau of the Budget:

In answer to your letter of February 1, 1949, the net loss sustained by the Commodity Credit Corporation from its organization on October 17, 1933, through December 31, 1948, was \$2,146,930,367.

The Bureau of the Budget, in the same letter, called attention to the fact this above amount did not include the \$1,743,960,803 which the Corporation spent on section 32 funds, which made the total loss to the taxpayers for their 16 years' operations, \$3,880,891,170. This stupendous loss is quite a contrast to the untrue statements they made.

Mr. President, I ask that at this point there be printed in the RECORD the letter which I received from Mr. F. J. Lawton, Assistant Director of the Bureau of the Budget, confirming these figures.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington, D. C., February 16, 1949.  
HON. JOHN J. WILLIAMS,  
United States Senate, Washington, D. C.

MY DEAR SENATOR WILLIAMS: In confirmation of the telephone conversation with your office relating to your letter of February 9, you are correct in your understanding that the \$2,146,930,367 designated as the loss sustained by the Commodity Credit Corporation from the date of its organization through December 31, 1948, does not include the \$1,743,960,803 mentioned in the second paragraph of our letter as expenditures under section 32.

Yours sincerely,

F. J. LAWTON,  
Assistant Director.

Mr. WILLIAMS. Mr. President, the only way in which the Department of Agriculture can justify its statement that the Commodity Credit Corporation has, during its lifetime, operated at a profit is on the basis that it has counted as income the billions which have accrued to the Corporation either as direct appropriations or cancellation of notes. As proof of this statement I quote from the letter of explanation which I received from the Bureau of the Budget:

Because corporate funds have been replenished by congressional appropriations, the records of the Corporation show a surplus of \$52,544,719 on December 31, 1948.

I call these discrepancies, relating to the over-all costs of the agricultural program, to the attention of the Senate and the American people in order that when we consider the enactment of any new legislation we might have the true facts before us. When these false statements are known to the taxpayers I am sure they will remember and condemn the administration for misleading them upon such a vital issue affecting their welfare.

Mr. LUCAS. Mr. President, I desire to say that I want to congratulate the Secretary of Agriculture for getting up this information in order to satisfy the extraordinary curiosity of the distinguished Senator from Delaware.

Mr. WILLIAMS. I should like to say to the Senator from Illinois that I may yet have a little remaining curiosity, and shall continue to demand a full accounting.

Mr. AIKEN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. McCLELLAN in the chair). Does the Senator from Delaware yield to the Senator from Vermont?

Mr. WILLIAMS. I yield.



Mr. AIKEN. The Senator does not want to leave the impression, does he, that the loss to the Commodity Credit Corporation, which was quite large, was due wholly to the price support program?

Mr. WILLIAMS. No, definitely not.

Mr. AIKEN. That amount included the direct subsidies which were authorized by the Congress, and which, by cancellations of notes of the Treasury, accounted for a loss of \$800,000,000?

Mr. WILLIAMS. I am not sure the Senator's figures are correct.

Mr. AIKEN. I agree with the Senator from Delaware that that was not the way to do it. It should have been a direct appropriation by the Congress.

Mr. WILLIAMS. That is correct. But from a taxpayer's standpoint the overall net result was the loss. What I said was that in the future, when making reports of this nature to the farmers and to the American people, I think the Secretary of Agriculture should tell them exactly what it is costing, so they will know the price tags on these programs when they are going out, because many farmers have told me, "You need not be too concerned about the support programs, because the Commodity Credit Corporation has made a lot of money, and you fellows in Congress have not had to appropriate the money."

When statements are made that the Commodity Credit Corporation has made a profit rather than a loss, they are misleading. I hope the Secretary will clear that matter up, and make the situation plain to the American people.

Mr. AIKEN. I think the Senator will probably agree that a good share of this loss, possibly as much as \$2,000,000,000 of it, could more properly have been regarded as a consumer subsidy than as a loss incurred in farm operations. In other words, the payments were made to farmers and to processors while a ceiling was on their products in order to hold down costs to the consumers.

Mr. WILLIAMS. A good bit of it was paid that way, but regardless of which way it was paid, viewing the operations of the Commodity Credit Corporation from the taxpayers' standpoint—and the taxpayers are the stockholders of the Corporation—the over-all net results of the 16 years' of operation was definitely not a profit, it was a loss of well over \$3,000,000,000. The Senator from Vermont will agree with me on that.

Mr. AIKEN. The over-all result, of course, was a loss.

Mr. WILLIAMS. I am not entering into any criticism of any of the Corporation's operations by items. I am just talking about the net results. Let us put out the facts in a plain manner so the American people will understand. I think the Senator will agree with me that the impression was given that it was not quite as expensive a program as perhaps it has been.

Mr. AIKEN. I think the Senator from Delaware is correct in saying that some of the precampaign oratory and literature was perhaps—

Mr. WILLIAMS. A little off base.

Mr. AIKEN. Perhaps it gave that impression.

Mr. WILLIAMS. Yes.

Mr. AIKEN. But I still want to say that the total cost should not be charged to the farmer, because a considerable share of it was incurred in holding down prices to the consumers.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

The PRESIDING OFFICER. The question is on the amendment offered by the senior Senator from Ohio [Mr. TAFT] in behalf of himself and the junior Senator from Georgia [Mr. RUSSELL].

Mr. WHERRY. Mr. President, I believe it would be in order to establish the presence of a quorum at this time. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). The Clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Holland	Morse
Anderson	Humphrey	Mundt
Baldwin	Hunt	Murray
Brewster	Ives	Myers
Bricker	Jenner	Neely
Byrd	Johnson, Colo.	O'Connor
Cain	Johnson, Tex.	O'Mahoney
Capehart	Johnston, S. C.	Pepper
Chapman	Kefauver	Reed
Chavez	Kerr	Robertson
Connally	Kilgore	Russell
Cordon	Knowland	Saltonstall
Donnell	Langer	Schoeppel
Douglas	Lodge	Smith, Maine
Downey	Long	Sparkman
Eaton	Lucas	Stennis
Ellender	McCarran	Taft
Ferguson	McCarthy	Taylor
Frear	McClellan	Thomas, Okla.
Fulbright	McFarland	Thomas, Utah
George	McGrath	Thye
Gillette	McKellar	Tobey
Graham	McMahon	Tydings
Green	Magnuson	Vandenberg
Gurney	Malone	Watkins
Hayden	Martin	Wherry
Hendrickson	Maybank	Wiley
Hickenlooper	Miller	Williams
Hill	Millikin	Withers
Hoey		Young

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT] for himself and the junior Senator from Georgia [Mr. RUSSELL].

Mr. BREWSTER. Mr. President, I wish to discuss as briefly as I can an amendment which I intend to offer to the ECA bill, dealing primarily with the so-called Indonesian situation, although the amendment, in form, is not confined to that subject.

I have been associated with a number of Senators on this side of the aisle in a resolution which was calculated to serve the same purpose. Other Senators associated with me were the Senator from New Hampshire [Mr. BRIDGES], the senior Senator from Nebraska [Mr. BUTLER], the junior Senator from Nebraska [Mr. WHERRY], the Senator from Nevada [Mr. MALONE], the Senator from Connecticut [Mr. BALDWIN], the Senator from North Dakota [Mr. LANGER], the Senator from Oregon [Mr. MORSE], the Senator from Maine, my junior colleague [Mrs. SMITH], and the Senator from Wisconsin [Mr. MCCARTHY]. There

were also, I think, 10 or a dozen Senators on the other side of the aisle who had given this question careful consideration, and who I think are still inclined to support it, in spite of the strong representations which have been made.

The amendment proposes to add at the end of the bill the following new section:

No funds authorized for the purposes of this act shall be allocated to or expended for any foreign government which fails to comply with the orders or requests of the Security Council of the United Nations until such times as the Administrator is advised, in writing, by the President of the Security Council that such compliance has been effected.

That might seem to be a rather simple solution of one of the problems with which the United Nations is faced, although the amount of discussion it has occasioned and the amount of disagreeing opinion would indicate that there may be more in it than meets the eye. It would not appear, from the discussions we have had on the United Nations, that anyone would desire to give aid and comfort to those who were defying the decrees and decisions of the United Nations or its Security Council; and yet the suggestion that we should not extend aid in very substantial amounts—the particular amounts here involved are probably around \$350,000,000—is an indication of the degree to which the United Nations is sinking in international prestige, unless some drastic action is taken. The fact that this deals primarily with the Indonesian situation leads me to discuss it on that basis, although, as indicated by the terminology, it is by no means confined to that. There have been several other cases where this would have had a very pertinent bearing in the past, and may well have in the future. It is a fundamental declaration of the great moral principle upon which the United Nations is founded. I speak of this as one of those who followed the course of the League of Nations to its disastrous end, after the Manchurian controversy when Secretary Stimson pleaded with the other nations of the world to stop the Japanese action at that time by some concerted action; and later on, in the Ethiopian crisis, when we sought to stop the shipment of arms and ammunition to Italy, but the other countries of the world still let oil flow freely to oil the Italian war machine, and thus laid the foundation for the Second World War, by steadily diminishing the prestige of the League of Nations; and I speak of this with a certain amount of interest and emotion, because, when fresh from the First World War, in 1920, I organized in the State of Maine the League To Enforce Peace, which was calculated to encourage our participation in the League of Nations. It was a matter of profound regret to me at that time that the country did not seem to be prepared to take that great cooperative step toward the dream of mankind, a cooperative association of nations; and it was a matter of even more profound regret to me to see, as time passed on, the League of Nations lose its standing among mankind, as a result of its failure to grasp the opportunities which came along, by which it could have contributed to the



pacification of the world and the settlement of the world's problems.

So much for the interest which I know many of the Members of this body, and I think probably all of them, have had throughout the course of their service, not only as Senators but in other positions in public life, and, certainly, the emotions of every mother and of every other citizen of the United States in desiring to have our country take whatever steps may be feasible to preserve the peace of all the world.

Coming down, now, more particularly to the problem of Indonesia, about which I shall speak, let me point out that our country in its attitude toward Cuba and the Philippines offered one of the most remarkable examples of the application of moral law in the relations of the people of one country with other peoples, and laid broad and deep the foundation by which to establish in mankind the confidence that we in the United States do not desire aggression of any character to give us strength and might. Cuba, after being freed from the Spanish yoke, was given its freedom by us, in accordance with our pledge; and a few decades later, the independence of the Philippines was granted freely, without the firing of a shot—one of the greatest examples in all history of the generous and moral attitude of one people toward another people. The reputation which we thus established as revealing our character, in the case of Cuba and the Philippines, was of immeasurable value to the United States in recent decades because of the extent to which it had captured the imagination of mankind; and it seems to many persons to be of supreme importance that we shall not forfeit that good opinion of mankind by failing to fortify with all the power and resources at our command and with every proper source of action the one great hope of mankind for the preservation of peace.

The particular situation in Indonesia is not one which has not hitherto engaged the attention of the world. It came to my attention first before we entered the Second World War, when we were seeking to stock pile the strategic materials which seemed vital to the preservation of democracy. At that time, before the War Investigating Committee, of which the present President of the United States was then chairman, we had very extensive hearings concerned with the difficulties which Mr. Jesse Jones was experiencing in seeking to secure rubber from that area. Mr. Jones appeared repeatedly before our committee and denounced the interests in control of that area, the rubber and oil cartels, which even in the very hour of our greatest need, when we already had embarked upon a program of lend-lease to try to give some aid and assistance to the beleaguered democracies, were even then refusing to accord to us a share of their rubber supplies, except upon terms which Mr. Jones considered so exorbitant that he refused to comply. His Yankee instinct which led him to refuse to be held up, even in the face of the great crisis of those days, led him to make continuing and constant complaints, as revealed in

the records of our committee, about the unreasonable demands of the groups in control of those strategic and critical materials. They were demanding 20 or 22 cents a pound for the rubber which had previously been sold for 7 cents a pound, and which, in his judgment, should not have cost us more than 12 or 15 cents a pound. That was my first introduction to the fact that considerations other than the welfare of the people of those areas were governing the action of those who controlled the Dutch East Indies at that time.

Subsequently, in 1943, under the direction of the chairman of the committee, five Senators journeyed around the world. Finally, after a flight across the Indian Ocean, we came to Australia, and there found the Consul General of the United States who had served for 20 years in the Dutch East Indies. It was my fortune to spend some time with him in a survey of the East Indian situation. This is the story he told: Having had that long experience there, upon the invasion by the Japanese he immediately came to Washington and made an extended report, which I assume is still in the files of the State Department and is available to the Foreign Relations Committee. In that report, as he related it to me, he pointed out the utterly unconscionable advantage which those interests in the Dutch East Indies, controlling the great rubber supplies, had taken of the United States, as well as of the other powers in need; he further pointed out that upon the conclusion of the war—in which at that time we anticipated we would ultimately be successful—it was imperative that those interests should not be re-established in a position to dominate the vital rubber supplies on which we must depend; and he further pointed out that any action calculated to reestablish those interests in the Dutch East Indies and thus to prevent those vital and critical strategic supplies from being subject to the free interplay of economic forces would be a disaster to the United States.

Mr. President, I regret to speak in these seemingly selfish terms; and yet I think it is proper and important that we should bear in mind that we have in this matter a vital national interest as well as the very much broader interest in the welfare of the peaceful relations of the countries of the world.

Now I come down to this: In his story to me, he told me of the great rubber plantations there and of the development of rubber trees by the natives; he said that in order to prevent the native rubber groves from being properly cultivated and used in the development of their rubber trade, the government in control had imposed export taxes and monopolistic cartels which had made it extremely difficult, if not impossible, for their normal development to be carried on. I speak of this only as background for the realization that my interest in this matter is not of a recent date.

Now I come to the present time. The Republic of Indonesia has been recognized by the United Nations as entitled to survival and continuance. The Security Council of the United Nations has taken cognizance of the controversy

which now prevails in the Dutch East Indies, and has repeatedly found in the attitude and action of the Dutch Government a violation of the plain principles of the Security Council's action.

I find considerable difficulty in comprehending how the Netherlands Government is coming here to Washington next week to sign the Atlantic Pact, when I read the first article of the Atlantic Pact, as follows:

The parties undertake, as set forth in the Charter of the United Nations, to settle any international disputes in which they may be involved by peaceful means in such a manner that international peace and security, and justice, are not endangered, and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

That seems to be a very clear and a very mandatory provision, and yet if we are to believe the solemn decrees of the Security Council, if we are to believe the utterances of our own representatives before the Security Council during the past 10 weeks, by Ambassador Jessup, representing our Government before the Security Council, on January 11, and by Ambassador Austin before the Security Council, within the present month, the Netherlands Government is in plain and repeated violation of the solemn decisions of the decrees of the Security Council of the United Nations. If there is any question about it I may quote from the Netherlands Ambassador himself, Mr. E. N. van Kleffens. I quote from his statement in the Washington Post of March 1, as follows:

Envoy hits UN policy on Indonesia.

This is from the Washington Post, Tuesday, March 1.

The Netherlands Ambassador, E. N. van Kleffens, said yesterday that his country could not abide by the recent decision of the United Nations Security Council to reinstate the Indonesian Republican Government immediately. And he also stated that his country does not recognize the authority of the Security Council to intervene in the Indonesian problem since it does not concern two sovereign states.

Mr. CAIN. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Washington for a question?

Mr. BREWSTER. I am happy to yield for a question.

Mr. CAIN. I find it somewhat difficult to reconcile what the Senator has stated thus far with what I have heard. I should like to reconcile those matters, by asking the Senator, with his permission, two questions. The first question is, how true is the prevailing Dutch claim that they have maintained an open-door policy in Indonesia for many years? My second question is, are they maintaining that open-door policy at the present time?

Mr. BREWSTER. I hold in my hand a very authoritative account of that very matter from the New York Times of December 24, 1948, written by James S. Conroy, their reporter, who I think is recognized as an authority in this field, regarding the extent to which the East Indies trade has been the subject of a monopoly. The heading is East Indies



### Trade Held a Monopoly—United States Merchant Exporters Say Quota Regulations Barred All But Netherlands Concerns.

Announcement by Economic Cooperation Administrator Paul Hoffman cutting off ECA assistance to the Netherlands Indies tended to focus attention last week on a problem which has bothered American merchant exporters during the postwar years. This was the difficulty that United States exporters have had in trying to do business with the Netherlands Indies, with the charge being made that such trade was being monopolized by Netherlands Indies concerns which have opened offices here.

#### That is, in New York.

Actually, according to exporters here, Mr. Hoffman's action will mean almost nothing so far as the American merchant exporter is concerned, because he has had practically no share of this lucrative market.

In 1946 exports from the United States to this market were more than \$73,000,000. In 1947 they reached a figure in excess of \$103,000,000, and in 1948 through October the Department of Commerce reported exports to the Netherlands Indies of almost \$71,000,000. But the quota regulations set up by the Netherlands Indies Government, it was asserted by exporters here, have almost completely barred the American exporter from enjoying any portion of this business. Pre-war shipments to the Netherlands Indies rose from \$25,000,000 in 1937 to \$124,000,000 in 1941.

#### NO POSITIVE ACTION TAKEN

It is understood that representations on this situation have been made to the State Department from time to time. Although the State Department has appeared sympathetic to the protests, it has not yet seen fit to take positive action.

But exporters here now feel that, should ECA authorizations be reinstated, it would be in line with American economic policy that the Netherlands East Indies be informed that our Government disapproves of the exclusion of American merchant exporters in the trade with the Netherlands East Indies.

It was explained for background that a number of Dutch East Indies official, semi-official, and private purchasing missions have been established in the United States through which the business has been channeled. Under the set-up it was said, the establishment of New York offices of Netherlands Indies concerns was encouraged and stimulated.

Buying orders received from the Indies, these exporters continued, were divided by the buying office here of the Nigieo import organization, set up shortly after the Japanese surrender, among the New York branches of the Netherlands Indies concerns and each was said to receive a buying commission in dollars on all purchases.

In addition, the head offices of these companies in the Netherlands East Indies were credited with receiving an additional buying commission payable in guilders in proportion to the historical import record of each firm.

It was indicated that the official explanation given by the Netherlands Indies authorities for the monopolistic structure was that the Indies importers had stock piled goods in excess of normal needs at the request of the government before the outbreak of the war in the Far East. Hence, the government felt it was duly bound to put these importers back on their feet. "How far this has been accomplished can be judged from the figures of postwar trade" was one comment.

It was added that the Nigieo has recently been abolished and a semblance of private trade restored, but it was reported that quotas are still being given out in Batavia,

Java, on the basis of historical record of imports for each commodity and buying commissions are still paid. It was also indicated that to avoid the appearance of monopolies as well as for political reasons, some concession has been made to newcomers.

However, it was asserted that the bulk of all import quotas are given to the so-called Big Five who were the five leading importers in the Netherlands Indies before the war, all of whom established offices here during or since the war.

Exporters here said it has been made plain by Government officials in the Netherlands Indies that they would not consider American concerns as newcomers; only bona fide Indonesian companies would fit into this category.

As an illustration, it was claimed that a typical allotment of \$100,000 for the purchase of steel products, for example, would find \$80,000 going to the members of the Big Five and allotments of \$1,000 to \$2,000 each to 10 or 15 small importers. Frequently, it was remarked, these allotments have been found insufficient to be worth handling by the small importers.

I think that answers pretty well the question as to the effect upon American exporters, who it says are greatly concerned with the practical effects of this policy, whereby they have been short-circuited by the establishment of branches of the Netherlands Indies firms in New York, and are thus unable to perform their customary and necessary functions in export trades. I think that covers the question of what the policies have been.

Mr. CAIN. The Senator has added to my information on his present subject, and I am very grateful.

Mr. BREWSTER. I have spoken about the United Nations, the defiance of it by the Netherlands Ambassador, and about the Atlantic pact. I quote also from the Washington Post of March 10, where Warren Austin, former United States Senator, and our present representative at the United Nations, was reported as follows in the Associated Press:

The United States called on the Netherlands today to put the Indonesian Republic back in power and then talk peace.

The United States voiced its new demand on the Dutch in the Security Council after hearing a Dutch representative say his Government has refused to restore the Indonesian Republic to authority because it feared violence and chaos would result.

\* \* \* \* \*  
Warren R. Austin, chief American delegate, said the United States is unable to understand why the Netherlands cannot restore the republic to authority.

"Is it entirely consistent, moreover, to propose as the Netherlands proposes, a transfer of sovereignty 3 or 4 months hence to an Indonesian government which will include the republic as a member state while at the same time maintaining that immediate restoration of the republic in the limited area of Jogjakarta would result in chaos?"

Mr. MALONE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Nevada?

Mr. BREWSTER. I yield for a question.

Mr. MALONE. What proposition did the Dutch Government make to the Indonesian Government for such transfer?

Mr. BREWSTER. The answer to that is, they made a variety of propositions.

In 1947 they made an agreement which was supposed to cover this, known as the Linggadjati agreement, which was supposed to contemplate the transfer of sovereignty to the establishment of the Republic. Subsequently, a year later, in January 1948, they made the so-called Renville agreement, which was made on an American warship, and which again was calculated to cure this problem. Both those agreements, which agreed to observe the deliberate findings of the Security Council, have been repeatedly violated, culminating in December, when the Netherlands Government launched its armed forces in an utterly secret and sneak attack, seized the President and the Prime Minister of the Republic, interned them on an island, and killed many hundreds, if not thousands, of the Indonesian subjects.

Mr. MALONE. Mr. President, will the Senator yield for another question?

Mr. BREWSTER. Yes.

Mr. MALONE. What type of government were they to set up in the interim period before turning over the government to the Indonesians proper? Was there any date ever set to end the interim period?

Mr. BREWSTER. They have had various dates set. The latest one, I believe, is in July. But the methods by which they are proceeding with an invitation to a round table in the Netherlands, which was issued very recently, was not one which either the Security Council or the Indonesian Republic felt they could, with any propriety, accept. So that armed strife continues there.

There was another proposal by the Netherlands-Indonesian Union which would have left them still under the restraint of the Netherlands Government, to which they desire not to be subjected.

Mr. MALONE. Mr. President, will the Senator yield for another question?

Mr. BREWSTER. I yield.

Mr. MALONE. Was it not, as a matter of fact, a federation of states that the Netherlands Government suggested they would build up in Indonesia, keeping control of the police power and the money exchanges, and of the imports and exports, for an interim period with no definite termination?

Mr. BREWSTER. I shall certainly recognize the Senator from Nevada in this matter, as I want later to summon him as a witness, because of his own personal experience after having visited that area. I know there has been great controversy about the form of the government which is to be split up, the Republic of Indonesia being apparently the dominant factor. But there was an attempt of the Federal Union to vitiate the prestige and influence of the republic through the control of their foreign trade.

Mr. MALONE. I was very much interested in the Senator's outline of how imports and exports were handled. I think it is entirely true that the imports are handled through the favored five. At least, there are approximately five importers, and all Americans are entirely restricted to a very small amount of imports. The Dutch Government says that over a long period the five have handled the business of the Government. Those



five are connected with the Government in such a way that imports are entirely controlled.

If the Senator will yield for another question, is it not a fact that the money exchanges are entirely controlled by the Dutch, that there has never been any relaxing of that control, and that when an Indonesian merchant or producer sells a dollar's worth of goods, the dollar goes into exchange; that he does not get the dollar, but is paid in Indonesian guilders to the extent to which the Dutch at the moment say the dollar is worth?

Mr. BREWSTER. That is correct.

Mr. MALONE. At the time I happened to visit there, the exchange was fixed at 2.63 guilders to the dollar. That was the official rate. On the street, or in the ordinary market in the area, 13½ guilders could be exchanged for \$1. That meant they actually gave the Indonesians approximately 20 cents on the dollar.

Mr. BREWSTER. Which is about one-fifth of what they would have been entitled to under normal exchange.

Mr. MALONE. That is correct. The holder of an Indonesian guilder could expend it only in Indonesia. It was said the guilder was worth approximately the same as a Holland guilder, if one traded with Holland. It compared favorably with the Australian pound as contrasted with the English pound. Approximately 20 percent of the income from exports would find its way to the producer. The rest went as tithings to the Government. Is that correct?

Mr. BREWSTER. That has been my understanding of it. I have been very much interested in the discussion of the matter with the Senator from Nevada, who has given a great deal of attention to the subject.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. CAIN. Could one reasonably conclude from what the Senator from Maine has very recently read and stated, that the Dutch might withdraw from the Atlantic alliance; and if they were to withdraw, what difference, in the opinion of the Senator from Maine, would their withdrawal make?

Mr. BREWSTER. There would be raised a very interesting point. Of course I cannot undertake to say what the Dutch Government would do. But I think we have been very adequately briefed on the idea that our strategic spot is in Europe, that that is where we are mobilizing our forces. Some of us have felt we were somewhat neglecting the Far East, China, and other spots. Here is an example of where we are reversing our field, so to speak, as we are, indirectly. I think there is no question that we are actually supporting an army of 150,000 Dutch in Indonesia to suppress the Republic of Indonesia which we claim is entitled to its freedom and independence. It costs \$1,000,000 a day, or approximately \$350,000,000 a year. That is approximately the amount we have turned over to the Dutch during the period since the war. We have turned over to the Dutch approximately \$700,000,000, close to \$1,000,000,000. The \$700,000,000 we have supplied has made it possible for the Dutch to maintain their forces in

Indonesia carrying on a war which we say is an utterly unjust and illegal one, in defiance of the Security Council. I suggest that one of the best things the Dutch could do would be to bring their 10 divisions back to the Netherlands, and there would be a nucleus, if they are equipped, and are capable of fighting. They have approximately \$75,000,000 worth of American arms which we turned over to them after the war. Another \$100,000,000 has been made available. They have some very well-equipped divisions comparable with our marine divisions. Under the Atlantic Pact, according to rumors, they are to have two divisions in the Netherlands. That is supposed to be the number allotted them for their contribution. There are approximately 10 divisions which, if we would simply recognize the policy which we are laying down in every other field, that Europe is a matter of our prime concern, would be a tremendous contribution. All they would have to do would be to give up their unwarranted and defiant war on the Indonesians, and, incidentally, we would have an army ready to go.

Mr. CAIN. Mr. President, will the Senator permit me to ask one or two more questions?

Mr. BREWSTER. I perhaps did not answer the Senator's question as to whether the Dutch would stay out of the Atlantic Pact. I am very sure that if this amendment is adopted, the Indonesian war will cease, and the Atlantic Pact will be in no way affected. That is my expression of opinion. I was in the Netherlands last fall. I spent some time there, but not sufficient to become an authority. They are very thrifty people. I have had some correspondence with some of them. Some members of the Dutch Parliament have written me, and there is a very strong difference of opinion among the Dutch themselves regarding the matter. I have no question that our action in this matter would be a decisive factor in determining what the Dutch would do.

Mr. CAIN. One other question, if I may.

The VICE PRESIDENT. Does the Senator yield?

Mr. BREWSTER. I yield for a question.

Mr. CAIN. Present conditions being what they are, is it likely that we might be encouraging most of Asia to look to Moscow for help, guidance, and assistance by continuing our present support of the Dutch Government?

Mr. BREWSTER. The eastern countries were called together in New Delhi by Nehru, the Prime Minister of India, 17 of them, I believe, at the time of the inception of this Indonesian affair, when they were profoundly disturbed over it because it seemed to present a contradiction of our policy in Cuba and the Philippines. We were following a course which seemed to contradict some very brave words we were saying in the Security Council. These eastern people are realists, and how could they reconcile our statements before the Security Council, when the war was in progress with the fact that we were giving the Dutch \$350,000,000 or \$400,000,000? It

is the greatest possible incentive for them to consider that they need not look to us for aid.

Mr. CAIN. Perhaps the Senator would agree it is such a contradiction in itself that it lends encouragement—

Mr. BREWSTER. To the Russian propaganda?

Mr. CAIN. Yes.

Mr. BREWSTER. Beyond any question.

Mr. MALONE. Mr. President, will the Senator yield for a question?

Mr. BREWSTER. I yield.

Mr. MALONE. I should like to inquire of the Senator, if he is familiar with the information, whether it is a fact that the Government of the United States furnished certain equipment, and even as a matter of fact trained some of the Dutch troops which are now in Indonesia?

Mr. BREWSTER. That is correct, and we furnished \$75,000,000 of our equipment at the close of the war, which they have over there, so that probably many of the bullets which are going into the Indonesians today, in defiance of the Security Council, are American bullets.

Mr. MALONE. Is it not a fact also that there is a unit of marines there, who have been specifically trained in America, and have special equipment, even above and beyond the equipment that is ordinarily found with our own marine divisions?

Mr. BREWSTER. I think there are two divisions there, and they have very special equipment, such as we had in the most modern form supplied for our own troops in the marine divisions.

Mr. MALONE. It is really called a reinforced unit?

Mr. BREWSTER. That is correct. At the time this matter first came up I put into the RECORD various items bearing on this matter, and I shall quote from the CONGRESSIONAL RECORD of February 7, 1949, at page 856, from material which I inserted in the RECORD at that time for the information of the Senate.

I shall quote as briefly as I may from the statement by Ambassador Jessup before the United Nations in order to establish beyond any question what is the precise attitude of our Government in this affair. This was a statement by Mr. Jessup on January 11, 1949:

The United States Government can find no adequate justification for the military action taken by the Netherlands in Indonesia. In many important respects, the reasons put forth by the Netherlands representative at the meeting of the Security Council on December 22 in Paris and again here last Friday as to the justification for their action are not supported by the reports of the Committee on Good Offices.

The Committee on Good Offices I believe at that time was headed by the newest Member of this body, the junior Senator from North Carolina [Mr. GRAHAM], who is perhaps more familiar with the problem we are discussing than is anyone else in the Senate, and perhaps than anyone in the State Department, because of his service for the United Nations in this particular position.

In our view, the Netherlands military action is in conflict with the Renville agreement and with the Security Council's resolutions of August 1 and November 1, 1947.



As the United States delegation has frequently made clear, it is our opinion that these two Security Council resolutions were adopted under the provisions of article 40, chapter VII of the Charter—

The Charter of the United Nations—and that, therefore, in accordance with article 25 of the Charter, the Netherlands Government was and is under obligation to comply.

I cite that in order that there may be no question as to the position which the Netherlands Government occupies at the present time.

Mr. AIKEN. Mr. President, will the Senator from Maine yield?

Mr. BREWSTER. I yield for a question.

Mr. AIKEN. Has the Senator knowledge as to what has quieted down the American Government's protest over the Dutch exploitation in Indonesia?

Mr. BREWSTER. There have been various explanations in the press, how authoritative I do not know, and 10 or a dozen Senators on the other side of the aisle who were going forward with this resolution were quieted down by some very effective protests. It has been whispered that the North Atlantic Pact was the vital factor in the decision, and unless we went forward with this grant of funds they would not join the Atlantic Pact.

Mr. AIKEN. What good would the Atlantic Pact be in promoting the safety and security of the United States if by winking at the Dutch actions in Indonesia we forced a billion Orientals to look elsewhere for friendship and even trade?

Mr. BREWSTER. That is a tragic aspect of the affair.

Mr. AIKEN. Did not the Dutch claim that one reason why they went into Indonesia was to prevent Communists from obtaining a foothold there?

Mr. BREWSTER. That has also been whispered about the corridors. As a matter of fact, the Republic of Indonesia suppressed a Communist uprising last spring with a very firm hand, thus showing their attitude.

Mr. AIKEN. Does the Senator believe that the actions of the Dutch are playing directly into the hands of the Communists, and increasing the likelihood of communism overrunning other countries?

Mr. BREWSTER. That is the opinion of many Members of this body.

Mr. MALONE. Mr. President—  
The PRESIDING OFFICER (Mr. HOLLAND in the chair). Does the Senator from Maine yield to the Senator from Nevada?

Mr. BREWSTER. I yield.

Mr. MALONE. I know the Senator from Maine has been a student of Far East affairs, and I should like to inquire of him if there is not evidence to support the thought that the same condition, to a greater or less extent, a matter of degree, obtains not only in Indonesia, but the Malayan states, Indochina, Burma, and other nations of the Near East? That in effect to get away from the oppression such as that the Senator has been describing, they will lean toward

any kind of offered security, regardless of what it is, including communism, to relieve them from the long oppression?

Mr. BREWSTER. That is a very natural tendency of humankind. The whole question of colonial imperial policy is to my mind what is evolving out of this situation, and whatever may have been the justification or the wisdom of the course of the governments of the great colonial empires of the last century it seems to me obvious that in the present day, with the development of communication and education, it is no longer feasible for that sort of thing to be perpetuated, and that the attempt to perpetuate it upon these people is going to cause much trouble.

Mr. MALONE. Mr. President, will the Senator yield for another question?

Mr. BREWSTER. I yield.

Mr. MALONE. Is it not a fact that over the years, and especially during the time when the Indonesians had control of their own country following World War II, before the Dutch moved back into the country following World War II, many of the younger people had gone to school in other countries and the same obtains in the Malayan States and Indochina and of course naturally they have radios, newspapers, and better communications, and they now know what is going on in the outside world? And are not many of these people, like Dr. Hatta and Mr. Soekarno, the President of the Indonesian Republic and others, a really high type people? In other words, they are not savages, they are not just ordinary jungle folk, but really understood government and knew what they wanted and knew how to run a government. Is not that true?

Mr. BREWSTER. I have not had the pleasure of meeting these gentlemen myself, but I shall quote from the statement of Ambassador Jessup as to that. Certainly that is the position of the Security Council of the United Nations in the decision it has made.

The development of the idea of freedom among these people is not of recent origin. It has been in process of development for half a century, and it finally has reached fruition at this time. I think it is recognized by all that if the British had not moved in following the end of the war and prevented them from asserting their independence there would have been no doubt about the result.

Mr. MALONE. I had the pleasure of meeting the cabinet, and Soekarno, the President of Indonesia, before the Dutch moved in the last time, and it was my considered judgment that they were very capable, highly educated, and understood government.

Mr. BREWSTER. The Senator from Washington, I think, or perhaps it was the Senator from Vermont, spoke about the attitude of the State Department. It is a very curious and anomalous position when we have Ambassadors Austin and Jessup presenting their position before the Security Council and insisting upon the observance of its decrees, and at the same time taking the position of very firmly opposing, as I think it is

clear they have before the Committee on Foreign Relations, the adoption of my amendment which would be the most persuasive argument that the Dutch should cease their utterly unjustified action.

Following the presentation of my amendment there was a good deal of flurry in this country, as well as abroad. I received many communications about it. The most interesting happening, and one which I assume could not have taken place without the approval of the State Department, was what Mr. Alan Valentine, who is reported as the head of our ECA mission in Holland, did. Following the statement that I proposed to present this amendment and start off with a resolution, on February 10, 3 days after I had submitted the resolution, Mr. Valentine submitted a long statement to the Dutch Aneta, which is a news agency comparable with our Associated Press, giving his reason for thinking that stoppage of the ECA aid to the Netherlands would be unfortunate. That might be considered as a proper expression of his opinion on the subject, but I go a little further. He was in Washington at the time he made this statement, which I think indicates that he must have discussed it with the State Department.

But then he flew back to Holland and arrived there a couple of weeks later and made a further statement to the Dutch press. There was then going on in the Netherlands Parliament a very earnest discussion about the whole problem of their policy toward Indonesia. Mr. Valentine, our ECA representative, after he had flown back to Holland, said this:

If Congress planned to stop aid to Holland I would not have returned today.

I wonder how Mr. Valentine knew that Congress was not going to stop aid to Holland? Did he have any mysterious power of prophetic vision to tell what the Senate and the House would do? Would he have dared make that statement unless it had been previously cleared by the State Department? Yet if that is correct, they were deliberately defying the legislative processes of this Government, when an amendment calculated to bring this about was pending, and when their own representatives in the Security Council were denouncing the actions of the Dutch. How far would that go in persuading the Dutch Government to comply with the demands of Mr. Austin and Mr. Jessup?

Mr. MALONE. Mr. President, will the Senator yield for another question?

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Nevada?

Mr. BREWSTER. I yield.

Mr. MALONE. In the Senator's opinion is there evidence—and I have reason to believe there is such evidence—to support the conclusion that while the Security Council was communicating these orders and conclusions of the Council to the Dutch in the matter of withdrawing and releasing President Soekarno and Dr. Hatta and others—is there evidence to support the thought



that the State Department was at that time secretly encouraging the Dutch and giving assurance that nothing would happen, and just to sit tight?

Mr. BREWSTER. I shall not undertake to bring it in as a secret file, but I think that the statements I have just read by our ECA representative in Holland is the best evidence. If he made statement without authority, then he certainly should be called to book. Certainly the Dutch assume that he was the authorized spokesman of the American Government. They were have a closed discussion in the Netherlands Parliament as to whether they should continue the policy there. There was considerable contention about it. Nothing was more nicely calculated to fortify the group who said, "Do not worry about that. Go right ahead and kill the Indonesians. There will be no difficulty so far as the Americans are concerned."

Mr. MALONE. Mr. President, will the Senator yield for another question?

Mr. BREWSTER. I yield.

Mr. MALONE. In November, or early December, when I was in Indonesia, Mr. Merle Cochran was there as a member of the three-man board appointed by the United Nations to try to bring the opposing factions together. I have not seen Mr. Cochran's report. But I think I am betraying no confidence—it was at least well known in Batavia at that time, where the Dutch headquarters were located, that Merle Cochran and his associates were about to conclude that there were no grounds upon which to get together simply because the three things the Dutch wanted—the money exchange, the police power, and the import and export controls—gave them complete control of the Indonesian Republic and left no grounds for compromise.

To understand the procedure, when a product is sold by an Indonesian to any nation—let us say to our own—for dollars, then the Indonesian does not receive the dollars—they go into the exchange pool. The dollars do not go to the seller. Then Indonesian guilders are paid to the seller in the amount that the Dutch say that the dollar is worth.

They retained the police power and the import and export control through the favored five. I think that is a good expression. Some said six at that time, but the "favored five" was an expression well accepted in Batavia.

Of course, all the Indonesians wanted was some control of their business affairs including their money exchanges, and the police power of their country, including, of course, control of their exports and imports.

As a matter of fact I think the Senator would be familiar with the fact—and he has very well and clearly outlined the situation—that \$350,000,000 or \$400,000,000 was the current cost of keeping 120,000 soldiers, sailors, and marines of the Dutch Government in Indonesia, with their patrol boats patrolling the harbors.

Their business was to keep any exports from going out. Copra was piling up. Tin was piling up. Spices were piling up by the thousands of tons.

Mr. BREWSTER. And rubber.

Mr. MALONE. And including rubber, all of which we needed desperately. But they would not allow those goods to go out until the Indonesians agreed to allow them to go out through the money exchange controlled by the Dutch. As a matter of fact, the three controls was all that the Indonesians wanted, control of the money, control over the police power, and the control over imports and exports. The Dutch did not give an inch on any of those matters and the Indonesians could not give in and run the government.

I am not quoting Mr. Cochran directly, but at least it was generally understood that that was the situation, and Mr. Cochran was just about as disgusted as a human being could be, as well as his associates, and was about ready to leave. Everyone understood there were no grounds for a common agreement, no grounds to talk about or approach a common agreement. At that time it was proposed by the Dutch to speed up the federation of states organization to take the place of the United States of Indonesia, where they, the Dutch, would retain control of the three arms of the government just mentioned and described, through an interim period, with no definite date set, or no indication of a date when the interim period would end. It was generally assumed that things would continue as before, and that the interim period would never end, but finally continue as before.

Mr. BREWSTER. I think it is very interesting as a laboratory case, to demonstrate how we shall apply the principles of the United Nations to the economic and governmental controls over a people who we have declared are entitled to their freedom.

I continue with the quotation from Ambassador Jessup. Having established that the Netherlands Government, as he says, was and is under obligations to comply, now let us see what they have done. I quote:

The Netherlands representative has assured the Council that his government has complied with the cease fire and release of prisoners order of the Council. Neither my government nor the Committee on Good Offices consider they have done so. \* \* \*

The orders noted respectively that hostilities had terminated on December 31, 1948, in Java and on January 5, 1949, in Sumatra, and charged the troops to—

This was the order to the Netherlands troops after they had said they had ceased fire—

To carry out action against roving groups, bands of individuals, who attempt to cause unrest or, as was stated by our representative to the Security Council, to act against disturbing elements, who either individually or collectively endanger public security or interfere with or prevent the supply of food and other essential commodities to the needy population.

And the Security Council is quoted as follows:

The orders permit the continuation of the very type of military action that would be required against the guerrilla resistance likely to be offered by regular or irregular Republican forces.

As a result of the immobilization of its military observers the committee has no firsthand information as to the effect of the

order discussed above. So far as the committee is aware, President Sukarno, Vice President Hatta, and the other members of the Republican Government, who were captured by Netherlands forces on December 19, are still under detention.

That is still true at the present time, so far as any reports we have received are concerned.

It has been heard unofficially and informally that certain military and naval liaison officers attached to some of the consular officials in Batavia took advantage of a Netherlands offer to conduct them on a tour of some of the military areas on January 5-6. These officers are not the military observers of the Committee of Good Offices and their observations are not available to the committee, even if their tour was the type of field investigation and observation required by the functions of the committee.

The continuance of military action of the Netherlands authorities after the Security Council resolution of December 24 was clearly an act of defiance on the part of the Netherlands authorities. No excuses offered by the Dutch Government can conceal the fact that they have failed to comply with the Security Council demands, both in refusing to cease-fire immediately and in refusing to release the political prisoners immediately. In the opinion of the Government of the United States, the representative of the Netherlands has failed to relieve his Government from the serious charges that it has violated the Charter of the United Nations.

The continuance of military action by the Netherlands forces until all military objectives have been taken cannot be regarded as compliance with the cease-fire order.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. VANDENBERG. As the Senator goes through this record, in order to make it complete, if he has the information, will he indicate for the RECORD what action, if any, the Security Council itself takes each time this question is raised?

Mr. BREWSTER. I have only the record of the repeated votes which have been taken in regard to the matter, accepting the report of the committees of the United Nations which have jurisdiction. The membership of the Council have never passed any resolution, so far as I know, condoning, or doing otherwise than condemning the action of the Dutch Government. I shall, of course, defer to the much more adequate sources of information possessed by the highly respected senior minority member of the Committee on Foreign Relations.

Mr. VANDENBERG. Mr. President, will the Senator further yield?

Mr. BREWSTER. I yield.

Mr. VANDENBERG. I think the Senator's record is entirely accurate as he is reading it. I am simply wondering whether he has any record of any movement by the Security Council itself to implement its orders or to bring to a conclusion, by way of sanctions, any of the criticisms which have been made.

Mr. BREWSTER. If the Senator means by that whether they have ever taken any action to implement it by sanctions, I do not think they have.

Mr. VANDENBERG. Have they not in each instance—and this is not in controversy with the Senator's position at



all, because I am simply trying to keep the record straight—left the whole matter still in the field of negotiation, apparently still hoping for the process of negotiation to produce an ultimate satisfactory result? Is not that the record?

Mr. BREWSTER. I think that is probably a fair statement of the attitude which they have taken. Whether that is adequate to cover our interest or obligations is something else again.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. AIKEN. I ask the Senator from Maine what steps the Security Council could take that would be effective in correcting the situation if the Dutch simply refused to withdraw from their operations.

Mr. BREWSTER. I think one of the grave difficulties has been the position of the Russian with their veto, as that has entered into the picture. I shall read, when I have opportunity, from a statement by Ambassador Jessup with respect to the attitude of the Soviet Government, who have been inclined to block any action looking to this end.

Mr. AIKEN. Would that indicate in the mind of the Senator from Maine that the Soviet Government thought it was distinctly advantageous to the spread of communism to let the Indonesian campaign continue?

Mr. BREWSTER. That is certainly the opinion of Ambassador Jessup, who states it in unequivocal terms. I shall read what he had to say as to the attitude of the Soviet Government, and why they had paralyzed the action.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. MALONE. I should like to ask the Senator a question. Is there any action which the Security Council could take beyond a request which faced an obvious Russian veto?

Mr. BREWSTER. I suppose they could impose sanctions.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BREWSTER. Certainly.

Mr. VANDENBERG. There are other actions which it could take. The treaty spells out a series of steps to be taken whenever the Security Council finds its orders resisted. There is a series of specific steps under one chapter, until they finally reach the use of force under a subsequent chapter. The only question I was raising, in order to keep the Record quite straight, was that the Security Council has never yet proceeded beyond the first step, which is the step of negotiation under the chapter dealing with pacific settlements. While there may be a fear of a Russian veto, it has never been tested out, as a matter of fact, has it?

Mr. BREWSTER. I shall read what Mr. Jessup says on that score, as to his estimate of the Russian attitude and action.

Mr. VANDENBERG. Again, I am not arguing with the Senator on the merits of the question, and I am certainly not quarreling with him with respect to his view about Indonesia. I want to be sure

that the Record itself is straight. Am I not correct in saying that the Security Council has never put the matter to a vote in respect to any of these opportunities—to put it mildly—which are offered to it in the Charter, if it wishes to proceed to action?

Mr. BREWSTER. I should like to read what Ambassador Jessup has to say.

Mr. MALONE. Mr. President—

Mr. BREWSTER. Just a moment. I should like to reply to the Senator from Michigan. Mr. Jessup says:

Every other member of the Council attended the meeting on December 20 except the two Soviet representatives.

They blocked action by refusing to attend.

The United States also took the initiative in conjunction with the representatives of Colombia and Syria in proposing a resolution to the Security Council to deal with the situation, but the Soviet representative refused to support this resolution. He later tried to cover up this further attempt to prevent the Security Council from acting by introducing a resolution of his own which he knew could not be adopted by the Council.

More fundamental, however, than these obstructionist tactics in the Security Council is the fact that the Soviet Union is fundamentally opposed to the Government of the Republic of Indonesia and has itself through the Communist Party, which is, of course, its mouthpiece throughout the world, sought to undermine and overthrow this government. No one doubts that the Communists in Indonesia like the Communists throughout the world are responsive to and act in accordance with instructions from Moscow. The Communist revolt against the government of President Soekarno and Premier Hatta was thus an effort on the part of the Soviet Government to overthrow the Indonesian Republic. Furthermore, when the resumption of hostilities by the Netherlands Government against the Indonesian Republic took place, the official Communist line as printed in the Communist press instead of deploring this action, openly gloated that this action was a punishment for the government of President Soekarno and Premier Hatta who had successfully put down the Communist revolt. The Communist line, which I again repeat means the line of the Soviet Government, accused that distinguished statesman of the Indonesian Republic, Dr. Hatta, of being a traitor to his country. At the very time when editorials were appearing to this effect in the Communist Party organ in Paris, the Soviet representative on the Council sought to cover up the actual policy of his government by identifying himself with the Council's endeavors to insure the release of Dr. Hatta and other political prisoners.

Again showing the same devious course of Soviet diplomacy.

These are the facts on the record which are known to the world and which reveal that the Soviet Government has no interest in supporting the government of the Indonesian Republic or of restoring peace to Indonesia.

There is some question whether we want to do it, when we are doing what we are, but certainly Ambassador Jessup is very clear that the Soviet Government does not desire it.

On the contrary, it is following its familiar tactics which it has used in Korea, in Greece, and Berlin, and again now in Indonesia, and which have been described in the speeches of many delegates in the last ses-

sion of the General Assembly, namely, seeking to overthrow a lawful democratic government and to undermine its authority.

That is precisely what I feel we are doing by the contribution of \$300,000,000 to a government which is trying to crush that very government.

Mr. VANDENBERG. The Senator from Maine is not arguing with me in respect to the statements he is reading. Nothing he is reading even bears upon the question I discussed with him, which was simply the bare question of whether the Security Council had ever taken action.

Mr. BREWSTER. I was trying to apply it to the statement about whether it had ever taken action. Perhaps I should have paused and should have called more loudly. The words were that—

The United States also took the initiative in conjunction with the representatives of Colombia and Syria in proposing a resolution to the Security Council to deal with the situation, but the Soviet representative refused to support this resolution.

Is not that definite enough for the Senator from Michigan?

Mr. VANDENBERG. The only point the Senator from Michigan is trying to make perfectly plain in the Record, because ultimately it will become of importance in the argument—

Mr. BREWSTER. Yes.

Mr. VANDENBERG. Is that the Security Council has never undertaken to implement the various decisions it has made, as correctly reported by the Senator from Maine, in respect to the Indonesian situation.

Mr. BREWSTER. How does the Senator from Michigan interpret the statement about which I have raised the point, in referring to the Soviet attitude? What does this language mean?

but the Soviet representative refused to support this resolution.

It was a resolution which Ambassador Jessup said was calculated—to deal with the situation.

Mr. VANDENBERG. Whatever the procedure was, nothing happened.

Mr. BREWSTER. Nothing happened because the Russian veto was imposed.

Mr. VANDENBERG. I am not arguing as to why or how it happened. I am saying there was no order at any time from the Security Council. I simply wish to make that plain. Perhaps there should have been and perhaps I am just as sorry as the Senator from Maine is that there was not. But the fact I am trying to establish is, purely as an abstract fact—without any challenge to the enthusiastic sympathies of the Senator from Maine in this matter—simply the fact that it has been, let us say, impossible for the Security Council to issue an order under any of the sanctions available to it, or at least it has not done so.

Mr. BREWSTER. My reply to the Senator from Michigan was that I thought it was a result of a Russian veto. If that were the case, if Ambassador Jessup is correct when he says the Soviet representative blocked the resolution proposed to deal with it, it seemed



to me that the Senator from Michigan was seeking to establish this as a basis for later saying that we should not do anything about it because the Security Council did nothing about it.

If I am correct that the Soviet representative blocked the Security Council from doing anything, I do not think that is an answer as to what we ourselves should do if there is anything appropriate and proper that we can do.

Mr. VANDENBERG. I am not arguing that with the Senator from Maine at all.

Mr. BREWSTER. I think the Senator from Michigan will argue it.

Mr. VANDENBERG. I simply wish to establish a fact for the record.

Mr. BREWSTER. I have undertaken to establish the fact that the reason why the Security Council did nothing—and I gather the impression that to the Senator from Michigan that was a very important fact to establish, because he is not accustomed to wasting his ammunition on mosquitoes [laughter]—

Mr. VANDENBERG. Mr. President, if the Senator from Maine is referring to himself and to me in that connection, I can assure him that there is no mosquito and no ammunition. [Laughter.]

Mr. BREWSTER. Mr. President, if I am correct in saying that the reason why the Security Council has taken no action is, as Mr. Jessup states, that the Soviet representative refused to concur, then it seems to me that we enter another field, to which I shall seek to address myself in a moment—namely, the question whether there is anything we can do about it, or whether we are absolutely paralyzed by the action of the Soviet Government.

Mr. MALONE. Mr. President, will the Senator yield for a question?

Mr. BREWSTER. I yield for a question.

Mr. MALONE. I think the Senator from Maine is establishing beyond all doubt that the Security Council either has gone as far as it felt it could go with a veto staring it in the face, or else it was considering the double-barreled proposition that the Council itself wanted to make a showing and still wanted the Dutch to continue to control the Indonesians. Does the Senator agree with that line of reasoning?

Mr. BREWSTER. That is what seems to me to be indicated by this record.

Mr. MALONE. I think the record is clear.

Mr. BREWSTER. Mr. President, I resume reading the statement by Ambassador Jessup, speaking on January 11:

The Soviet Union does not want an independent Indonesia. It wants an Indonesia under the domination and control of a Communist minority taking its orders from Moscow. Anywhere in the world when a Communist government climbs in through the window, independence is kicked out of the door.

I am sure we shall not quarrel about that.

Then he states our position now:

The Government of the United States on the contrary has viewed with admiration the efforts of the Indonesian people both in the Republic and elsewhere to gain their independence and has steadfastly sought to support them.

Mr. President, I wonder what an Indonesian who had been killed with a bullet furnished by the United States would think about that statement—"has steadfastly sought to support them."

I read further:

It still takes that position and it is for this reason that it has taken the lead in endeavoring in the Security Council and in the Good Offices Committee to bring about a peaceful adjustment of the difficulties between the Indonesian Republic and the Netherlands Government and to establish the United States of Indonesia as one of the fully sovereign and independent peoples of the world.

That, Mr. President, it seems to me, establishes very clearly what is our position on the record.

Now I wish to quote the following:

Probably the most striking and clearest disregard of the orders of the Security Council is to be found in the refusal of the Dutch authorities to release President Sukarno and Prime Minister Hatta and the other leading officials of the Government of the Republic of Indonesia.

The Republic of Indonesia represents the largest single political factor in the projected federation and should therefore have a voice in the formation of the federation. The Republic has a twofold nature. Firstly, it is a political entity and secondly, it is the heart of Indonesian nationalism. This latter attribute cannot be eliminated by any amount of military force. The Netherlands Government may find that far from assuring law and order in the Indies the action they have embarked upon may instead let loose forces of terror, chaos, and sabotage. It may well be that the only victory will be that of the forces of anarchy.

That is the considered opinion of our own representative in the Security Council, within the past 2 months, as to what is the wise course so far as this situation is concerned.

Now, Mr. President, I come to the position of the Security Council and its relationship to the Soviet government:

It cannot be denied that despite the efforts of some governments of states which are members of the Security Council, this body has not yet succeeded in overcoming the obstacles which have been placed in the path of achieving a peaceful settlement in Indonesia. The responsibility of the Netherlands Government for this lack of success has already been made clear. Another obstacle has been created by the action of a member of the United Nations which has in many parts of the world sought to obstruct the successful operation of the United Nations. I refer to the Soviet Union.

Mr. President, if that establishes, as I believe it does, with sufficient clarity what has transpired thus far, then I wish to address myself for a moment to the United Nations. I have previously stated that I have found great difficulty in understanding how the Netherlands Government could sign the North Atlantic Pact, when its initial article declares that—

The parties undertake, as set forth in the Charter of the United Nations, to settle any international disputes in which they may be involved by peaceful means in such a manner that international peace and security, and justice, are not endangered, and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

Mr. President, the Netherlands Government contends this is not an international problem. However, the Security Council of the United Nations has obviously found otherwise. That being the case, it is a clear case of whether the Charter of the United Nations is to control or whether it is to be the prey of everyone who shall presume to defy it.

The very basic act we are considering here refers, in section 121, to the United Nations, as follows:

(a) The President is authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs and specialized agencies, or other international organizations, in carrying out the purposes of this title \* \* \* (b) The President shall cause to be transmitted to the Secretary General of the United Nations copies of reports to Congress on the operations conducted under this title.

What an anomaly, when we report to the United Nations Security Council that we have given \$400,000,000 to the country that is defying the order of the Security Council. What would anybody conclude as to the schizophrenia that affects the people of the United States and its Government, when with one hand it says, "Let us scotch the Dutch," and with the other we give them the instruments with which they may defy us?

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

The PRESIDING OFFICER. Does the Senator from Illinois desire to be recognized?

Mr. DOUGLAS. I simply desire to ask a question.

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Illinois?

Mr. BREWSTER. I yield for a question.

Mr. DOUGLAS. Does not the case outlined by the Senator indicate the very tragic choice of alternatives which the American people and the Senate must make? On the one hand, I think we are all indebted to the Senator for pleading the case of the Indonesian people, who, in my judgment, have been treated unjustly by the Dutch, and in whose behalf I believe the United Nations should act.

Mr. BREWSTER. Could the Senator use stronger language than "unjustly"? "Shameful"?

Mr. DOUGLAS. I will say unjustly. On the other hand, Holland is a western European nation, and we do not want western Europe to be overrun by the Russians. Holland is an integral part of the western European community, which we wish to protect.

Mr. BREWSTER. Will the Senator yield at that point for the comment that, if they would take those 120,000 troops back to Holland, they would be much better off so far as the threats are concerned?

Mr. DOUGLAS. The question is just how far we can insist that states whom we regard as our allies, insofar as Communist Russia is concerned, shall be required to conform to standards of high conduct in order to qualify for our aid. I am deeply disturbed by the question which the Senator raises, and I think all people of good will should be. But it does seem to me that the action of the American Government should not be held



up to the censure to which the Senator subjects it, because in a very hard and difficult set of choices it has on the one hand tried to protect the Indonesians, but at the same time has not felt it should withhold aid from Holland in the fear that if they did that they would make a breach in the western European union which we hope to build up against communism.

Mr. BREWSTER. I assume the Senator from Illinois refers to the question whether they might not join the Atlantic pact if we were not to give the aid.

Mr. DOUGLAS. Yes. That is right.

Mr. BREWSTER. I think we are all deeply indebted to the Senator from Illinois for bringing that argument very definitely to the floor. It has not been uttered openly, so far as I know, up to this time, although I think we have all realized that was intended. I think we are paying altogether too high a price for the cooperation of the Netherlands—sacrificing the blood of the Indonesians in order to secure the cooperation of the Netherlands, who have not demonstrated the capacity that would be worth the price of the loss in moral standing which I think we would suffer as a result.

Mr. DOUGLAS. I do not want to interrupt any further, but I should like to say that it is a very very difficult choice we have to make, and yet we certainly do not want the Communists to overrun western Europe.

Mr. BREWSTER. I think if the question of the Communists overrunning western Europe is dependent upon the Netherlands, we are pretty far gone.

Mr. DOUGLAS. It is not wholly dependent on the Netherlands, of course, but they are one link in the chain of allies.

Mr. BREWSTER. Does the Senator mean to intimate that if we did not give the money, and they refused to join the Atlantic Pact, they would take hostile action so far as we are concerned, or so far as their security is concerned? What would they do? What would be the result if we did not give them the money?

Mr. DOUGLAS. I do not think anyone knows.

Mr. BREWSTER. We have got to project it. I mean, the Senator is anticipating they would refuse to join the Atlantic Pact. I say, all right, what of it? What would happen if they did not join? Why are they so vital? What was the story of the last World War, and of the First World War? But I think we are indebted to the Senator for bringing the argument out on the floor and intimating that the Indonesians must be sacrificed—

Mr. DOUGLAS. No.

Mr. BREWSTER. For our security in western Europe.

Mr. DOUGLAS. No.

Mr. BREWSTER. That is the plain and inevitable logic of the argument the Senator presents.

Mr. DOUGLAS. May I correct the Senator on just this point?

Mr. BREWSTER. The Senator may ask me a question.

Mr. DOUGLAS. I was merely trying to put into words the conflicting struggle

that goes on in the hearts of every one of us when this issue is raised.

Mr. BREWSTER. I am trying to put into words what happens in my heart also.

Mr. DOUGLAS. Yes.

Mr. MALONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. If the Senator will indulge the Chair for a moment, the Chair will not recognize any Senator unless the ordinary rules of parliamentary procedure are recognized by the Senator who seeks recognition. The Chair respectfully requests that the Senate follow the ordinary rules of procedure.

Mr. MALONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Nevada?

Mr. BREWSTER. I yield.

Mr. MALONE. I think as the distinguished Senator from Maine has suggested, we are indebted to the junior Senator from Illinois for bringing this out into the open. We have been a little reticent in saying much about it, but I think it is a good thing. As a matter of fact, I ask the Senator from Maine if we are not now right up under the gun and faced with the necessity of making a decision? Do we believe what we said in the United Nations Charter, when we organized it at San Francisco? I attended the organization meeting in 1945, and I seem to remember that some of the faces I saw there I now see in this body. Do we believe what we said there, namely, that all nations should have a spot in the sun? Do we believe the ritual that we wrote down? I had little to do with it, but I say "We" because we all agreed it was a good start. Are we going to live up to that, or are we going to say that the countries of southeastern Asia, Indochina, and the 73,000,000 Indonesians, must, as the distinguished Senator has already said, be sacrificed? Are we to go back on the great document we wrote at San Francisco? It seems to me I saw the photographers very busy with everyone signing something at San Francisco, all deeply interested in completing the document. Are we now to repudiate it, and say that 8,000,000 people shall rule 73,000,000 people who have set up their own government? Are we not right up under the gun now, I ask the Senator from Maine? Must we not make the decision now, whether we believe in the gospel we have been spreading all over the world, or are we going to say that from now on we must protect the colonial system in Asia and Africa, and throughout the world, and hold the status quo with our own money, as the Senator from Maine has so ably suggested?

Mr. BREWSTER. As I have said, I feel there are many aspects of this thing, Mr. President, which suggest Ethiopia and Manchuria; there is a very sinister analogy in the position which is being taken. If I may be indulged for a moment, I should like to read—

Mr. MORSE. Mr. President, will the Senator yield for one or two questions?

The PRESIDING OFFICER. Does the Senator from Maine yield to the Senator from Oregon for a question?

Mr. BREWSTER. I yield.

Mr. MORSE. Am I correct in my understanding that the major thesis of the Senator from Maine is that in respect to the Indonesian problem, it is his view that the Netherlands failed to keep faith with the spirit and the intent of the United Nations Charter?

Mr. BREWSTER. I was about to read some of the passages from the United Nations Charter, if the Senator will indulge me, and I should be glad to have him inquire of me how they can be construed otherwise. Article 2 of chapter 1, section 2:

All members—

And the Netherlands Government is a member.

All members, in order to insure to all of them the rights and benefits resulting from membership, shall fulfill in good faith the obligations assumed by them in accordance with the present Charter.

Paragraph 3 provides:

All members shall settle their international disputes by peaceful means in such a manner that international peace, and security, and justice, are not endangered.

The Netherlands Government, of course, contend that it is not international, because it is their colony. The Security Council has decided otherwise.

Paragraph 4:

All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any member or state, or in any other manner inconsistent with the purposes of the United Nations.

Now, paragraph 5. This really seems to me to have a very pertinent application not only to the Netherlands, but to the United States of America:

All members shall give the United Nations every assistance in any action it takes in accordance with the provisions of the present Charter, and shall refrain from giving assistance to any state against which the United Nations is taking preventive or enforcement action.

My good friends may argue that the United Nations are not taking any preventive or enforcement action. They have taken, apparently, as much action as the Soviet veto will permit. If we are, then, to conclude that any time the Soviet veto is interposed we are to be free from all moral and other obligations to assist in any way, that we may go forward and give hundreds of millions of dollars to nations which are defying the Security Council, I say the United Nations Charter is not worth the paper upon which it is written, and it will go down to the same inevitable destruction that I witnessed in the League of Nations, on the shores of Lake Geneva, where the League of Nations had been endangered because it could not act in Ethiopia or Manchuria.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. MORSE. The Senator having read pertinent passages from the United Nations Charter, is it his conclusion that the Netherlands, in respect to its conduct in relation to Indonesia, has not kept faith with the spirit and intent of the United Nations Charter?



Mr. BREWSTER. I am not talking about spirit or intent. I have read chapter 5, the Security Council composition. Listen to this: It is article 25:

The Members of the United Nations agree to accept and carry out the decisions of the Security Council in accordance with the provisions of the present Charter.

If the Dutch Government can justify, in any forum of mankind, their attitude, when the Ambassador himself said, before the Sulgrave Club, within the past 2 weeks, that he refuses to carry it out, I do not think there can be any question as to the deliberate defiance of the Security Council of the United Nations, in plain violation of article 25 of the Charter.

Mr. MORSE. Now that the Senator from Maine has definitely made the statement that, in his opinion, the Dutch Government is in defiance of the United Nations Charter, is it true that the finding of every official body that has gone into the Indonesian matter have been against the Dutch Government, including the findings of the international commission of which the new Senator from North Carolina [Mr. GRAHAM] was the American representative and chairman?

Mr. BREWSTER. That is correct; and it is very interesting to note that the Dutch named Belgians for their representatives, the Indonesians named Australians, and the United States representative was designated as a neutral, and not only the Australian representatives, but the United States representative, and the Belgian representatives and the Belgian representatives named by the Netherlands Government concurred in every one of the conclusions and recommendations, which is rather conclusive as to where equity and justice lie.

Mr. MORSE. It is true, then, is it not, as stated, that the findings and conclusions of these impartial bodies have been against the Dutch Government?

Mr. BREWSTER. In every instance, so far as I know. They refused to carry out one recommendation. The Security Council could not act. The United States regretted it, but could not secure the action desired.

Mr. MORSE. Then, is it the opinion of the Senator from Maine that this defiance on the part of the Dutch Government, its refusal to comply with the recommendations which had been made in good faith, is a very emphatic denial of the soundness of the position taken by our own United Nations representative, Mr. Jessup, which places us in a position in which, prior to the signing of the North Atlantic Pact, one of the prospective members thereof has already made a record, so far as international understandings are concerned, that she and she alone will be the interpreter of the application of any international understanding with respect to her obligations thereunder?

Mr. BREWSTER. That is the plain import of the statement of the Netherlands Ambassador in Washington, within the past week, that he defies and refuses to comply with the orders of the Security Council.

Mr. MORSE. It is also the position of the Dutch Government that if we do

not give her the funds under ECA which she would receive under an extension of the act, we may suffer, so far as our national self-interest is concerned, in western Europe, because we do not accept what, to me, would appear to be an international blackmail on her part or a demand for international bribery in order to get our cooperation in respect to our interest in checking the onrush of communism in Europe.

Mr. BREWSTER. That was the difficulty I found with the argument of the Senator from Illinois.

Mr. MORSE. Has it been the observation of the Senator from Maine that in human relations, either as individuals, or as members of groups to which we may belong, even within a family of nations, when one individual or one group or one nation lays down a demand for a course of conduct based upon, shall I say, at least an amoral premise, if not an immoral premise, usually any joint enterprise entered into with such a nation or individual or group is bound to fail even at the time the birth of the enterprise takes place?

Mr. BREWSTER. It is certainly entered into under most unhappy auspices.

Mr. MORSE. May I now ask the Senator from Maine if he knows, since the signing of the United Nations Charter which contains the World Court section and which, incidentally, as the Senator knows, has an interesting reservation on our part in regard to the determining of what is a domestic issue, whether any widespread attempt has been made by member nations to submit for determination to the World Court controversies which involve misunderstandings as to international agreements?

Mr. BREWSTER. I do not know to what extent that has been carried out. Of course, that was the design of the Court, but we have heard very little of its operations.

Mr. MORSE. I have one or two more questions along that line. Does the Senator from Maine think it is both interesting and regrettable that the World Court section of the United Nations Charter is, comparatively speaking, pretty much a dead letter?

Mr. BREWSTER. I think the Senator from Oregon was equally concerned with me in the entire Palestinian controversy, where the deliberate violation of all the nations concerned led to a terrible holocaust for a considerable period, which would have been instantly resolved if it had been submitted to the United Nations.

Mr. MORSE. Does the Senator agree with me that the record to date, by way of attempt to resort to the World Court jurisdiction, has been one of great paucity so far as member nations are concerned, in the endeavor to take an appeal to the World Court for determination of a great many issues which have arisen and which really involve misunderstandings over international agreements and international law?

Mr. BREWSTER. I think it is perfectly clear that it is only as we build up those experiences and adjudications and submissions over a period of years that we shall clothe the World Court and the United Nations with the majesty and

authority which will be essential if world peace is to be preserved.

Mr. MORSE. Does the Senator from Maine know of any record made by the United States, for example, by way of an offer of submitting, in the very early stages of the dispute over Berlin, questions as to the meaning of the Potsdam agreement to the World Court for determination?

Mr. BREWSTER. I have no knowledge as to that happening.

Mr. MORSE. Does the Senator have any knowledge of any attempt on our part to get the other nations to submit to the World Court for determination any of the questions concerning Palestine, involving alleged disputes over international agreement or breaches of international agreements?

Mr. BREWSTER. I think I can speak with somewhat more authority on that, because I was urging such a course repeatedly throughout all the period of the discussions and was never able to find any receptive ears.

Mr. MORSE. Does the Senator from Maine share the opinion of the junior Senator from Oregon that to date even our own Government has not made any record which shows any apparent immediate intention on its part to submit to the World Court for adjudication some of the issues which have given rise to misunderstandings over international agreements?

Mr. BREWSTER. I think that is regrettably true.

Mr. MORSE. My last question is this: Does the Senator from Maine share my view that we should not take the position that it is too late really to try to adjudicate in a tribunal such as the World Court some of these issues, and in this particular instance at least make an endeavor to ascertain whether under the World Court Charter there is a basis for jurisdiction—mark my words, a basis for jurisdiction—on the part of the World Court to make a determination of any facet whatsoever of the Indonesian matter?

Mr. BREWSTER. I would welcome any steps along that line, although I think the Senator from Oregon would agree with me that this would probably present one of the most difficult cases in which to find a juridical problem, because of the way it has developed. The Committee on Good Offices of the Security Council would probably be a more practical and effective approach, if it could be fortified by the Security Council and by the United Nations.

Mr. MORSE. It would not be a very good test case, the Senator from Oregon is willing to admit, but he would hasten to add that nations possessing clear good faith, in a desire to maintain peace in the world, have within themselves the power to waive some jurisdictional technicalities in order to submit some of these issues to the World Court for determination.

Mr. BREWSTER. I think the Netherlands Government, in view of its great obligations to humanity, particularly to this country for whatever we have been able to do in helping them, owes far more consideration to our viewpoint, as officially expressed in the Security Council,



than has thus far been advanced. I think that is a matter of profound regret. I have a great deal of admiration for much the Dutch people have done. I spent some days in Holland last fall, and I met some of the Dutch statesmen in the Interparliamentary Union, and they are in many respects fine citizens. It has been all the more regrettable to me to see the policies which have been adopted in the present situation, in many respects characteristic of many of the colonial administrations, because there are some of the same problems in French Indochina, in Morocco, and representatives of our own American Legion are here today begging for relief from an indefensible course of conduct. It is typical of the eighteenth-century colonial imperialism, and I believe we should recognize, and I think the governments of Europe should recognize, that we must move more rapidly ahead.

Mr. MORSE. Will the Senator permit me to ask him if he agrees with me, in view of the fact that we have to take the necessary steps to make our Government secure from the standpoint of defense, by way of developing our own national security forces, by way of protecting our loans made necessary to peoples in other countries who are willing to take a stand for freedom, that it is regrettable our own country, while at the same time it is preparing for security, has not made a better record in making use of the peaceful procedures of the United Nations Charter, through the World Court, for an adjudication of a great many of these issues over international law which that tribunal was set up to determine?

Mr. BREWSTER. As I said, I think it is a matter of profound regret that there has not been more use of these agencies, and I hope that as time goes on it will come.

Mr. MALONE. Mr. President, will the Senator from Maine yield?

Mr. BREWSTER. I yield for a question.

Mr. MALONE. I should like to ask the Senator just one question following the line of reasoning of the junior Senator from Oregon.

In the first place, I wish to take the time to pay my compliments to Merle Cochran, who was the representative from the United States on the three-man board heretofore referred to. I would venture to say that he did as fine a job as it was possible to do, and admittedly found no ground for compromise.

I also wish to pay a compliment to Mr. Livingood, our ambassador there, who is a hard worker, sincere and competent, who offered full cooperation at all times.

Would the Senator say that the attitude of the Dutch Government in openly defying the Security Council compared very favorably, in only a matter of degree, with the Russian attitude on the veto?

Mr. BREWSTER. I think it is much less defensible, because the Russians, after all, when they exercise the veto are exercising a right admittedly bestowed on them by the Charter. They are complying with the Charter. When they refuse to obey a proposal of the Security Council they are deliberately defying obligations which they themselves have undertaken.

I wish to conclude, if I may, in a moment. I have taken more time of the Senate than I had expected, but in emphasizing, in conclusion, my position in this matter, I desire to point out the high hopes with which we entered into the United Nations, and for that purpose I venture to quote the distinguished senior Senator from Michigan [Mr. VANDENBERG] who was at that time, in June 1945, the ranking minority member of the Committee on Foreign Relations, who later was chairman, and who perhaps, along with the senior Senator from Texas [Mr. CONNALLY], the present chairman of the committee, certainly did as much as any other individuals toward the evolution of the United Nations. I shall never cease to pay tribute to the work of these Senators in bringing the United Nations into being, and so handling the very difficult problem within the United States Senate that, as I recall, there were only two negative votes when the report was presented to the Senate and they recommended it to us for adoption. At that time the Senator from Michigan was expressing his very high hope and his profound interest, which was shared certainly by not only every Member of the Senate, but by every citizen of the United States.

I quote the Senator's language, on page 6982 of the CONGRESSIONAL RECORD of June 29, 1945:

You may tell me that I have but to scan the present world with realistic eyes in order to see these fine phrases often contemptuously reduced to a contemporary shambles. You may tell me that some of the signatories to this charter practice the precise opposite of what they preach even as they sign.

Never were words more true of the position of the Dutch Government when this week it comes here to sign the document which it is itself deliberately defying.

You may tell me that the aftermath of this war seems to threaten the utter disintegration of these ideals at the very moment they are born. I reply that the nearer right you may be in any such gloomy indictment, the greater is the need for the new pattern which promises at least to try to stem these evil tides. The nearer right you are, the greater becomes the importance of this new self-denying ordinance which promises a chastened view in 50 capitals of this earth.

It is those words with which I plead tonight that we ourselves, as the leader in the United Nations, shall use every proper power we possess to see that the decisions of the Council are implemented and secured, rather than to stand before the nations in cynical disregard of the decisions of that Council, giving \$400,000,000 to a country which deliberately defies the very obligations they have themselves assumed.

I continue to read:

And all the time it invokes the moral pressures of the organized conscience of the world, functioning through this organization, upon any nation, big or little, which ignores this pacific routine and draws its ruthless sword.

And the Netherlands Government has drawn its ruthless sword, as evidenced by their own representatives, selected by them, in the Committee on Good Offices.

This special and particular authority may be looked upon as special and particular

privilege. But, in the last analysis, it is the privilege of serving the world. If it ever becomes a selfish privilege, an exploited privilege, this organization will die of cancer.

If the Senator from Illinois is correct that we must pay the price of the North Atlantic Pact, and of the Dutch entry into it by sacrificing the Indonesians, I say that this organization is coming to the same sad end that visited the League of Nations.

For myself—

Said the Senator from Michigan—

I decline to write any such obituary in anticipation of a funeral which never need occur. But I do not for an instant blind myself to the overriding fact that these responsibilities, these authorities, these privileges which the great powers thus accept are the most sacred public trust ever created in the affairs of men. It is indispensable that this obligation be accepted in this spirit by all concerned.

\* \* \* \* \*

If America is to assume the moral leadership of a better world in which we have fought our way to glorious eminence, we can scarcely be content to be among the last who care or dare to speak when this United Nations' roll is called.

Those were the great words of the Senator from Michigan. I do not challenge the sincerity or devotion of the Senator from Michigan or the Senator from Texas in their earnest desire to build a structure that shall endure, that shall not go the way of the League of Nations which failed and faltered when the test came. Nor do I challenge their sincerity in questioning whether our action at this time should be in accordance with the views advanced by the Senator from Maine. But I do ask that they consider seriously what must be the judgment of mankind, of all the other peoples of the world, when they see that we cut off, if you please—Senators speak of sanctions—we cut off \$15,000,000 to the Dutch East Indies. That is a sanction, if you please. If we can cut off \$15,000,000 to the Dutch East Indies because of the action of the Dutch Government, why can we not, a fortiori, cut off the \$400,000,000 draft to the Dutch Government which is able to carry out this devastating warfare only by reason of the aid which we ourselves are extending both in arms and in a financial way.

I will quote only one more item. I quote from the New York Times of last Sunday. The headline is as follows:

PESSIMISM INCREASING AMONG LEADERS AT UN—  
ATLANTIC PACT CONSIDERED NECESSARY, BUT  
A BLOW AT WORLD ORGANIZATION

This is an article by Mr. Thomas J. Hamilton, an accredited reporter of the New York Times, in a special from Lake Success, and I quote one paragraph to account for this pessimism.

LAKE SUCCESS, March 26.—Rightly or wrongly, a considerable number of delegates and United Nations employees saw a sign of the times in President Truman's announcement Thursday that he could not spare the few hours he would have needed to come from Washington April 10 to lay the cornerstone on the new United Nations headquarters in Manhattan.

Pessimism was already prevalent, for the prestige of the United Nations organization took a nose dive during its Paris meeting last fall. It has had its ups and downs



place then—over Palestine, Kashmir, and Indonesia.

As an example, the unwillingness of the United States to compel the Netherlands to comply with the Security Council resolutions on Indonesia is due, of course, to the complications this would create for one of the key members of the North Atlantic Pact.

But how can we expect to reconcile our attitude with the plain records which here prevail?

I have, in conclusion, a letter written by a young man who served in the Dutch East Indies, who is now living on Long Island. He arrived there within the past 2 days. The letter is as follows:

SIR: I was most grateful and happy to hear on the radio yesterday that you are considering cutting off the Dutch from Marshall plan aid unless and until they conform to the direction of the United Nations in relation to Indonesia.

I hope never to serve in the southwest Pacific again, but if I do, I hope that the native population will receive the American flag with the same friendliness and respect that they did several years ago. One of the most inspiring events of my life was to note the respect of the American flag in the Philippines. It was not accident that this was the first time in the world's history that a foreign flag was welcomed back. I worked with Indonesians rescuing American airmen in Dutch New Guinea and watched the Dutch, like jackals, following in our wake, and imposing the old colonial pressure on these nice human beings. The Javanese hate the Dutch and they have every reason to. The Dutch in Indonesia were pro-Nazi in good part. Those who sought shelter in Australia sat out the war in leisure and comfort. The Dutch in Europe folded up on 4 days, in Java in 9 days. We have been lending money in fantastic amounts to a political and economic unit numbering less than New York City. Their treatment of the Indonesians since the war has shown that they are without honor among nations.

They realize or recognize no moral issues in Indonesia and would resubjugate a race that they have cruelly exploited for over 300 years. We cannot, without failing in every concept of liberty, continue to support these cruel monopoly, cartel minded people. We should arm the Indonesians and give them equal chance to defend and regain their liberty. For 6 months after the war they could have taken all the Dutch and thrown them into the ocean. They bargained however, in good faith with them all the while the Dutch were rearming. Our whole honor everywhere in Asia is at stake. We can no longer fool Asia and I am confident that if the American people knew the whole issue they would not only castigate the Dutch but our State Department and all those who have permitted the Dutch to use American arms, airplanes, ammunition, etc., in this foul cause.

That comes from the heart of a GI who served in the Dutch East Indies during the war. It is a sufficient testimonial as to the attitude of many of our young men who fought in what they conceived to be the cause of human liberty.

Mr. President, if I have expressed myself with more emotion than is proper for one in the deliberations of this body, I trust it will be charged to the intensity of my feelings. Nothing other than the future development and progress of the United Nations is here involved. As certainly as we permit this monstrosity to go on, so certainly the marvelous hopes which we experienced when we were thrilled by the presentation of this

Charter to this body by the Senator from Texas [Mr. CONNALLY] and the Senator from Michigan [Mr. VANDENBERG] are doomed to disappointment. We cannot erect any sort of structure of enduring world peace upon the shambles of a disgraceful action of this character.

Soon there will be tests as to our moral stamina and as to our agreements, and as to whether we have the fortitude to carry them out. As Winston Churchill said in denouncing the Palestine activities, soon there will be tests which will require the fortitude to observe our obligations and our interests that will be far more of a challenge than any we have yet faced. Then the confidence of all the nations in the world in the security of our word and of our determination will be the mightiest asset, greater than armies, greater than reserves, greater than any single element we can bring to bear.

That is why I hope very earnestly that this amendment may be adopted as a recognition that America at least still adheres to the high ideals which animated this people when we subscribed to the United Nations Charter.

Mr. LUCAS. Mr. President—

The VICE PRESIDENT. Did the Senator from Maine intend to send to the desk an amendment which he proposed to offer? There is now an amendment pending.

Mr. BREWSTER. There is an amendment on the desk which I submitted last night, and which I shall call up at the proper time.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LUCAS. May I inquire what is the pending amendment before the Senate?

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT] for himself and the junior Senator from Georgia [Mr. RUSSELL].

Mr. LUCAS. May I inquire whether there are any other Senators who desire to speak on that amendment at this time, or upon any other amendment?

Mr. TAFT. Mr. President, I desire to speak on the amendment. I shall take probably an hour or more. I understand that the chairman of the Foreign Relations Committee does not desire a vote on the amendment this evening.

#### ADDITIONAL BILL INTRODUCED

Mr. MUNDT introduced Senate bill 1454, authorizing the Secretary of the Interior to convey certain lands in the State of South Dakota to Clarence E. Forman, which was referred to the Committee on Interior and Insular Affairs.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM—ADDITIONAL AMENDMENT

Mr. CONNALLY submitted an amendment intended to be proposed by him to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, which was ordered to lie on the table and to be printed.

#### EXECUTIVE SESSION

Mr. LUCAS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The VICE PRESIDENT. If there be no reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

#### UNITED STATES DISTRICT JUDGE

The Chief Clerk read the nomination of Edward Allen Tamm, to be United States district judge for the District of Columbia.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

#### UNITED STATES ATTORNEY

The Chief Clerk read the nomination of George F. Troy to be United States attorney for the district of Rhode Island.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

#### UNITED STATES MARSHALS

The Chief Clerk proceeded to read sundry nominations of United States marshals.

The VICE PRESIDENT. Without objection, the nominations of United States marshals are confirmed en bloc; and, without objection, the President will be immediately notified of all nominations confirmed this day.

That completes the Executive Calendar.

#### PROGRAM FOR TOMORROW—RECESS

Mr. LUCAS. Mr. President, it is the hope of the majority that we may conclude consideration of this bill tomorrow. I do not know whether we shall be able to do so, considering the number of amendments; but I again express the hope that Members of the Senate will confine themselves to the issue which is before us. I say that most respectfully because of the fact that April 3 is the date of expiration of the present European recovery program. It may be that we cannot conclude consideration of the bill tomorrow, but I sincerely hope that we may.

With those remarks out of my system, as in legislative session, I now move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 9 o'clock and 26 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, March 30, 1949, at 11 o'clock a. m.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate, March 29 (legislative day of March 18), 1949:

#### UNITED STATES DISTRICT JUDGE

Hon. Edward Allen Tamm to be United States district judge for the District of Columbia.

#### UNITED STATES ATTORNEY

George F. Troy to be United States attorney for the district of Rhode Island.

#### UNITED STATES MARSHALS

Jordan B. Royall to be United States marshal for the northern district of Florida.

Raymond A. Morgan to be United States marshal for the western district of New York.

William D. Kizziah to be United States marshal for the middle district of North Carolina.

Jacob C. Bowman to be United States marshal for the western district of North Carolina.



The society pictures continuation of the German plant-dismantling program as one which the "highest officials in the Government, including Mr. Marshall" support, while the report of the investigative Humphrey committee, appointed by ECA, is discredited in advance since, says the society, the Humphrey committee included members who "belong to industrial organizations which have had financial interests in the heavy industries of Germany."

The facts are that Mr. Marshall's reaffirmation of support of the reparations program, probably referred to here, was made almost a year and a half ago, at the time Bizonia was set up and before any serious reappraisal of the economic effect of the program had been made. Mr. Marshall's support was based on the argument that we had committed ourselves at Potsdam to this program. Since that time, a flood tide of opposition to the dismantling program has mounted. This opposition has been based in main on these grounds: (a) The Potsdam agreement, in which we pledged 25 percent of west zone reparations to Russia, has been invalidated by the many instances in which Russia has violated the terms of the agreement, and by her failure to comply with her side of the pledge to give back in the form of specified commodities 60 percent of the value of the reparations shipped to her. Three years after Potsdam, Russia had fulfilled less than 9 percent of her return obligations; (b) the tremendous financial assistance to Europe through the ERP, not anticipated at Potsdam, has many times over compensated for the loss of promised reparations matériel; (c) the reparations program, insofar as it has involved the dismantling of plants essential to the immediate recovery of western Europe, has created bottlenecks which threaten to bog down the whole recovery program; (d) the dismantling of those German plants most potentially competitive with the export trade of the other 16 nations which constitute the Marshall-aid countries, means the liquidation of Germany's ability to pay her own way in the future, and thus creates a permanent burden upon the American taxpayer.

The American people are not even yet, I fear, sufficiently familiar with the extent of the economic havoc worked upon the European recovery program through the dismantlings. As long as a year ago, the UN Economic and Social Council explained in its Survey of the Economic Situation and Prospects of Europe. "Among steel products there are particularly acute shortages of certain items for which production capacity is insufficient to meet requirements. Sheets, tin plates, and transformer and dynamo sheets are outstanding examples of products for which production will, in the next 2 years, fall seriously short of requirements; the shortage is estimated at 500,000 tons in the case of sheets \* \* \* and 50,000 tons in the case of transformer sheets for the 24 months' period." Yet it is reliably reported that the Wolf Steel Investigating Committee, appointed last spring by the joint congressional committee, the Army and the ECA, to reappraise the dismantling of German steel works, found that estimated capacity on the dismantling list included 100,000 tons of sheets, and 50,000 tons of transformer sheets.

There has been a continuous outcry for dynamo and transformer sheets to meet desperate power shortages. The August Thyssen works at Hamborn in the Ruhr have a capacity of 50,000 tons of electrical sheets annually, and represents half of the remaining capacity for electrical sheets in Bizonia. Yet the Thyssen-Hamborn works have been closed since the war, and are slated for total dismantlement.

The importance of such dismantled equipment to the claimant countries at some distant date (time required to dismantle, move, and reerect a steel plant elsewhere has to

be reckoned in years, not months), is exploded by the further statement of the UN Security Council that "the new sheet mills which will come into production from 1950 onward will rapidly eliminate the deficit in sheets, and the same is true of transformer sheets and seamless tubes." In other words, the German steel-making equipment is not urgently needed in other countries.

The Thyssen works had not even been bid upon at last report. On the contrary, the greatest need Europe will have had for this equipment has been in these years immediately following the war, before the new plants of the other countries have been completed. There appears little doubt that in their willingness to see this vitally needed equipment lie idle and then suffer years of dismantling and reassembling, certain countries placed the importance of eliminating future German competition thuswise above the discomforts of living through an intermediary period of acute shortages requiring pump-priming from America.

It is inescapable that those plants which figure in past years most heavily in Germany's export trade, and hence possess greatest ability now to earn dollars for needed imports, are precisely those plants which have been placed on the doomed list by those countries fearful of future German competition. Conspicuous among these are, for instance, the Deutsche Edelstahlwerke, Germany's leading producer of high-quality steel, and the Rheinische Roehrenwerke, with a capacity to produce annually 100,000 tons of oil pipe. World shortages in oil tubular goods have caused world prices of steel tubes in the gray market to rise from \$185 per ton to double that amount since the end of the war. At the time its dismantlement began this past fall, Rheinische Roehrenwerke was in possession of a contract, O. K.'d by the Duesseldorf Joint Export Import Agency, for 65,000 tons of desperately needed oil pipe for the Texas oil fields. Yet on September 13, this plant was placed by the British on the "rush" dismantlement list.

It is quite certain that the society is unable on the basis of evidence now available to make out a case for the dismantled equipment being used more economically in the other nations to which it has been allocated. Our State Department quite frankly states that it has almost no knowledge of what has happened to this equipment since it left Germany, or what contribution if any it has made to the economies to which it was given.

That part of the society's letter should not go unanswered, either, which implies that opinion on the German reparations is divided between "those in high government" who support, and those "interested groups" which oppose, the program. The society will have a hard time making out a case against such a large section of American opinion opposed to the present dismantling program as represented in the A. F. of L.; the CIO; the United Mine Workers of America; the National Association of Manufacturers; the National Grange; the United States Chamber of Commerce; the leading Protestant weekly, the Christian Century; the Commonweal, influential Catholic weekly; Herbert Hoover; the Administrator of the ECA; the Joint Committee on Foreign Aid; and the House Select Committee on Foreign Aid (the Herter Committee).

One further point, since the society has impugned the motives of the Humphrey committee, a great deal of interest is being manifested on Capitol Hill these days as to the motivation behind the society's continuous virulent attacks upon any form of German revival. It constantly harps upon the danger of the German "Colossus." Yet, in contrast to over-all recovery gains made by the rest of western Europe, which show an average level of industrial production higher than prewar, western Germany has recov-

ered to only 78 percent of her prewar level of industrial production, and this figure ignores the important fact that 10,000,000 expellees have been herded into this area since the end of the war. Per capita German recovery is far lower.

The society's continuous campaign of vilification of the postwar German approaches in venom the genocidal, anti-Semitic attacks of Julius Streicher during the Third Reich. The society's slick-paper bulletin, which is distributed monthly all over the country, including copies sent to every Member of Congress, must run into hundreds of thousands of dollars of cost. All these hundreds of thousands of dollars are devoted to putting across policies which envisage the Morgenthau goat pasture at its worst. If carried out, they would be an insurance that Germany would in the end turn to Russia in sheer desperation. Nothing could be better calculated to serve the interests of the follow-traveler group. The American people have a right to push the society very hard regarding its honest intentions.

JOAN S. CRANE.

ALEXANDRIA, VA.

## Government Propaganda

### EXTENSION OF REMARKS

OF

### HON. CLIFF CLEVINGER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 29, 1949

Mr. CLEVINGER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following editorial from the Cleveland Plain Dealer of February 6, 1949:

#### GOVERNMENT PROPAGANDA

A government dedicated to guiding and assisting the individual from cradle to grave (or some portion of the span of life) inevitably grows like a tree. Twigs shoot out from the trunk of government, and as twigs grow into strong limbs, new branches shoot out from them.

The tree feeds on tax revenues, which are moneys taken out of the pay envelopes of the governed, the men and women who work in industry, business, and professions.

As the tree grows and nurtures a splendid foliage of Government employees, an ever-increasing amount of food for the tree is necessary. Taxes go higher and higher. The men and women who work and feed the tree have increasingly less and less left for themselves.

Moreover, the jobs on which the people work to nourish the tree are gradually but inevitably starved by it, for the multiplying employees of government do not themselves produce food, clothing, automobiles, and houses. They drain off a part of what the working population produces; they live off the workers.

The capital, too, which builds factories and develops new and better products is undergoing a shrinking process, as more and more of the money that the working population could be saving is drained off in taxes.

Investment of the capital that remains is also discouraged, as the claims of the tax collector, which come first, render new industrial and business projects more perilous. The chances of success become continuously more doubtful.

And all the while a secondary, insidious, and evil activity of government is growing like suckers on this tree of government. It is the activity of government propagandists, an activity in which scores of governmental agencies embracing thousands of employees



dissipate tax revenues pouring Government doctrine into established channels of information.

The House Subcommittee on Publicity and Propaganda of the previous Congress found that in 1946 above 42,000 Federal job holders devoted full or part time and spent \$75,000,000 in this manner. The number of employees and the amount so spent was sharply above previous years, and are greater today.

And besides, we can be sure that the House subcommittee only scratched the surface. It is extremely difficult to learn exactly to what extent this propaganda mill operates as employees by the thousands engaged in it are concealed by titles that are innocent and misleading.

The primary design of the work of these propagandists is to justify their own existence and that of the bureau to which they are attached. The House subcommittee singles out, as the most flagrant examples, propaganda in behalf of socialized medicine, national health insurance, and compulsory military training.

The newspapers, radio, and the moving pictures, no matter how vigilant their guard, disseminate much of this propaganda as news by virtue of the circumstance that it is cleverly and deeply disguised as official information emanating from legitimate and responsible arms of government.

An idea of the quantity of this insidious propaganda that comes out of governmental bureaus is gathered from the Public Printer, who estimated that in a single week bureaucrats sent to the New York Times alone enough material to fill 800 columns.

Of course, the caution of the editors of the Times prevented most of it from getting into print. And this only emphasizes the enormity of the Federal waste, as huge and expensive governmental agencies were spending thousands of dollars in tax money for no purpose at all.

The Army has been assailed on factual evidence for the manner in which it has spent its funds in a public campaign for universal military training by going to the people in behalf of its ambitions instead of working out military problems with the proper committees of Congress and officials of the executive branch of the Government.

It is the duty of Congress, which alone has access to the facts, to cut out of the Federal Budget the enormous sums that are now being used by useless employees in bamboozling the taxpayers. And this spreading tree of government will never be trimmed until the fallacious notion that government can and should support and guide the individual from cradle to grave is crushed.

The way we're going now, the tree will sooner or later fall on us.

### Results of the Marshall Plan

#### EXTENSION OF REMARKS OF

**HON. JOHN W. McCORMACK**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, March 29, 1949*

Mr. McCORMACK. Mr. Speaker, I include in my extension of remarks an interesting and informative letter received from Hon. James R. Nolen, of Boston, Mass., of certain impressions of his as a result of a recent trip to Europe:

BOSTON, MASS., March 25, 1949.

Hon. JOHN W. McCORMACK,

Majority House Leader, United States Capitol Building, Washington, D. C.

DEAR JOHN: I have just returned after a business trip that took me into Norway, Sweden, Denmark, Holland, Belgium, France,

England, and Ireland. Although I am just an ordinary, plain citizen, I feel that I should write you my impressions of the effect of our Marshall plan, as I observed it in the countries I visited. I was fortunate to associate with all classes in these countries and therefore, my opinion probably has some of the reality that may be accounted to a cross-section observation.

There is no question but that the Marshall plan has been and is the instrument that has temporarily blocked the advance of communism into western Europe. The people of all of these countries which I visited are grateful to America for the aid that has been given them and they are determined to make every effort to rehabilitate themselves quickly and relieve us of the economic burden the Marshall plan has put upon us. Their spirit is remarkable and their effort is extreme.

The Norwegians and the English are outstanding in the effort they are making for rehabilitation. So that they may use our Marshall dollars for the purchase of basic equipment that will make possible an industrial recovery, they have accepted restrictions that are so severe that they are practically without many of the necessities of life. They have not only forgotten the luxuries, but they are making a sacrifice which includes a lack of food and a lack of clothing and this whole spirit of sacrifice is sustained by the hope that they have in the United States of America and that hope has been signified to them by our Marshall plan. If this hope were now taken from them, in my opinion, nothing could stop the indoctrination of western Europe by communism.

In the other countries there is no food shortage because they are essentially agricultural. However, there is a clothing shortage everywhere and there are no luxury items anywhere. Moreover, there is no appreciable black market to be found in any of these countries. The people have accepted restrictions because they are certain that an honest, determined effort together with American help, will save democratic government for Europe and the world.

I know, of course, that you are in sympathy with the administration's policy for a continuance of ECA. Yet, I think that you can be inspired in your effort by the knowledge that the ordinary man and woman in Europe not only appreciates this program, but is demonstrating that appreciation in an all-out sacrifice for democracy. If Congress now saw fit to curtail or reduce the appropriation for Marshall aid, it would be a signal to communism for a renewed effort to capture the sympathies and to control the governments of western Europe. It would also signify to the peoples of western Europe an American surrender to tyranny and oppression. For the sake of freedom, liberty, and the security of our children, I sincerely hope that the Marshall aid will be continued and later extended into a basic, free economy embracing all of our democratic governments.

Sincerely yours,

JAMES R. NOLEN.

### Time Has Passed Since Potsdam

#### EXTENSION OF REMARKS OF

**HON. AUGUSTINE B. KELLEY**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Friday, March 25, 1949*

Mr. KELLEY. Mr. Speaker, under leave to extend my remarks, I am including an editorial comment, Time Has Passed Since Potsdam, from the March issue of the Priest. The viewpoint as

expressed here is one that no doubt will be interesting to many people who are concerned about our relationship with Franco. I have read it with a great deal of interest and enlightenment.

#### TIME HAS PASSED SINCE POTSDAM

Some of us have gone all out for Franco; some have gone all out against him; not surprisingly and perhaps as an inevitable result, some—despairing of the truth in a welter of charge and counter-charge—have grown cautious, reserving judgment. Notwithstanding the old, old canard about the Catholic Church in politics, Catholics as usual have been divided.

The Partisan Review thinks it has discovered two Catholic parties, a pro-Franco Jesuit and an anti-Franco Dominican faction. More relevant and more credible evidence of the principle in dubiis libertas is the correspondence section of our own Catholic papers. Not too long ago a professor of philosophy fairly shrieked at the editor of the Boston Pilot: "Your cowardly and treacherous editorials against General Franco prompt me to call for public prayers on the part of loyal Catholics for the protection of the most gallant soldier of Christ in our times." We were delighted at the editor's calm rejoinder, "Franco is an item of current history. He is not an article of faith. The emotional partisans of General Franco and his equally emotional critics, both so passionately sure of their 'facts,' add heat to the discussion but small light." Amen!

Of course, it would be far more pleasant to dodge the controversy, to return to the proverbial Ivory Tower, to shut out the din of battle, and to recapture the calm of a bygone era. But Spain has again become a vital issue; again the problem turns about the question of communism, this time not within but without her borders.

#### SICKLY THOUGHT

For that matter, there is no dodging controversies today; less than ever before it would seem is there a place for splendid isolation. Your so-called liberal, whose liberalism consisted largely of inaction born of indifference or confusion, who was kind toward your opinion only because he was so unsure of his own, that liberal finds himself in a quandary today, caught between opposing forces which are terribly intolerant of his indecision. The modern Hamlet, his native hue of resolution sicklied o'er with the pale cast of thought, is a shocking anomaly. The times demand action and brook no delay. Specifically—something must be done about Spain.

Taking our cue from the newspaper quoted above, we shall try to consider Franco and Spain. Franco and Spain together, as an item of current history. Going still a step further, we shall try to consider them from the viewpoint of what is now erroneously called realism, that curiously and today characteristically immoral attitude (certainly not our own) which would divorce politics from right and wrong, making political success an end in itself. We shall range ourselves on the side of the many modern Machiavellians for whom might makes right. We shall somehow, with an effort and a wrench, twist ourselves round to that alien position where mass bombing of civilians and total warfare become legitimate because expedient, where anything goes provided only it really goes.

#### HUE AND CRY

What brings up this whole discussion is the rather solid evidence that our State Department is seriously considering a change of policy with regard to Spain. A hue and cry have immediately gone up from the same old gang against any relaxation of our defacto hostility. That hostility which has led us to keep Spain out of the United Nations and has cut her out of the provisions of the Marshall plan. We shall make only one easy assumption: that a government which has



whole divisions of its army and its entire air force.

What happened?

Whereas the country was only partially Communist when our military aid began, today it is all but completely Communist. And the irony is that the Communist armies are in great part using American equipment that they captured—or sometimes bought—from Chiang's armies.

But our American luck was with us in China. For there was no pact binding us to Chiang Kai-shek. If there had been a treaty like the Atlantic Pact covering the Far East, we would now be at war with Russia on the Asiatic mainland.

As it is, we have wasted billions in the money of American taxpayers. More important, where once the name of America was held in highest honor, the Chinese people now regard us as their enemies. Millions of them hold us responsible for feeding the fires of a civil war that might have been avoided. Even American businessmen, whose very essence is conservatism, plead through the press for a hands-off policy in the internal life of China.

Is this what we want to happen in Europe? Our policy there is the same. Will the results be different? For months the Russians have been saying to all the world that they are willing to sit down with us to talk out our differences. Stalin himself has invited President Truman to do this. The State Department and the White House brushed him off. The Atlantic Pact, this war alliance, is their reply. Forget, for a moment, the effect upon Russia. What does it mean to the man on the street in Paris, in Rome, in London? Does it raise our prestige? Does it make us seem like victims or aggressors?

An Oxford professor, Max Beloff, wrote the answer in the New York Times magazine. "It is perhaps not fully realized in the United States," he declared, "how instinctively Europeans still recoil from the idea of a new war. However exasperating the attitude of Soviet Russia may be, talk of a showdown which can only mean a shooting war, seems to Europeans no answer."

Of course it is no answer. No answer for Europeans, and no answer for Americans. It was no answer in China, and it will be a catastrophe for America in Europe. We are asking the people of Europe to become American mercenaries and to turn their countries into battlefields once again. We are saying to them, "Set aside your dreams of a better world; take this gun and stand ready. Watch your fields grow over with weeds. Set your tractor plants to turning out tanks again. Come out of school and take up arms. We have run out of ideas. We know nothing but war as a way to peace. You must follow."

We made that speech in China, friends. But the Chinese did not follow. We are making that speech in Greece, and there are now more Greek rebels in the hills than there were when we started to wipe them out.

Perhaps the military and Wall Street men who took over American foreign policy when Roosevelt died do not understand how this failure is possible. No more did King George understand how the farmers of New England could withstand his trained regiments in 1775.

In the same way, Adolph Hitler swore he would be in Moscow 5 weeks after launching his attack.

All these men were right, from a purely military point of view. But the military point of view, which is responsible for ideas like the Atlantic alliance, never understands one thing—one angry peasant, fighting for what he believes, is worth a company of mercenaries who fight only because fighting is forced upon them. The spirit of the people decides wars, and that spirit cannot be produced, like guns, in arms factories.

The Atlantic Pact, if ratified by the Senate, will put the people of western Europe

into American uniforms. Amid their cathedrals, we will pitch the tents of armies. We will crush their hope of recovery under the burden of our arms.

What do we offer them in return?

Nothing of the spirit but anticommunism. That was not very strong meat for the Chinese to feed on, and they turned their faces from it. When the first blow is struck, is it reasonable to think it will be different with the Europeans?

Neither the United States and Britain nor the United States and western Europe can carry on the burden of the world by themselves. Down that path hatred accumulates. We don't have to choose Russian communism but neither do we have to embrace the British Empire, Roman Catholicism of monopoly capitalism. There is a fifth choice which is the concept of old-fashioned Americanism moving to bring about a sense of responsibility for the welfare of the whole world.

It is not our obligation to save any vested interest. A Churchill may come to our shores in March of every third year to stir us to action in shouldering burdens which Britain no longer can carry. A Catholic prelate may try to convince us that the one choice is between Rome and Moscow. Corporation presidents may strive to rouse our hatreds to such fever heat that great appropriations will be made to increase the business of concerns making airplanes and munitions. Our newspapers will run interference for all these vested interests. But neither the vested interests nor the newspapers can bring your children and my children security.

I have seen and talked to the common man in Latin America, China, western Europe, Palestine, and Soviet Asia. They all have the same hope of peace and fear of war. They all distrust balance-of-power politics.

Jeremiah and Isaiah, the ancient Hebrew prophets, were caught in times like these when two great powers were striving mightily for supremacy. They looked at those who trusted in the sword and turned away. By the law of the spirit they knew that those who take up the sword shall perish by the sword. They knew that the only final strength was in the Lord and his righteousness. They knew that violence never finally paid either in personal affairs nor international relationships.

If the Bible says anything of value in international affairs it says that the path to peace is not the path of arms nor the path of international alliances. "Put no trust in earthly princes" said the Psalmist. Put no trust in arms. Only by world service shall the Nation be saved.

If the administration, as it professes, sincerely desires peace, let it state its terms. Let the Russians do likewise, as they have clearly and repeatedly told us they are prepared to do. Let the heads of both nations, after preparations at the expert level, sit down to negotiate those terms. Peace will require compromises and accommodation on both sides. But no government that wants peace and knows its minimum demands can refuse to discuss them, and propose a war-creating alliance instead.

Why then should our Government so fear the risk of conference and negotiation with the Russians while it incurs the incalculably greater risk of war?

Now is the time for the American people to act. The UN was born at San Francisco in 1945. The supreme question is: "Shall it die in Washington in 1949?"

Will history record that the fatal step was taken when the Atlantic Pact decision divided the world into two warring camps? With you who hear my voice this Sabbath afternoon rests the decision. In this vast radio audience are millions who know that the only road to peace lies through the United Nations and an understanding with Russia. To you I appeal to make your voices heard

in Washington before it is too late. Let your Senators know that you want full hearings, consideration and debate on the North Atlantic Pact. Urge them to vote against a step which may destroy the United Nations and commit our beloved country to a course that would finally divide the world into two armed camps and take us down the fatal road to war.

## Payments to State of Montana in Lieu of Taxes on Lands Owned by the United States

### EXTENSION OF REMARKS OF

HON. WESLEY A. D'EWART

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 29, 1949

Mr. D'EWART. Mr. Speaker, under leave to extend my remarks, I include the following Senate Joint Memorial 6 of the Legislature of the State of Montana, with regard to payments in lieu of taxes on lands owned by the United States Government:

Senate Joint Memorial 6

(Introduced by Tibbals, Aronson, Markle, Ross, Valiton, and Fewkes)

A joint memorial of the Senate and House of Representatives of the State of Montana to the Congress of the United States, United States Senators JAMES E. MURRAY and ZALES N. ECTON and Representatives MIKE MANSFIELD and WESLEY A. D'EWART, all of Washington, D. C., requesting the enactment of legislation allowing for and directing the annual payment of grants by the United States Government to the State of Montana for the use and benefit of the several counties of Montana in lieu of taxes on lands owned by the United States Government in the State of Montana

Whereas in Montana there is in excess of 39 percent of our landed area which is owned by the Government of the United States, so held by it in proprietary or trustee capacity for Indian reservations, forest reserves, wildlife refuge, grazing lands, military reservations, and numerous other governmental purposes and objects, none of which lands pay taxes to the State of Montana or the counties therein, nor contribute equitable amounts in lieu of taxes to the school districts, counties, and State government, all of which furnish services to such lands and their occupants; and

Whereas such areas are increasing, and the taxation burdens upon sparsely settled communities of our State are becoming more serious; and

Whereas these areas should bear some part of the tax burden comparable to that imposed on lands of our own taxpayers; and

Whereas there has been and will be introduced in the Congress of the United States acts under which the Government of the United States will pay to the several States of the United States for the benefit of counties wherein Government-held lands are located, grants in lieu of taxes upon these lands: Now, therefore, be it

Resolved by the Thirty-first Legislative Assembly of the State of Montana (Senate and House of Representatives concurring), That we respectfully urge the enactment of legislation by the Congress of the United States providing for the evaluation of property owned or held by the United States Government and providing for payments or grants to the State of Montana for the use and benefit of the counties wherein Government-



held lands are located, in lieu of taxes upon these lands; and be it further

*Resolved*, That copies of this memorial be submitted by the secretary of state of Montana to the Senate and House of Representatives of the United States Congress and to Senators JAMES E. MURRAY and ZALES N. ECTON and Representatives MIKE MANSFIELD and WESLEY A. D'EWART.

PAUL CANNON,  
*President of the Senate.*  
LEO C. GRAYBILL,  
*Speaker of the House.*

Approved February 25, 1949:  
JOHN W. BONNER, *Governor.*

### New York Shows the Way

#### EXTENSION OF REMARKS OF

**HON. ABRAHAM J. MULTER**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 29, 1949

Mr. MULTER. Mr. Speaker, despite the rantings and the ravings of those who do not know, FEPC is working out well in the State of New York. The following editorial which appeared in the New York Herald Tribune of March 28 is a fair review of the situation as it there exists:

#### NEW YORK SHOWS THE WAY

Legislation against discrimination in employment is practical and successful. This is common knowledge in New York; the evidence is everywhere plain. There were serious doubts when our State commission against discrimination began operation in 1945, but the subsequent record is one of expanding progress. The achievements have been many and precise, and the New York system is so well established and recognized that it is now taken as a model in other forward-looking cities and States.

The commission's annual report is a cheering document for all who believe that it is possible to proceed exactly by specific legislation against the social imponderable. The law's stated aim is "to eliminate and prevent discrimination in employment because of race, creed, color, or national origin," and this is exactly what New York is doing. Statistics hardly tell the story. There were 273 complaints filed last year, mostly charges of race discrimination. But the commission, ably headed by Mr. Charles Garside, was not content to sit and wait until approached by an aggrieved individual. Its formative investigations were successfully directed, for instance, at Caucasian clauses of labor unions and advertising in telephone directories. Broad and productive conferences were conducted on the industry level, such as the confectionery business, private hospitals, and surety companies. Continuing consultation proceeded on every level of government. Any New Yorker can look about in daily life, in offices, department stores, and everywhere, and see that something very definite and personal is being done.

What is our secret of success? First, there is determination firmly and simply expressed in law. Second, the commission gets results by conference, conciliation, and persuasion. Third, our law has teeth. Up to now, the cease-and-desist sanctions of court order have never been sought, which is a tribute to the commission's skillful and forehanded administration. The necessity for crack-down is avoided by developing a community atmosphere that is progressively favorable.

We progress by conscious education; the whole air is cooperation instead of conflict. And this is the triumph of intelligent legislation, the proof that a broad and imperative aim can be harmoniously translated into happy result.

### ECA Still Discriminates Against American Shipping

#### EXTENSION OF REMARKS OF

**HON. GEORGE G. SADOWSKI**

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 22, 1949

Mr. SADOWSKI. Mr. Speaker, when the Members of Congress voted for the Marshall plan they certainly did not do so with the intention of destroying American shipping, or other American industries. This, however, seems to be the policy of Hoffman and the ECA administrators. It was most foolish to have set up a separate administration over ECA funds. This act should have been administered under control of the State Department and the Department of Commerce. Under the present administration many American businessmen are waking up to the fact that their industry and business are being put on the skids. Let us take, for instance, American shipping—a recent ECA report discloses that United States flag ships carried only 43 percent of the aggregate ECA cargoes from the United States in January and February of this year. This figure includes shipments on Army vessels averaging 10 percent of the aggregate, according to recent testimony of an ECA representative before the House Merchant Marine and Fisheries Committee. The percentage of ECA cargo from the United States carried aboard United States flag commercial vessels was therefore approximately 33 percent of the aggregate.

A very small percentage of ECA cargoes shipped from the United States by so-called maritime recipient nations in northern Europe was carried on United States flag vessels. From April 1948 to February 1949 the United Kingdom shipped only 17.6 percent of ECA cargoes from the United States on United States flag vessels, Netherlands only 29.8 percent, Denmark 17.7 percent and Norway 30.7 percent.

Certain American steamship lines provide regular and frequent year-around service to these northern European countries under contract to the United States Government through the United States Maritime Commission. They are not assisted in earning the necessary revenues to maintain these services by being advised that the deficiency in the statutory 50-percent requirement is to be made up by some other country to some other shipping line.

Failure of these nations to provide their fair share of United States flag ECA cargoes as required by law is evidence of the necessity of a country-by-country administration of the ECA Act.

### Shadow of Fear

#### EXTENSION OF REMARKS OF

**HON. HELEN GAHAGAN DOUGLAS**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 11, 1949

Mrs. DOUGLAS. Mr. Speaker, under permission to extend my remarks in the RECORD, I wish to include the following article by Marquis Childs, which appeared in the Washington Post on March 29, 1949:

#### WASHINGTON CALLING

(By Marquis Childs)

#### SHADOW OF FEAR

NEW YORK.—If a master Communist planner had carefully worked out a way to get the utmost public attention for the Communist-dominated world peace conference held here over the week end, he could not have improved on what actually happened. The supposed enemies of communism took care of all that.

They picketed in noisy, marching crowds outside the Waldorf-Astoria Hotel and Carnegie Hall. They carried banners and placards duly recorded by newsreel and television cameras.

Without all this voluntary advertising, it seems to me likely that the conference would have been almost ignored. Americans have learned enough in the past 3 years about Communist propaganda techniques not to be fooled by such a transparent device as the conference.

The very fact that a delegation from the Soviet Union, including such a showpiece as the composer, Dmitri Shostakovich, could come here was sufficient proof of the importance the Russians placed on the meeting. From almost everything that was said, and above all from the reception of the carefully hand-picked audience, it was obvious that the immediate objective is a meeting between Truman and Stalin.

Back of that objective is the aim of halting the program of the United States Government for restoring the strength and independence of western Europe. America has gradually come to accept world responsibility. That does not fit into the Soviet postwar plan. In fact, it cuts directly across the Russian goal of domination in Europe and Asia.

A Truman-Stalin peace conference, in a climate of opinion warmed up by Soviet sympathizers and the deep desire of almost all Americans for peace, could achieve a lot. At the very least it would put the United States in the role of rejecting Stalin's magnanimous offer of peace on Stalin's terms.

One disservice done by all the free advertising was to make it seem that we were really afraid to have these people speak their piece. The State Department helped that impression along by its stupidity in refusing visas to some who wanted to come from western Europe and South America.

It must have seemed to the visiting Russians that we were in a highly jittery and nervous state. As they were spirited in and out of the Waldorf while the marching pickets shouted, they must have felt that here were overtones of the same fear that obsesses their country.

Fear is like a spreading plague in the world today. It seemed to me to be deeply etched in the thin, taut face of Shostakovich as I watched him sitting on the platform during the interminable and repetitious speeches.

Here is a young man who has composed some of the most brilliant and exciting music of our time. The music of Shostakovich



# S. 1209

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IN THE SENATE OF THE UNITED STATES

MARCH 29 (legislative day, MARCH 18), 1949

Ordered to be printed

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## AMENDMENTS

Proposed by Mr. TAFT (for himself and Mr. RUSSELL) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz:

- 1        On page 5, lines 14 and 15, strike out "\$1,150,000,000"
- 2        and insert in lieu thereof "\$1,035,000,000".
- 3        On page 5, line 16, strike out "\$4,280,000,000" and
- 4        insert thereof "\$3,852,000,000".

81ST CONGRESS  
1ST SESSION

# S. 1209

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## AMENDMENTS

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Proposed by Mr. TART (for himself and Mr. Russell) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

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MARCH 29 (legislative day, MARCH 18), 1949  
Ordered to be printed



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 29 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. CONNALLY to the bill (S. 1209)  
to amend the Economic Cooperation Act of 1948, viz: At  
the end of the bill add the following new section:

1        SEC.    . An amount, equal to any balance, unobligated  
2 as of April 2, 1949, or subsequently released from obliga-  
3 tion, of funds appropriated by Public Law 793, approved  
4 June 28, 1948, for the purposes of the China Aid Act of  
5 1948 is hereby made available to the President for obliga-  
6 tion through December 31, 1949, for economic assistance to  
7 China, to be furnished in such manner and on such terms  
8 and conditions as he may determine without regard to the  
9 foregoing provisions of this Act.

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**AMENDMENT**

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Intended to be proposed by Mr. CONNALLY to  
the bill (S. 1209) to amend the Economic  
Cooperation Act of 1948.

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MARCH 29 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 29 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. BRIDGES (for himself and Mr. McCARRAN) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz: On page 9, between lines 14 and 15, insert the following:

1 (d) Section 115 (d) of such Act is amended to read  
2 as follows:

3 “(d) The Administrator shall insure that each partici-  
4 pating country makes efficient use of the commodities, facili-  
5 ties, and services furnished under this title, by observing and  
6 reviewing such use through an effective follow-up system.  
7 In order further to insure that each participating country  
8 makes efficient use of such commodities, facilities, and serv-  
9 ices, and of its own resources, the Administrator shall en-  
10 courage the joint organization of the participating countries  
11 referred to in subsection (b) of this section to join with him  
12 in the initiation and operation of such follow-up system.”

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## AMENDMENT

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Intended to be proposed by Mr. BRIDGES (for himself and Mr. McCARRAN) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

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MARCH 29 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed



81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 29 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. BRIDGES (for himself and Mr. McCARRAN) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz: On page 4, between lines 19 and 20, insert the following:

1       (c) Section 111 is further amended by adding at the  
2 end thereof a new subsection as follows:

3       “(d) In providing for the procurement of commodities  
4 under authority of this title, the Administrator shall take  
5 such steps as may be necessary to assure that such com-  
6 modities or the containers thereof (including inner  
7 containers as well as outer packaging) are plainly,  
8 indelibly, and appropriately labeled by the supplier  
9 thereof in such manner as to indicate, by emblem and wording  
10 in the language of the recipient country, that the commodi-

1 ties have been supplied by the United States for European  
2 recovery. No payment shall be made by the Administrator  
3 under letters of commitment or other financial arrangements  
4 made with respect to the procurement of commodities under  
5 this title except upon receipt of an affidavit of the supplier,  
6 whether within or without the United States, that the require-  
7 ments of this subsection have been complied with in the case  
8 of such commodities. The Administrator shall immediately  
9 commence negotiations with the several participating coun-  
10 tries with a view to the inclusion in the respective bilateral  
11 agreements entered into with such countries in accordance  
12 with section 115 (b) of this title of provisions designed to  
13 insure the continuation of such labeling within each such  
14 country, of bulk raw materials including coal, grain, petro-  
15 leum, oil, lubricants, fibers packaged in bales, and metal  
16 and lumber-mill products of a semifinished nature.”





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## AMENDMENT

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Intended to be proposed by Mr. BRIDGES (for himself and Mr. McCARRAN) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

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MARCH 29 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 29 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. BREWSTER to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz: At the proper place in the bill, insert the following:

- 1       No funds authorized for the purposes of this Act shall
- 2       be allocated to or expended for any foreign government
- 3       for the purpose of expenditures for the advertising of foreign
- 4       products in this country nor for advertising foreign travel
- 5       in this country.

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## AMENDMENT

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Intended to be proposed by Mr. Brewster to the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

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MARCH 29 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 29 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. BALDWIN to the bill (S. 1209)  
to amend the Economic Cooperation Act of 1948, viz: On  
page 4, between lines 19 and 20, insert the following:

1       (c) Section 111 of such Act is further amended by  
2 adding at the end thereof a new subsection as follows:

3       “(d) No assistance shall be furnished under this Act  
4 to a participating country during any period with respect  
5 to which the Secretary of State determines that such country  
6 is violating any treaty with the United States.”

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## AMENDMENT

Intended to be proposed by Mr. BALDWIN to  
the bill (S. 1209) to amend the Economic  
Cooperation Act of 1948.

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MARCH 29 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed









## EXTENSION OF THE EUROPEAN RECOVERY PROGRAM

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MARCH 30, 1949.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. Eaton, from the Committee on Foreign Affairs, submitted the following

### MINORITY VIEWS

[To accompany H. R. 3748]

The members of the Republican minority on the Committee on Foreign Affairs were unanimous in voting to bring this bill to the floor. It is our firm conviction that this vast and far-reaching effort, initiated in the Eightieth Congress, and perfected by that body to such a state that few major changes were deemed necessary at this time, must be continued. The principle involved is sound and simple; we help those who help themselves, and help each other and help us. Adherence to it, between continents, involving many governments, millions of people, and billions in commodities is complex and difficult. Communist opposition, ranging from incessant public distortions of the plan to secret sabotage, cunningly contrived and daringly executed, has added enormously to the difficulties. We are proud of the year of achievement of this plan for joint effort, in the face of such great obstacles. The spread of communism in western Europe has been arrested, and its influence materially reduced; Europe has taken great strides toward recovery; our own economy, far from being seriously impaired by this effort, has gone forward.

The Republican minority members of the committee do not approve of all that has been done here or abroad, nor of every provision in this extension legislation. Our committee established only over-all limitations on appropriations. A careful and detailed review of the amounts needed in the light of conditions then existing must be made by the Appropriations Committee, which is the appropriate committee for that purpose. The bill and the report make no change in the basic law which provided in section 114 (b) that—

Nothing in this title is intended nor shall it be construed as an express or implied commitment to provide any specific assistance whether of funds, commodities or services, to any country or countries.

There must be no repetition of last year's attempt to distort limitations into commitments, legislative maximums into appropriation minimums.

We deeply appreciate the fine spirit that prevailed in our committee throughout our hearings, the courtesy and consideration given the minority by our new chairman, Judge Kee, and by the majority members, in public and executive sessions. At the same time, and without recrimination, we feel it our duty to report with complete candor upon certain matters of which the House should be informed and aware.

#### THE FOREIGN ASSISTANCE PACKAGE

A year ago the Committee on Foreign Affairs unanimously brought to the floor of the House the Foreign Assistance Act of 1948, a global undertaking without precedent in our national history in time of peace. In that measure, which has been praised by those charged with its subsequent administration and direction, we combined the several items of foreign assistance which required the immediate and positive action of the Congress. The bill, as then reported, contained four separate and distinct titles. Title I and title III had been received from the administration in an atmosphere of urgent haste, accompanied by a "deadline" date, a disregard of which, we were told, would invoke disastrous results.

The four titles of the Foreign Assistance Act of 1948 covered such related subjects as the European recovery program, the International Children's Fund, Greek-Turkish assistance, and aid to China. When it was announced by the committee that all of the programs were to be included in a "one package" bill, the committee majority was promptly assailed for proposing the "package bill" approach. The procedure was condemned by many as one which would confuse the American people, and result in delay of necessary action by the Congress. Contrary to these dire predictions, the measure, with its four titles, passed the House on March 31, and became law on April 3, 1948, far ahead of the date even the most optimistic outside the Eightieth Congress had believed action could be completed on these problems.

In January 1948 our committee voted that our hearings should cover "United States foreign policy for a postwar recovery program," instead of being confined solely to the economic situation in one area, Europe. We insisted on taking a world-wide view of the situation—economic, political, and military—with the hope of establishing world-wide, long-range policies to replace piecemeal, stopgap measures. We were convinced then, as we are today, that to adopt such an inadequate approach to the great and vital problems posed by two philosophies of government in violent and continuing conflict over the entire surface of the earth, is to fail utterly to appreciate either the magnitude of the task confronting us, or the tragic consequences of our failure to coordinate and implement our efforts by a frank and far-reaching appraisal of the world situation at this time.

Our plan required full cooperation from the administration in order to succeed, because the necessary information had to come from the executive departments. We offered to incorporate in our "package bill" provisions for a recovery program in Japan and the Far East, and provisions for furnishing necessary military equipment and advice to



other countries when our security was involved. Departmental indifference and opposition forced us to drop these provisions from the "package."

The total bill for international affairs and finance to be presented to the American taxpayers this year will exceed \$7,500,000,000 for economic, military, and political measures. We do not believe that all of this could or should be presented to Congress in a single measure. We do believe in putting together related proposals—the "package" approach. Preparation and presentation of such "package bills" would result in greater consistency in policy and better understanding of our foreign affairs by both the people and the Congress; would present each major problem to be considered by Congress in the light of our whole foreign policy, our total tax burden, and would avoid the delay and confusion which bringing many foreign policy bills to the floor one by one necessarily involves. Nevertheless, the administration is once more presenting its program in piecemeal, stopgap fashion. We do not know whether the resulting confusion, which helps to conceal inconsistencies, is deliberately planned or is the result of confusion within the administration itself. Even the items we presented in the Foreign Assistance Act of 1948 are to be separated.

The bill now being presented is solely for economic aid to Europe. While we believe that economic recovery in Europe is an essential part of our over-all foreign policy and have therefore assisted in its prompt consideration in our committee, we are convinced that it is only a part of our over-all policy; that military and political policies are inextricably intertwined; that it would be far wiser to consider our over-all recovery-program problems in Europe and elsewhere together as we did last year, rather than piecemeal. We raised this issue in committee. When we were overruled, we proceeded with as much speed and intelligence as possible under the circumstances to perfect the fraction of the program presented in this bill. The limited nature of this measure makes it impossible to amend it on the floor so as to cover the broader problems, as points of order would apply to such amendments. We do not ask to have this bill delayed on this account. We wish to go on record, however, with the Congress and the country, as believing that time and events will demonstrate the soundness of our views.

#### THE CHILDREN'S FUND

Title II of the Foreign Assistance Act of 1948 provided for the United Nations International Emergency Children's Fund. A separate bill, extending the duration of this program, requiring no additional authorization or appropriation of funds, has been introduced. We attempted, without success, to incorporate it as a section of the pending bill. There is no valid reason why this should not be done except the desire of the administration, revealed in the budget months ago, to tear apart the "package" adopted by the Eightieth Congress and to return to the piecemeal approach.

#### GREEK-TURKISH ASSISTANCE

This was title III of the Foreign Assistance Act of 1948. The economic phases of this program are contained in title I of the pending bill, H. R. 3748. We understand that the military needs of Greece

and Turkey will be presented in a military aid bill to follow action on the North Atlantic treaty. The House has not been consulted on the formulation of this vast program nor, so far as we know, have any of its Members or committees. We hope our over-all military foreign aid policy and program will be presented in one bill.

#### CHINA AID

Title IV of the Foreign Assistance Act of 1948 provided economic and military aid to China. This title is omitted in the pending extension bill. We Republicans on the Foreign Affairs Committee believe that our historic policy of maintaining the open door in a genuinely independent China is as important to American security and world peace now as it ever was. Recovery in Europe is in no small degree dependent upon keeping Asia free so that its vast resources, both human and material, may be available on a mutually beneficial basis to the forces of freedom and denied to Communist forces directed from the Kremlin. As General MacArthur put it in a message to our committee a year ago during our hearings on foreign assistance:

If we embark upon a general policy to bulwark the frontiers of freedom against the assaults of political despotism, one major frontier is no less important than another, and a decisive breach of any will inevitably threaten to engulf all.

Therefore, despite administration reluctance and indecision, we have been insisting since VJ-day upon a policy of effective military and economic assistance to China to enable her to recover from her long war of resistance, put down a determined Communist rebellion, and regain her crucial place as "the fundamental keystone to the Pacific arch." (General MacArthur in same message.) We therefore provided legislation to implement this strategic concept, expressed to us not only by General MacArthur, but by Generals Wedemeyer and Chennault and many other witnesses, that our own security was involved in the future of China. In view of the administration's lack of policy, we incorporated in the provisions for military and economic aid for China a strong and definite reaffirmation of our historic policy, which was approved by the President himself when he signed the Foreign Assistance Act. We recognized then what events have since demonstrated, that the longer vigorous action in support of such a policy is postponed, the greater the difficulties of successful execution are certain to be.

Nevertheless, this policy was not followed in carrying out the military aspects of the program. Only one-four-hundredth of the amount we authorized was spent in the critical first 3 months after the act became law. Still another month elapsed before the directive was issued, setting in motion the military-aid program. No arms or ammunition from the program reached the Chinese forces until December 1948, 8 months after the law was passed. Still more serious, the administration has never permitted our American advisory group in China to give active military advice and training to Chinese forces at all levels, as it has in Greece under precisely similar circumstances. No aid to China, any more than to Greece, could be expected to be effective without this type of military assistance. Most serious of all has been our Government's failure to give forthright moral support to China as it has given to other nations striving to resist subjugation by



armed Communist minorities. Instead of sympathetic assistance in meeting overwhelming problems, the administration has issued various official public denunciations of China's legitimate government, our wartime ally. No country, gravely weakened by war, invasion, and rebellion, could undergo such treatment without a break in morale.

ECA Administrator Paul Hoffman and the mission he sent to China to handle economic aid have done a commendable job, demonstrating that a cooperative assistance program can be successfully administered in China. Unfortunately, in the absence of sufficiently vigorous military aid to gain security for development projects, economic assistance has had to consist largely of relief measures instead of recovery. The administration forces have refused to include in the pending bill even a simple provision to extend the period during which the unexpended appropriations may be used. Without such extension the whole China program expires on April 3. It is most unlikely that a separate bill can go through the legislative process before that date; furthermore the separate bill for China, which the administration has caused to be introduced, authorizes changes in our fundamental policies in China which are certain to provoke opposition and involve costly and dangerous delay.

We are told that the Government of China has collapsed; we are certain that American policy in China has collapsed. We believe there is still time to take steps to protect our own security in Asia, but experience of the past year has shown that Congress cannot do this merely by passing a law and providing funds. The Executive must faithfully and effectively execute the laws that Congress has passed. Instead of excuses for failure there must be the will to succeed.

#### THE BIPARTISAN FOREIGN POLICY

We Republicans believe that our country should have a bipartisan foreign policy. It is more important, however, for our country's policy to be right than bipartisan. Unity solely for the sake of unity may be disastrous. History is strewn with the wreckage of countries that were united, but in the wrong course. Whenever the loyal opposition is silenced, either by force or by its own failure to speak up, freedom is in danger. We Republicans are striving for a wise and worthy foreign policy for our country; we hope it can be bipartisan.

We Republicans have borne our full part in formulating and implementing the creation and support of the United Nations, the European recovery plan, and our national policy in the Western Hemisphere. These constitute bipartisan foreign policies. During and since the war we have cooperated in presenting a united front to our enemies; we have taken care to make no disclosures that would embarrass our Government. The secret negotiations at Tehran, Yalta, and Potsdam, and the disastrous results, are not part of the bipartisan foreign policy. Our party was not consulted; the responsibility is solely on the administration. We will join, however, in the task of solving the resulting problems which our country faces, even though we had no part in creating them. The utter bankruptcy, economic, military, and moral, of our Government's policy in China is not part of the bipartisan foreign policy. We will join in building a worthy and workable Chinese policy.

We believe that politics should end at the water's edge for both parties. In fact, we believe that partisan politics in foreign affairs should end before our policies reach the water's edge. The party in power must not take political advantage of the requirements with reference to confidential information, and insist upon withholding from the Congress and the public matters that are not military or diplomatic secrets, but are clearly political secrets. There have been pressures to make the bipartisan foreign policy a mere "me too" policy for Republicans on anything the administration proposes. We have seen the administration attempt to take sole credit for achievements in which our party deserved at least equal credit. For politics to end at the water's edge, there must be bipartisan participation in the formulation of policies; bipartisan agreement in the measures adopted; and bipartisan sharing of credit for the success of such policies.

#### THE DUTY OF THE MINORITY

We are now the minority party, the loyal opposition. We believe that we should avoid taking political advantage of situations that might in any way embarrass our country in the conduct of its foreign affairs; we believe that we have a duty to help, insofar as we are permitted, in the formulation and implementation of sound and righteous foreign policies; but we also believe that it is our duty to oppose, without fear or favor, wrong policies that our Government is attempting, to expose the failure of our Government in critical situations to arrive at any policy at all, and to offer constructive alternatives.

CHARLES A. EATON.  
ROBERT B. CHIPERFIELD.  
JOHN M. VORYS.  
FRANCES P. BOLTON.  
LAWRENCE H. SMITH.  
CHESTER E. MERROW.  
WALTER H. JUDD.  
JOHN DAVIS LODGE.  
DONALD L. JACKSON.



## ADDITIONAL MINORITY VIEWS

We find ourselves generally in agreement with the views of our Republican colleagues, and in addition we consider the amounts authorized for appropriation for the European recovery program after recommendation by the Organization for European Economic Cooperation and screening by the United States representative and the Economic Cooperation Administrator to be fully justified. We wish especially to emphasize the need for the development of a global foreign policy, as we consider the national interest of the United States today to be affected by what occurs in every part of the world with respect to the maintenance of peace and security.

With regard to our China policy, however, we desire to state separately our views on two points upon which we consider it important to be clear.

First, we believe that all democratic elements in the independent and non-Communist parts of China, not alone the Chinese Nationalist Government, deserve, and indeed require, our support. This is no time to labor the criticisms directed at that Government, considering its plight and the chaotic situation in China. We propose rather to give broad latitude to our efforts at assistance for a democratic China. We do not want to restrict and channel them through only one central agency which now can hardly claim to cover the whole situation. We believe that everything possible should be done to encourage the democratic younger elements of non-Communist China in their fight to save their people from the evils of the monolithic, repressive state.

Second, as we believe that our policy in China is the key to the struggle between communism and democracy in all Asia, we desire to see the emphasis of our aid to the Chinese placed upon economic reconstruction, honest and effective administration, and the fullest utilization of human and material resources for the welfare of the Chinese people. Military aid, necessary as it may prove to be, should be considered as only one element of our aid. An example of the efforts we wish to commend is the survey of Chinese jurisprudence by Dean Roscoe Pound of the Harvard University Law School. Another example is the program of the Joint Commission on Rural Reconstruction in China already organized and functioning under the provisions of the China Aid Act of 1948. We want to see the emphasis on more of such efforts, with direct participation of our technicians, educators, and scientists.

JAMES G. FULTON.  
JACOB K. JAVITS.





There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed.

#### NINETIETH ANNIVERSARY OF DRILLING OF FIRST OIL WELL

Mr. MARTIN. Mr. President, on August 27 of this year will occur the ninetyeth anniversary of a historic event which opened a new era of progress in the world.

On that date, in 1859, the world's first oil well was completed. It was drilled by Col. Edwin L. Drake in the hills of northwestern Pennsylvania, near Titusville.

That little well was the birthplace of the modern petroleum industry. A reproduction of the original derrick and machinery marks the site. On the grounds also is the Drake Well Memorial Museum where hundreds of papers, books and documents concerning the early history of oil are exhibited as well as a large number of tools and other equipment used in the production of oil.

Colonel Drake's success exemplified free enterprise at its best. Like so many other outstanding inventions and discoveries by American genius it was achieved after many trials and disappointments.

For years men had known that there was oil in the underlying strata, but many difficulties had to be overcome before a way was found to recover it.

When Colonel Drake struck oil at a depth of 69½ feet a new phase of civilization was born. Oil transformed illumination, power, and transportation. It revolutionized industry. It gave us the automobile and the airplane. It gave new meaning to time, space, and distance. Oil has probably had more effect on the strategy of war than any other development since the invention of gunpowder.

Recently I introduced a bill authorizing the issuance of a special stamp to commemorate the ninetyeth anniversary of the completion of the Drake well. I hope this Congress will approve that measure. I feel that proper observance of this anniversary will call the attention of the American people to the importance of maintaining our supremacy in oil.

We need to maintain our leadership in this product, not only for our peacetime economy, but also for national defense. Two World Wars have demonstrated that the United States cannot depend upon foreign oil in an emergency. Foreign oil outside our own lines, thousands of miles away, is too hazardous for the security of America.

During the hearings relating to the extension of the reciprocal trade agreements, before the Finance Committee of the Senate, it was brought out that now we are importing over 500,000 barrels of petroleum per day. This situation has resulted because oil can be produced cheaper in foreign countries than in our domestic fields. The testimony at those hearings disclosed that in the United States we have proven oil reserves to take care of our present economic level for 12 years. Those estimates do not include the production of oil from the shale of the great mountain States, nor do they include the production of synthetic fuel from the great coal deposits of the Ap-

palachian States and the other States of the Union. The testimony also discloses that many of the smaller or stripper wells may be closed down because of the importation of oil. If that occurred, they might be closed down permanently, for it might not be economical to reopen those marginal fields. For example, the fields of Pennsylvania crude oil, the finest lubricating oil so far discovered, are so small that the reserves might be a total loss if they are not continued in operation. These small pools represent an estimated reserve of 2,500,000,000 barrels. Four hundred million barrels of this can be recovered by means of from methods presently known. The shutting down of the stripper wells would greatly deplete our known reserve areas, and would discourage prospectors who otherwise would be active in discovering new reserves.

A study of all these problems is of vital importance to the American people. For that reason, it is hoped that the bill to issue a stamp commemorating the ninetyeth anniversary of the first oil well will receive favorable consideration.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. WILEY. Mr. President, I shall be brief; and as measured in terms of the length of the addresses of the Senators who already have spoken on the Marshall plan, probably I shall be very brief. I shall not go over ground already covered. Rather, at least to my own satisfaction, I shall summarize very briefly my thoughts relative to the Marshall plan and to the North Atlantic Pact and their relations to our own economy and the world economy.

Mr. President, in this debate we have been asked, "What can we afford?" One cannot answer that question simply on the basis of monetary considerations. One thing is sure, Mr. President: We cannot afford to close our eyes to world political and world economic conditions. From the viewpoint of our national security, we cannot be either a miser or a prodigal. I admit, that of late there has been a tendency for us to be more prodigal than sensible in many of our governmental activities. I agree that it is time that we pause and take inventory, not simply of our material assets, but also of our spiritual assets and the assets of our neighbors to the north and to the south and across the oceans.

On a previous occasion I quoted from the Book of Books a stanza which I think is pertinent to the discussion of any economic and political problem. It is:

If any provide not for his own, and specially for those of his own house, he hath denied the faith, and is worse than an infidel.

Mr. President, the real question is, what should we mean when we say "provide for our own"? There was a time, in the days of George Washington, when travel was difficult, when "providing for our own" was not what it is today. So, in light of present-day conditions, how should we interpret the words "if any provide not for his own"? How should

we apply the lesson to the obligations owed by and to our country?

To put the matter bluntly, Mr. President, I think we owe a tremendous responsibility to the 148,000,000 people here in the United States. But to define that responsibility is our problem. It is that very problem that is causing each of us to pause and think and seek to obtain proper direction in acting according to the precept that we should act justly and love mercy and walk humbly. It is a problem in regard to which the 148,000,000 people who constitute this Nation must arrive at a decision, and it is no small decision. So far as humanly possible, Mr. President, in seeking to arrive at a decision as to our responsibilities as public servants, we must take into consideration the importance of keeping our economy in balance. I think the Senator from Georgia [Mr. GEORGE] stressed that point yesterday. I think it is one element in the over-all picture which every thoughtful person and every thoughtful servant here must consider. But on other occasions when we were faced in the past with the question of keeping the economy in balance, there were other facets and other considerations to which we had to give weight, and we did not keep the economy in balance. I simply interject that thought at this time.

So, Mr. President, we must watch our steps; and, under all circumstances, wherever humanly possible, we must demonstrate national solvency. Certainly we cannot afford merely to do nothing. How much can we afford in view of the circumstances? And by the circumstances I mean the world picture. We are now talking not only in terms of dollar expenditures but in terms of national security, the keeping of friends and allies that would contribute adequacy to a united front in war and in peace. In unity there is strength.

Mr. President, our civilization, as someone has said, is the result of the heirlooms and memories, the forward-looking decisions and the mistakes of the past—of the generations of the men that have gone over the horizon.

Lincoln dwelt on this very subject in his Cooper Institute speech in 1860, when he spoke of the opinions and the policy of our fathers which we should not lightly supplant, and, if we do, it should be only upon evidence so conclusive and arguments so clear that their great authority fairly considered and weighed cannot stand.

You will remember, Mr. President, that in his address to Congress on December 1, 1862, he spoke of the dogmas of the quiet past which are inadequate to the stormy present. He said the occasion was piled high with difficulty and we must rise with the occasion. "As our case is new, so we must think anew and act anew." We must disenthrall ourselves and then we shall save our country.

I am sure we all agree that the great landmarks of the past which have stood the test of time should not be thrown into the discard. In other words, while we must conserve all that is good and true and beautiful in the past, we cannot be satisfied to live upon the spiritual capital of our forefathers. Every gen-



eration advances or retreats. If there is driftwood on the highways, if there is debris that has been accumulated by the preceding generations, it is for us to clear away the driftwood and the debris. We must not reject progress or improvement or fail to do those things that in the lights of current experience we are called upon to do. But, on the other hand, in the ferment of this present day, we must make sure that we are clear-headed and not muddle-headed and seek to accomplish our goal in the disguise of misplaced labels like "democracy." Mr. President, Joe Stalin says his is the great democratic nation. All his propaganda is to the effect that he is the exponent of democracy. We must not permit to become displaced labels like "democracy," "liberalism," and "progress," and uproot the fundamentals of true religion and the basic laws and customs of this Nation. It is our obligation in the march of civilization to add something constructive to the heritage of the past. It is a great challenge, Mr. President, in this age to live up to our heritage and not destroy the same in this topsy-turvy world.

Let us at the start recognize that no diplomatic adroitness, no economic formula—ECA or any other—no force of atomic might, can alone save the world from another and a greater world war.

The world needs spiritual splendor, spiritual ideas of honesty, purity, unselfishness, love, more even than our material contributions. The world needs a spiritual renaissance. Material means for moral ills and economic ills will prove ineffective unless there is literally a spiritual rebirth. The world also needs to understand the value and significance of a government like ours, with its checks and balances. The world needs to have an understanding of the good old United States of America, an understanding of our purposes, our ideals, and of what we are trying to accomplish. Ignorance is abroad everywhere throughout the earth. The situation calls for moral right.

Our age will determine which of the rival revolutionary philosophies shall sweep the generations of men. You and I, Mr. President, cannot stand idly by and let a few roadblocks, mental or otherwise, interfere with our doing the job that is before us. There must be no feeling of "What's the use?" or of resignation to the impact of communism. There must be no giving into the feeling of fear that seems to have gotten hold of men in high and low places, causing them to say, "Well, not the millennium, but the end of the world, is here." That is not to be, if we keep our heads. It is a momentous hour in history.

I desire to take a few moments to consider the Atlantic Pact. Mr. President, do you remember what Emerson, that great way-shower in America, said? Let me quote a single sentence:

This time, like all other times, is a very good one, if we but know what to do with it.

I repeat:

This time, like all other times, is a very good one, if we but know what to do with it.

That was said by Emerson. There is the rub—what to do with this time.

Mr. President, I was privileged, on the 14th of March, to say a few words on this floor. I quote a portion of what I said at that time:

We shall soon have the North Atlantic Pact in our laps. Everyone else has talked about the pact. The newspapers have it. Apparently it has not been released and yet it has been released. I feel that there should be a complete discussion of the pact and that the people should be permitted to know the full implications thereof. This is the first time it has been proposed to violate in writing the ancient concepts of George Washington.

Then I said:

I point out—

As I have heretofore, what Lincoln said about changed conditions, which present changed challenges.

I point out that we are living in a changed world, with changed obligations and changed conditions.

I then continued:

I am saying that the people of this country should be advised of the implications, of the responsibilities and the liabilities of this pact.

I may say parenthetically that the people of this country should be advised of the implications, the responsibilities, and the liabilities of not joining the pact. I continued:

Approval of the pact would make it the fundamental law of the land. We do not break promises. The obligations of the pact, as indicated in the newspapers, are clear-cut and definite. We have become involved in two world wars without having any pact or agreement in relation to cooperation and collaboration with other nations.

Mr. President, it appears to me that the continuation of the ECA and the ratification of the Atlantic Pact go hand in hand and must be considered in connection with our economy, our economic health, our ability to produce, our home demands, and our foreign demands.

I think the Atlantic Pact would be an adjunct of the United Nations. If and when the United Nations becomes a functioning organization, with power to handle aggression—and that will be when the nations of earth have awakened to the results of the terrible crime of war—then the Atlantic Pact can be dissolved. I believe there are optimistic signs on the horizon. I never was a pessimist, Mr. President. I never felt that pessimism was conducive to being able to look an inch into the future. Only yesterday we heard of the vote in France. We saw how the Jews in the new State of Israel voted. No communist was elected.

I think there are also some pessimistic signs, but, Mr. President, I have faith that the closed minds—and there are closed minds—who rule, with an iron hand, the Russian people, will not live forever, and that their successors will see the light. There are many indications to that effect. I meant to bring to the Senate this morning an editorial from the Christian Science Monitor which I happened to read last night, quoting a very famous Chinese to the effect that the principles of living Christianity are making an impact upon the Chinese people, though they are called Communists.

The point I am trying to make, Mr. President, is that whatever step we take, it must not be taken with blinders on our eyes as the result of fear or despair or any other emotion, because that does not make for good judgment, reason, or foresight. America wants peace on earth and good will among all peoples; and until that time comes it looks as if we must be a good Samaritan and big brother among the free peoples of the earth, and we must not fail in the performance of our duty to civilization.

Mr. President, perhaps we were born for this hour. I do not know. But it is a tremendous decision which we have to make; and if and when the time shall come when the nations of the earth shall beat their swords into plowshares—and that is a long way ahead—we shall still have a job to do. It seems that we have a tryst with human destiny.

Mr. President, I have only a word to say with regard to how I view the Atlantic Pact. There has been a great deal of discussion, but I shall make my remarks so simple that a child can understand them. Let me say, parenthetically, that I wish to pay a compliment to the chairman of the Foreign Relations Committee [Mr. CONNALLY] and to the Senator from this side of the aisle, the Senator from Michigan [Mr. VANDENBERG]. Both of them are leaders, but they have a group of independent thinkers on the committee who have to be shown. This matter was gone into, and a prima facie case was made for the authorization of funds for the Marshall plan. I want later to go a little more into detail as to what I consider the obligation of the Committee on Appropriations in relation to the plan, I want to say now how I interpret the Atlantic Pact.

A. If and when the Senate ratifies the pact, there will be a moral and a legal obligation on America to live up to it. There will be a legal obligation, because the pact will be the law of the land, as the Constitution provides.

B. If and when the pact is ratified, it will be, for the first time, notice to the world of America's position—the same position we took in the early days of the American Revolution, when our flag bore the motto "Don't tread on me." Now we say, "Don't tread on me or our co-pact makers."

C. The pact, if and when it is ratified, will create an obligation upon the Congress to weigh aggressions, if any, and, if there is no peaceful way out, to declare war if the pact be violated.

D. Congress can fulfill or breach the treaty obligation. But, I say, if we enter into this pact, and, in the judgment of Congress, there has been an aggression which violates the spirit and the letter of the pact, and there is no peaceful way out, Congress will declare war. That is notice to the world.

It is my opinion—

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. WILEY. I yield.

Mr. DONNELL. Does the Senator think that the Senate, plus the President, by a treaty, can bind the House of Representatives to any action?

Mr. WILEY. No. I said just the opposite.



Mr. DONNELL. I understood the Senator to say, in substance, that if the treaty is ratified and if a condition should arise in which no peaceful settlement of the difficulty would be possible, it would be obligatory upon Congress to declare war. Did not the Senator so state, in substance?

Mr. WILEY. No. I said there would be an obligation upon Congress to weigh the aggression, if any, and if there were no peaceful way out, to declare war, if the aggression violates the pact. Then I said, in connection with the interpretation of the word "obligation," Congress can fulfill or breach its obligation.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER (Mr. WITHERS in the chair). Does the Senator from Wisconsin yield to the Senator from Missouri?

Mr. WILEY. I yield for a question.

Mr. DONNELL. Does the Senator have the opinion that the Senate, consisting of 96 Members, plus the President, can create either a legal or a moral obligation on the House of Representatives?

Mr. WILEY. The Constitution of the United States puts into the hands of the President and the Senate the power to make treaties. Those treaties become the law of the land. They bind Representatives, Senators, Presidents, labor, everyone. On the other hand, just as an individual can break his moral obligation or his legal obligation, so the legislative branch can break its legal obligation, to wit, a treaty.

I think I see what the distinguished Senator is driving at. Because the House of Representatives had nothing to do with the treaty he would imply that there was no obligation on Members of the House to live up to a legal obligation which the Constitution creates, and with that I cannot agree, of course. I can see that they have free will. They could jeopardize treaty-making power by saying, "We did not have any consideration in making the treaty," and I do not agree they did, because while they are sitting over in their body, my brother may be downtown, and he does not have any consideration in the making of the treaty; but he is bound. I merely say that the Constitution is the law of the land, and there is a direct responsibility upon Members of the House to perform the duty imposed upon them.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. WILEY. I yield.

Mr. DONNELL. Then, am I correct in understanding that the Senator takes the position that if a treaty be ratified by two-thirds of the Senators present, on the occasion of the vote on ratification, the action of the Senate, plus the action of the President in negotiating the treaty, has created a legal obligation on the House of Representatives to declare war in the eventualities which the Senator has outlined?

Mr. WILEY. The ancient philosopher said, "Define your terms." The Senator says "legal," and perhaps that is where the crux of the argument is.

Mr. DONNELL. Did not the Senator say a "legal obligation"?

Mr. WILEY. When I say "legal," I mean under the law of the land, and the law of the land is the Constitution and treaties.

Mr. DONNELL. Then, am I correct in understanding that the Senator takes the position that when a treaty is made and ratified by the Senate, it becomes the law of the land, and thereby the action of the President, plus the action of two-thirds of the Senators, has made it the legal duty of the House of Representatives to take action toward a declaration of war under the conditions recited by the Senator?

Mr. WILEY. Under the conditions—

Mr. DONNELL. That is to say, conditions of difficulty arising, and a peaceful settlement not proving to be possible. Am I to understand that the Senator takes the view that the negotiation of a treaty by the President and ratification by the Senate creates a legal obligation on the House of Representatives to declare when a situation arises which cannot be peacefully solved?

Mr. WILEY. The provision of the Constitution which delegates to the Senate and the President the power to make treaties is joined with the other provision that the two Houses have the duty of declaring war. While the House does not have any function as to treaties, it is a part of the organism created by the Constitution, and a part of the officiating body of the American Republic. If I were a Member of the House of Representatives instead of the Senate, if this proposed treaty were to become the law of the land, in interpreting an aggressive act, which in its character was a direct fundamental violation of the treaty, I would not hesitate to say that there was an obligation upon me as a servant of the Republic to vote to declare war.

Mr. DONNELL. Will the Senator yield for a further inquiry?

Mr. WILEY. Yes.

Mr. DONNELL. I restate the question, to which I submit I did not get an answer, in my judgment. Is it the idea of a Senator that if a treaty be ratified, the action of the President in negotiating the treaty, plus the action of the Senate in ratifying it, will have created a legal obligation on the House of Representatives to vote for a declaration of war in the event of a situation arising in which an attack shall have occurred, and no peaceful settlement shall be available?

Mr. WILEY. I think I have answered the question of the Senator so far as I can. I am giving merely my personal opinion. The Constitution is an instrument which we have to consider in its entirety, and when we join the two provisions I have mentioned, they create a moral and a legal obligation upon each Member of the other House, and when the circumstances which the Senator has portrayed arise, he must weigh his responsibility to the Nation, because the law of the land includes treaties. If he reaches the conclusion that he is not bound, that is his personal responsibility. But I have told the Senator how I would feel if I were a Member of the other House.

Mr. DONNELL. Am I correct, therefore, in understanding that the Senator would feel that if a treaty shall be ratified,

if the Atlantic Pact shall be ratified by the Senate, a legal obligation is created upon the House of Representatives to vote for a declaration of war in the case he has cited, and which I have heretofore repeated?

Mr. WILEY. So far as the law of the land is a legal obligation to be performed by the Senator and me, it is an obligation to be performed by the House Members.

Mr. DONNELL. And the Senator considers a treaty a legal obligation upon him and me, and therefore upon the House of Representatives. Is that correct?

Mr. WILEY. Within the purview of my previous statement; yes.

Mr. DONNELL. Very well. I thank the Senator.

Mr. WILEY. Mr. President, I was about to speak briefly as to why I feel the ratification of the North Atlantic Pact seems right to me. When I say that, I realize the truth of what someone, I think Mr. Dooley, perhaps, said, that after the first 15 minutes no conversions are made, and I daresay nothing I shall say will have any bearing on the way the mental processes of any Senator may operate, and as to the conclusion at which any Senator may arrive. I realize that, but I am going to make my own record, and I trust make it very briefly.

I have some sincere convictions. I heard last night that when some of the great commentators and some of the great lawyers—and they are national figures, far more famous than are we ordinary public servants—gather at the Metropolitan Club and discuss the pact and Marshall plan, sparks fly there as they do in the Senate. It shows that the human mind is, as one Senator said, a rather queer contraption. We get different mental perspectives, just as we get different geographical perspectives, and as we travel life's highway we have to learn to be charitable of each other's views.

I now come to the question of why I think ratification of the pact seems to me right.

(1) I believe that ratification by the Senate would act as a deterrent to World War III. I agree that some folks think otherwise. We have gotten into two world wars under circumstances, as I have heretofore said, in which we had not given advance assurance we would fight if other countries were invaded. The question is, therefore, would we not have a better chance of preventing a third world war by giving such advance assurance? We would still, of course, be reserving to the Congress the constitutional right to declare war.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. WILEY. I thought that statement would precipitate a question.

Mr. DONNELL. I thought the Senator a moment ago said that when this treaty shall be ratified it will create a legal obligation upon the House of Representatives to join in a declaration of war. I ask the Senator now, if that be a correct interpretation of his statement, how the constitutional power of Congress to declare war will be preserved if this treaty shall be adopted and ratified?



Mr. WILEY. I have covered that with the Senator, but I wish to say to him again that if he enters into a contract he has the ability to break that contract, but there are courts to arbitrate, or decide what his responsibility may be for breaking it. We make an international contract, and we have the legal power to break our obligation, but should we do so, we would stand condemned in the eyes of the world. I say parenthetically that aggression is the thing we must consider, if there has been an aggression of the character the Senator and I and other reasonable men could agree to be aggression.

I say again that, of course, the power exists to violate treaties. Treaties have been violated all through history and sometimes have been considered as being merely scraps of paper. Treaty violation represents one of our problems with Russia now.

Mr. DONNELL. Mr. President, will the Senator yield for another question?

Mr. WILEY. Yes.

Mr. DONNELL. I ask the Senator whether he believes that the framers of the Constitution in providing that Congress shall have power to declare war intended that the President and a two-thirds majority of the Senate should have the right to make a contract to declare war under certain conditions, which contract will be legally binding on the House of Representatives, the other branch of Congress?

Mr. WILEY. From my rather meager perusal of the particular debates concerning the two features of the Constitution we are now discussing I am reasonably satisfied that the founding fathers lodged the power to make international arrangement providing for the protection and security of the life and property of our people in the Senate and in the President, and that such an arrangement placed upon the governmental machinery of the Nation the obligation to fulfill such arrangements. I believe the founding fathers made such a provision in view of the world conditions then existing. They provided necessary checks and balances in our Government, and lodged certain powers in the Senate and in the House, but they definitely provided that the power to make such international arrangements should remain in the Senate and in the President.

Mr. DONNELL. Mr. President, will the Senator yield for another question?

Mr. WILEY. Yes.

Mr. DONNELL. Does the Senator not think that if it had been the intention of the framers of the Constitution that the Senate, plus the President, by treaty might have the power effectively to contract to declare war, there would have been some statement to that effect in the provision of the Constitution which says that Congress shall have the power to declare war? Would there not have been some statement in that provision which would have shown that there is an exception, namely, that if the Senate and the President shall make a treaty, it is not Congress but it is the Senate and the President that shall have the right to make this contract to declare war?

Mr. WILEY. The answer to that is that I will let the language in the two constitutional provisions speak for themselves. I will say to my good friend from Missouri that we could continue interminably to discuss that subject. I call attention to the fact that the Constitution is not a static instrument. It is something that is vitalized in each generation to meet the impacts upon us, as they appear over the horizon. That is the Constitution, and we who live under it must realize that it is not static.

When the founding fathers established the Constitution ours was a Nation of 3,000,000 people. Months were required to make a voyage across the ocean. The founding fathers knew nothing of the radio, the atom bomb, the airplane. They knew nothing of the telegraph and the steam engine. The people of our Nation then sat back secure on this continent. But, thank God, the founding fathers in framing the Constitution used such language that the Supreme Court itself could, in interpreting it, use vision in writing its decisions, and could so interpret it that our country could meet the various impacts of the day.

Mr. DONNELL. Mr. President, will the Senator yield for another question?

Mr. WILEY. Yes.

Mr. DONNELL. I take it that, although the Constitution is not a static instrument, as the Senator suggests, nevertheless the provision of the Constitution that Congress shall have power to declare war is clear and unambiguous. Am I not correct in that statement?

Mr. WILEY. There can be no question about that.

Mr. DONNELL. Yes. That, in substance, is the language of the Constitution, is it not?

Mr. WILEY. The Senator has read that provision several times.

Mr. DONNELL. I say, that is the language of the Constitution in substance?

Mr. WILEY. Yes.

(2) The second reason for ratification is that the changed geography of the world, which has brought each nation into every other nation's backyard, requires global cooperation. The advances of the atomic age, with rockets, jet propulsion, and other aviation improvements, have shrunk the globe.

(3) The third reason is that in the event war with Russia should come the western European nations would be in a position to resist Russia. Thus, in both financial power and manpower, the American people would not have to contribute as much under such circumstances as they would have to pour out in the event we stood alone. Those are practical considerations, Mr. President.

(4) The fourth reason is that America will not have to become an armed camp faced with the threat of Russia. We will still have to maintain highly adequate defenses, but the fact that the western European nations will be prepared themselves more or less will lessen by just that amount the necessity for our armament. That should prove a curb—oh, this is important, Mr. President—that should prove a curb on mili-

tarism in our own land. It should prevent the occurrence of military absolutism. It is one thing to have a million men under arms in our land. It is another thing to have 5,000,000 men in our armed forces. Think of the sheer loss of manpower for economic production, and the loss of the revenue which would have to be poured into armament if we stood alone. These facts emphasize the necessity for helping our allies become adequate.

(5) A fifth reason is that the situation in Europe—I refer to the Russian threat—will either grow better or worse. If the situation grows better it will undoubtedly be due to our contribution in helping to rehabilitate the peoples of Europe and to make them adequate to stand up against the aggressor. If the situation becomes worse we can be satisfied at least that we did not add to the worsening condition, but that we did everything humanly possible to improve the condition and to preserve the western unity and strength.

After all, Mr. President, the people of Europe are our own flesh and blood. Our forebears were Europeans. Europe has given us our great language. Europe has given us our great philosophy, our religion, our literature. Europe has given us many values. It is suggested to me that from Europe we adopted the common law of England. We have contributed much to Europe in return; but I say that there is much that is worthwhile and good still to be preserved over there.

(6) A final reason is that we do not have very much of an alternative to the North Atlantic Pact. Why? Because the only alternative would be to turn our backs to the western European nations and allow them to drop into Russia's lap. That is something no one of us would want to see happen, because we would then have to stand alone and become a military armed camp. We would then have to pour out tens of billions of dollars in armament here at home. We would have to strip our factories and our farms of manpower, and place that manpower in our armed forces. Obviously, therefore, that alternative should be avoided, if it is at all possible.

Mr. President, I now wish briefly to discuss ECA. I prefer the name "Marshall plan" to ERP or ECA. I believe the American people know what we are talking about when we say Marshall plan. There are so many alphabetical agencies in existence in our country which deal with problems at home or abroad, that many people do not know what we talk about when we mention the alphabetical agencies. I am talking about the Marshall plan. I think Marshall was the parent of the plan. I am not going into a review of the historic steps which led up to the adoption of that plan, or the debates which took place in connection with the discussion of it, nor am I going to try to analyze our failures. When I say our failures I mean the failures on the part of the people of Europe to come out of the holocaust of war in better shape than they have. But I wish to say that the



people of Europe have made some progress under the Marshall plan. No one can read the testimony before the Foreign Relations Committee of Mr. Hoffman, Mr. Bruce, and others, without knowing that the shot in the arm we gave has been not only of economic value but of value psychologically and spiritually. What we did gave an impetus to the clarifying of men's minds over there; it helped sweep away the cobwebs that seemed to entangle men's brains after a war. It created courage, faith, and a willingness to work. So, in connection with the question so often asked, "Can we afford it," I want to ask the Senate to pay particular attention to what I am going to say, because I am not one who can be pushed over the precipice in either direction. I am talking about the ECA.

In my opinion authorization by Congress does not do anything else but place the ceiling. I want that definitely understood. Moreover, authorization should be nothing more than *prima facie*.

Mr. DONNELL. Mr. President, will the Senator yield for an inquiry?

Mr. WILEY. Let me continue for a moment, and then I shall be happy to yield.

The Appropriations Committee is not relieved of its responsibility. I sat through the hearings on this subject and listened to the fine men who testified. I know of no finer group that has come before any committee during the 10 years I have been a Member of the Senate. I call them real public servants. They may be overenthusiastic, but God knows, they have had a job which required the finest brains in the world to handle. They had to meet the impact of deteriorating conditions.

I now yield to the Senator from Missouri.

Mr. DONNELL. Referring for a moment to the North Atlantic Pact, I understood the Senator the other day, and again today, to advocate that the public generally be fully informed as to the pros and cons of this important question.

Mr. WILEY. Of course.

Mr. DONNELL. Let me ask the Senator whether or not he thinks, from his observation of the press, that the public has been as well and fully informed as to the arguments against adherence to the North Atlantic Pact as it has with respect to arguments in favor of such adherence to the pact?

Mr. WILEY. I am glad the distinguished Senator asked that question. The only reason I interjected the pact was that I felt that the two subjects should go together. Please understand that the issue before us now is not the pact. The issue is ECA. The man to whom I referred, who appeared before us, appeared in relation to ECA. I am greatly gratified to see the spirit of cooperation between the Executive and the Senate in the preliminary steps preceding the over-all discussion of the pact. We have had no over-all discussion or public hearing.

Those witnesses came before the committee undoubtedly at the suggestion of the chairman. I appreciate more than I can say the fine spirit of cooperation,

something for which I have contended during all the time I have been a Member of the Senate, and of which we saw so little in the past. That cooperation comes within the constitutional provision as to advice of the Senate, with respect to which there may be some difference of opinion.

Mr. DONNELL. Mr. President, will the Senator further yield?

Mr. WILEY. I yield.

Mr. DONNELL. A few moments ago I asked the Senator a question. The Senator stated that he was glad that I asked the question, but the question has not yet been answered.

The question I asked was whether or not the Senator thinks the public has been as fully advised of the arguments against adherence to the pact as it has with respect to arguments in favor of adherence to the pact.

Mr. WILEY. I was getting around to the answer, perhaps going around Robin Hood's barn, but I am really approaching it.

The impression given in the Senate is that we have considered the pact, which we have not. We have not held public hearings. We have had nothing to do with the pact, except to consider certain technical phases of it and receive the benefit of advice and suggestion from and by the State Department and from and by the Committee on Foreign Relations.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. WILEY. Just a moment. The other day I frankly stated—and I state today—that the country should have full and complete opportunity to become acquainted with the implications of the pact and the reasons for or against signing the pact.

Mr. DONNELL. Mr. President, will the Senator further yield?

Mr. WILEY. Let me finish. If the purpose of the Senator's question is to obtain a definite statement by this Senator, personally I feel that there has not been complete discussion. There has been a great deal of what might be called muddled thinking about it. Over the radio we have heard talks by Henry Wallace, and by others, creating great fear. I am definitely committed to the proposition that there should be open and complete discussion of the question.

Mr. DONNELL. Mr. President, will the Senator yield for a further inquiry?

Mr. WILEY. I yield.

Mr. DONNELL. The question I asked was whether or not the Senator thought the public had been advised as fully with respect to the arguments against the pact as with respect to the arguments for the pact.

Mr. WILEY. I think the public has been advised more against the pact than for it.

Mr. DONNELL. Mr. President, will the Senator further yield?

Mr. WILEY. I yield.

Mr. DONNELL. Does the Senator believe that the newspapers of the country have given as full a presentation of the arguments against ratification of the pact as they have with respect to the

arguments in favor of adherence to the pact?

Mr. WILEY. I must say that I am in no position to evaluate what the newspapers have said, and perhaps I should withdraw my previous answer. From what I have heard on the radio, there has been more discussion against it than for it. That is my only basis for answering the question. Therefore, the answer is not worth much. I do not know what the consensus would be. I would have to examine a great many clippings to see what the commentators and others have said. I am willing to agree that the question is of such significance that there should be full and complete discussion and hearings on the subject.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. CONNALLY. Is it not true that every member of the Committee on Foreign Relations is in favor of full and complete hearings?

Mr. WILEY. Yes.

Mr. CONNALLY. I have no brief for the newspapers, but is it not true that the complete text of the pact has been published in every responsible newspaper throughout the United States?

Mr. WILEY. I presume it has. An injunction was placed upon us not to say anything or talk about it, but the pact was published, and Senators who are not members of the Committee on Foreign Relations were discussing it on the floor of the Senate. That is why I happened to make the few remarks which I made in the early part of March.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. DONNELL. Did not the distinguished chairman of the Committee on Foreign Relations make the statement on the floor of the Senate yesterday that the Foreign Relations Committee had informally approved the pact?

Mr. WILEY. I did not hear that statement. I do not know whether he did or not.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. CONNALLY. What the Senator from Texas undertook to say yesterday was that there had been informal discussion when the pact was completed in its final draft, and that those members of the committee who had been in constant touch with the Secretary of State had informally, but not by action of the committee, approved the draft. That is why it was released. That is all I said.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. WILEY. I yield.

Mr. DONNELL. May I ask the Senator from Wisconsin or the Senator from Texas how many members of the Committee on Foreign Relations have expressed their informal approval of the pact?

Mr. WILEY. Again, Mr. President, I must ask the Senator to define his terms. Evidently I have not made my point clear. When this pact first was brought to my attention, there was collaboration between the two arms of gov-



ernment in relation to language and phrasing. On several occasions the pact was brought back, and we made suggestions as to clearly phrasing the ideas. The Secretary of State was very cooperative. To me it was a great omen for good that such cooperation existed between the departments of government.

I wish the Senator to know that so far as I personally am concerned, I wish him to take my word for it when I say that we did not go into what might be called the minute interpretations of the responsibilities, such as he has mentioned here. We did help formulate this instrument. There was no thought of shutting off subsequent hearings or preventing a full disclosure of the matter to the public. What we did was similar to the action of an attorney who has discussions with his client before the case is brought into court. He consults with his client, so as to be fully informed about the matter under consideration, so that when the case is brought into court, he will be able to give the full facts to the jury.

Mr. SALTONSTALL and Mr. DONNELL addressed the Chair.

THE PRESIDING OFFICER. Does the Senator from Wisconsin yield; and, if so, to whom?

Mr. WILEY. Mr. President, I am afraid that I must decide who is the more precocious of the two.

Mr. DONNELL. Then I resign at once in favor of the Senator from Massachusetts, Mr. President, so far as that decision is concerned. [Laughter.]

Mr. SALTONSTALL. Mr. President, I think this matter may be clarified by referring to a statement made yesterday by the senior Senator from Texas [Mr. CONNALLY], the chairman of the Foreign Relations Committee. The statement appears on page 3468 of the CONGRESSIONAL RECORD, in the second column. As I interpret what he said, it is that the members of the "committee informally agreed that we favored the language of the treaty."

Do I correctly understand those words to mean, in the view of the Senator from Wisconsin as a member of the Foreign Relations Committee, that the principles involved in the treaty are completely unagreed upon, so far as the Foreign Relations Committee is concerned and so far as the Senate is concerned; that there was merely an informal approval of the language of the document, and the Senator from Wisconsin and the other members of the Foreign Relations Committee are completely free to vote either in favor of ratification or against ratification? Is that correct?

Mr. WILEY. Mr. President, I would let the language speak for itself; I do not know whether we can pursue this course with profit any further. I think the Senator from Missouri is questioning the statement of the chairman of the committee. I am frank to say that I have made my position as clear as I can, namely, that I felt that there was no intention on the part of anyone to interfere with a complete airing of the matter or with a complete hearing of the arguments pro and con. The treaty itself was in more or less simple lan-

guage, and the implications as to the responsibilities under the treaty were to be developed as they are being developed. That is about as far as I can go on this subject, Mr. President. I should like to conclude my remarks.

Mr. DONNELL. Mr. President, will the Senator indulge me a little further?

Mr. WILEY. Certainly.

Mr. DONNELL. I do not like to be unduly persistent, but the Senator has not answered the question I have asked. He stated, as I understood him a few minutes ago, that the members of the Foreign Relations Committee who had to do with the negotiations in the committee, and so forth, had informally approved the pact. The Senator from Texas said yesterday that it had been informally agreed to; his words, as I recall, were, "We favored the language of the treaty."

I wish to ask the Senator two questions: First, has the committee approved the language, without determining whether it approves the principles behind that language?

Second, and this is the question which I asked a few minutes ago, but to which I have not secured an answer—how many of the members of the Foreign Relations Committee have approved either the language or the principles of the pact?

Mr. WILEY. Mr. President, of course, I probably could refuse to answer further; I could say to my dear friend that I think I have already answered the question as well as I can. The Senator is very persistent, perhaps overpersistent, in seeking to inquire of a fellow Senator what took place and what did not take place. But I am perfectly willing to say—and I say it while counting my words—that when this matter was brought before us in the committee, we then, among other activities of the committee, called back the Secretary of State several times, and different parts of the pact were gone over; and the intention, at least, if I can correctly define it and recollect it—was that we approved the language; and some of us, probably including myself, approved what might be called the general principles, but did not approve the pact or close our minds to subsequent discussions on the subject.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. WILEY. I yield.

Mr. CONNALLY. I wish to thank the Senator from Massachusetts for his interjection a few moments ago. He has stated the facts exactly, and what the Senator from Wisconsin says is absolutely true. At those conferences we discussed the language. There were frequent suggestions of changes in the language. But the committee has not bound itself to either the language or the principles involved. There has been no committee action on that.

When I said "informally," I meant just what I said, namely, that we had discussed it informally, without committing the committee to it; and there is no obligation upon any member of the Committee on Foreign Relations.

So far as I am concerned, I am for the language and I am for the principle involved, if that will do the Senator from Missouri any good.

Mr. DONNELL. Mr. President, will the Senator who has the floor permit me to ask a question either of himself or of the Senator from Texas: How many Members of the Senate Foreign Relations Committee have informally agreed to anything with respect to the pact?

Mr. WILEY. I have not canvassed them.

Mr. DONNELL. May I ask the Senator whether he knows whether the Senator from Texas would like to answer that question?

Mr. CONNALLY. The Senator from Wisconsin is capable of answering it.

Mr. WILEY. I have answered it. I did not canvass them. We have had a number of meetings. We have had as many as two or three meetings a week. I am sure that, if someone has counted noses or has made a tabulation in regard to how all other members of the committee feel about the matter, at least I am not in that category.

I have told the Senator from Missouri how I feel about the matter; and I assure him that, so far as I have stated, I have stated the truth.

Mr. DONNELL. I am sure of that, Mr. President.

Mr. WILEY. Mr. President, we were discussing the ECA proposal, but became sidetracked on a discussion of the proposed pact.

First, I mentioned my preference for the name "Marshal plan"; and then I idly discussed my understanding of the word "authorization." Certainly it does not relieve the Appropriations Committee of the responsibility of examining the matter in connection with making its recommendations as to what the appropriation should be. That was really my second point.

Third, every member of the Foreign Relations Committee expressly made it plain that the authorization was not a commitment as to a definite amount. I wish to emphasize that point as applied to ECA.

If Senators will read the record, they will find that, time and time again, statements to that effect were made. I remember how emphatically the Senator from Georgia, not once but practically every time the subject came up, said he would not be committed to any definite amount. But, Mr. President, I must say that, contrary to the assumption which has been made by some Senators on the floor of the Senate, in my humble opinion, Mr. Hoffman and Mr. Bruce and others who appeared before the committee made out a very good prima facie case, a tremendously strong case, considering all the circumstances—not merely considering the fact that it appeared certain values or production costs were taken as of November, but considering the European picture and what we were aiming at, and considering our obligations to be. When we consider all those circumstances, Mr. President, we must conclude that they made a tremendously strong case for what they requested.

Mr. President, why do I say there was no commitment, and why do I still say that the Appropriations Committee itself must go into the subject? I say that because—



(a) Of fluctuations in costs and in the value of the dollar. We have heard the arguments in regard to that subject.

(b) The possibility or likelihood of fluctuations in respect to the needs of the recipient countries. I can still foresee that from November last, up to the time when we make the appropriation, certain needs may be met by those countries themselves, and conditions may have changed.

(c) Fluctuations in American revenues. That is a tremendously important item, and it was presented to us yesterday by the Senator from Georgia [Mr. GEORGE].

(d) Fluctuations in the revenues within the recipient countries, within 6 months' time, especially if they continue to do what they are doing to our trade. I mean that they are shutting the doors in our faces in a number of places. I shall cite a few of them. I am mentioning certain elements that the Appropriations Committee is going to consider.

(e) America's needs. Senators will remember the scriptural quotation I used in the beginning of my remarks, the one with reference to the man who does not provide for his own being unworthy. Among America's needs are the needs of the farmers. In many places there is very serious need. In many places the prices the farmer receives are less than the cost of production. I am not referring to the situation in the East, where the people do not know anything about a reduction in prices. I am talking about the farmers of the Middle West. Theirs is a serious situation. I need not speak of the unemployment situation. America's needs must be considered in determining what we can do for Europe.

(f) The world political situation, which, by June or July, may be considerably changed. I am hoping there may be a change for the better.

(g) Finally, we must consider the requirement for the North Atlantic Pact. The over-all picture must be considered. If I were a member of the Appropriations Committee, I should certainly insist on getting all the facts, not simply the facts with respect to the needs of Europe, but the facts with respect to the change that has taken place in respect to Europe's needs, her revenues. Within 6 or 8 months' time the revenues of Europe may well increase greatly.

The pattern must be arranged in accordance with the economic cloth available, considering the over-all situation in the world. We are talking about our budget. That gives the economic pattern. The economic cloth and the economic pattern must meet. By the cloth, I mean the over-all needs. We must see that the budget fits into the requirements in order to meet the needs. The more money, let me say, that is available for the Marshall plan, the more money, I hope, may be used to give a shot in the arm to American industry by reason of the money being spent in America, without damaging the plan. There is no question about that. I could give both sides of that argument as given to us by Mr. Hoffman. I am still thinking about our own needs. I am saying that more of the money should be spent in America

for farm surplus products, and in order to keep American industry and labor employed. The State Department should get tough with the beneficiary countries and insist that they do not shut the doors of commerce on America.

Mr. President, at this time I ask that a letter received from Lee Benson, at Casablanca, be printed in the RECORD. It relates to my hope that the State Department will get tough.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MOROCCAN SALES CO.,  
Casablanca, March 22, 1949.

HON. ALEXANDER WILEY,  
United States Senate,  
Washington, D. C.

MY DEAR SENATOR: I have just received word from Mr. Robert E. Rodes, president of the American Trade Association in Morocco, of the wonderful work you are doing to help us in our fight against American discrimination in Morocco.

At the last meeting, both the association and the American Legion Morocco Post, No. 1, were unanimous in giving you a vote of thanks for this fine work.

We are confident that with your continued help we will be able to resume normal trade with our suppliers in the United States, sounding a warning to the French authorities that the United States Government insists that each clause of the act of Algeiras be respected.

Once again, many thanks from myself and from 40 other Americans who all look to you for further assistance.

LEE BENSON.

P. S.: In passing, may I mention that we are the exclusive agents in Morocco for the National Pressure Cooker Co. of Wisconsin. We were doing a bang-up job for them until the French authorities decided that we were competing too much with French-made cookers.

Mr. WILEY. I do not know why we who are to give the \$5,000,000,000 or \$6,000,000,000 to assist the countries of Europe need to be particularly meek. I have already stated that Mr. Hoffman and Mr. Bruce and their associates have done a tremendously effective job; I trust the future will give them credit. I believe, and I repeat what I said, that no greater public servants have ever been assembled. It is true we hear of mistakes, but, Mr. President, they are dealing with people who have been in the midst of the hell of war. They are dealing with people who have lost millions and millions of homes, whose fields have been destroyed, many of which are not yet capable of being cultivated, by reason of shells and bombs. They are dealing with people whose business and whose economy have been disrupted.

I possess a little personal knowledge with respect to the European situation, having been in Europe in 1947. I have some knowledge of what Hoffman and his crew had to undertake. Whatever I have to say hereafter is said constructively, because, though it may seem at times to be otherwise, in relation to the activity of this group, I merely make suggestions which I trust will be carried out, because I can express my personal judgment and conclusions. I feel that no group has a monopoly on truth or ability. No group should be in such a position

as to be unwilling to receive constructive suggestions.

Mr. KNOWLAND. Mr. President, will the Senator yield at that point for a question?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from California for a question?

Mr. WILEY. I yield.

Mr. KNOWLAND. I think my question is in line with a part of the Senator's speech. Unfortunately I was delayed in reaching the Senate Chamber, but I have listened with a great deal of interest to what the Senator has said. Along the same line the Senator has mentioned, does he also believe it would be prudent for the Department of State and the Government of the United States to investigate any attempts being made by certain of the beneficiary nations to re-establish the cartel system which, in the prewar days, plagued the economy of this country and the national defense needs in both rubber and tin?

Mr. WILEY. Yes; decidedly.

At the time I yielded, I was about to discuss the mentalities of European peoples who have been going through the hell of war. Their material house has been ruined. There is sickness and disease and undernourishment. They are proud peoples, who, like the British, have seen centuries of world domination by themselves. There are other countries I might mention. With that mental background, they are striving with all that is in them to recover fully their healthful conditions.

Yet, Mr. President, if we mean what we say when we talk about reciprocity, if we mean what we say when we talk about economic arrangements, treaties, and commerce between nations, correct ideas must begin fermenting. That is also a part of the program. Only in that way shall we build a bulwark against the onrush of communism. Of course, the State Department must meet head-on anything that may result in creating economic barriers, such as the Senator from California has suggested.

Mr. KNOWLAND. Mr. President, will the Senator yield again for a question at that point?

Mr. WILEY. Yes.

Mr. KNOWLAND. Does the Senator agree with me that in preparing this Nation to implement the North Atlantic Pact or the ECA, in addition to such armed defenses as we might have to prepare for ourselves, or such help as the Congress and the Government might determine it would be wise to give other nations, it is also important to keep a strong national economy?

Mr. WILEY. I think that is self-evident, of course.

Mr. KNOWLAND. I should like to ask this question: In keeping a strong national economy, having an ample supply of rubber, tin, industrial diamonds, and manganese, to name only four items, would be of tremendous importance, would it not?

Mr. WILEY. I agree.

Mr. KNOWLAND. Is the Senator familiar with the article from the London Times which the junior Senator



from California placed in the RECORD on March 28, which appears on pages 3312 and 3313 of the CONGRESSIONAL RECORD? I should like to refresh his recollection and ask him another question. In that article this appears:

Very soon the international tin study group will have to decide whether an international conference is to be called forthwith to consider the proposed scheme.

That is the cartel scheme with relation to tin.

The outcome of these deliberations will be important. It will not only determine the future of the tin industry, in which the two wealthiest British colonies—Malaya and Nigeria—are vitally interested, but may also establish the pattern for other international schemes for the regulation of raw materials, just as the tin agreement of 1931 became the model for other commodity schemes before the war.

Further on the article points out that one of the great factors in the world today is the American stock-piling plan, and that this cartel arrangement should be put into force so that they can charge the United States a larger amount for the necessary stock pilings for our common defense.

If that be so, I should like to ask the Senator from Wisconsin if he does not think it is not only within the province of the State Department, but is the duty of the State Department, in the various ECA contracts which will be written, to be sure that the Government of the United States is not held up on any cartel arrangement, be it in the field of tin, rubber, industrial diamonds, or manganese, or any other basic material, which may be needed for our general mutual and common defense?

Mr. WILEY. Mr. President, I have no reservation whatsoever in saying "Yes" to the question of the Senator. It is the obligation of the State Department and the obligation of the President of the United States to see to it that such barriers are not created, and, what is more, to see to it that the economy of this Nation is not damaged by those persons who, through the centuries, have gotten to be very smart in international trade, and by whom, of course we, living within our walls and with our heads in the economic sand, so to speak, have been taken time and time again.

I will say to the distinguished Senator from California that what he has said has been said by me, personally, and by others in the committee sessions. I recall definitely saying to one of our advisers, who is a Scotsman who has a similar name to mine—Alec—that we need a few Scotsmen trading for America, looking after our interests, and seeing to it that in business intercourse we are not taken for foolish rides.

Mr. President, I should like to proceed with my statement. I was saying that important consideration should be given to the following points:

(a) Without doing damage to the plan and its purpose, strategic materials should be obtained.

(b) That a larger part of the counter-part funds be utilized in colonial areas for that purpose.

Each of these points is a subject in itself, which I shall not take time to discuss.

(c) That recipient peoples have a high understanding of America's high purpose and generosity. It is important that the recipient peoples know our purpose and realize our generosity, and, in line with that, that they do not think we are "suckers." That is a direct answer to the question asked by the Senator from California. It is time for the world to understand the good old U. S. A. We want to be good Samaritans, and we have been, but all over the world we are regarded as a bunch of "suckers." The State Department has an obligation to dispel that idea.

(d) Utilize grants, where possible, for obtaining needed rights to bases. A little foresight pays big dividends.

Mr. President, the letter which I introduced in the RECORD shows that American businessmen, particularly veterans, engaged in business overseas, have been receiving a rotten deal. I believe that in negotiations for contracts in the ECA countries it is our obligation to the boys who have borne the brunt of battle, to see to it that they are not pushed out of business. At this time, in Morocco, our businessmen are being terribly abused by French authorities. A million dollars' worth of American merchandise is being illegally held by French customs officers at Casablanca. It is merchandise imported by American businessmen. It was even put up for auction, but the State Department took a hand. The French authorities in Morocco seem to be utilizing ECA funds to build up a monopoly by cartels for French businessmen and to squeeze out American nationals. I use the word "suckers" again, Mr. President. If we are providing funds to help, there should be a little quid pro quo. There is no reason why some of the people whom we have helped so many times should not indulge in a little reciprocity. Is it the fault of those who represent this Nation? Do we not have good men who can call a spade a spade and who can talk the common language of the Frenchman and the Englishman so that they can understand what we mean? It is a serious situation, Mr. President. We can upset the people of our own country if we do not look after our own country's interest a little bit.

Mr. President, there are some facts in relation to ECA which are not generally known.

(a) Up to this time approximately one-half of the money grants and loans has been spent for American goods and commodities. That is very important.

(b) The loans, as distinguished from grants, amount to approximately \$1,000,000,000.

(c) Besides the amount provided by the military in Germany, approximately \$404,000,000 has been used in Germany for economic aid there.

Mr. President, that is very significant. That opens up a whole subject. We could discuss for weeks and weeks our responsibility in the world picture to the German people whom we defeated. Yet there is much of this military money being spent in Germany, in looking after the people and rehabilitating them. On top of that, in the ECA there is the figure of \$404,000,000.

Here is another thing which should be said to the credit of the Europeans.

(d) The total capital investment by and in all the aided countries amounted in the first fiscal year, roughly, to \$30,000,000,000. It should be clearly understood, putting it so that a child can understand, that of the \$30,000,000,000 Europe has contributed \$25,000,000,000, and we have put up, roughly, \$5,000,000,000. Yet that \$5,000,000,000 was more than a shot in the arm. A drowning man given a rope by a friend can sense something through the rope. It is friendship. It adds to the spirit of the man so that he can grasp the rope and pull himself up. That is what has happened. Again I say, of the \$30,000,000,000 put into capital investment, Europe contributed about \$25,000,000,000.

(e) It is important that the aided countries should understand that we are going to taper off these payments, and that in 1952 we are going out of ECA, the Marshall plan. They have been told that, and I hope with that in mind, they will put a little more iron in their spines, and make sure that they have not yielded too much to a leaning propensity. As I said, there has been and will be a tapering off in the amount furnished each year.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. CAPEHART. How much does the Senator propose we should give them between now and 1952?

Mr. WILEY. The exact amount I have not in mind. We do not propose to give them anything more than is proposed by the Congress to be given this year. After this, under the promise, Congress will appropriate each year.

Mr. CAPEHART. I thought the Senator said those countries understood we were going to quit in 1952.

Mr. WILEY. Yes.

Mr. CAPEHART. That implies we are going to give them money each year until 1952, does it not?

Mr. WILEY. Yes, under the original agreement.

Mr. CAPEHART. But the Senator has no idea what the amount might be next year?

Mr. WILEY. Does the Senator mean the appropriation?

Mr. CAPEHART. Not the present appropriation, but the ones to follow in 1950, 1951, and 1952.

Mr. WILEY. I have not the figures as to the exact amounts, but as I remember—and I am subject to correction—it was contemplated that there would be a reduction of about a billion dollars each year, or something like that. I am told there is to be a considerable reduction in the two succeeding years.

Mr. CAPEHART. Might it not be better to give them \$3,000,000,000 this year, \$3,000,000,000 next year, and \$3,000,000,000 the following year, rather than give them so much the first year and this, the second, year? Would it not be better for the American taxpayers?

Mr. WILEY. I know how the distinguished Senator feels about the matter. He was not in the Chamber when I covered the elements which go into what I think we should do. I suggest that he read my remarks.



Frankly, I would rather take the judgment of men like Mr. Hoffman and Mr. Bruce as to what they figure is necessary if the plan is to be carried out, and taper off the payments each year in accordance with their plans, and in accordance with a number of criteria I mentioned, which we should consider in arriving at what we can afford to do.

Mr. CAPEHART. Am I to understand, then, that the Senator is willing, as a Senator, to pass on his responsibility in this matter to Mr. Hoffman and Mr. Bruce?

Mr. WILEY. No. I am ready to pass responsibility for action to the Committee on Appropriations, after giving them directions, as I have suggested today they be directed. It is the function of the Committee on Appropriations to act.

Mr. CAPEHART. Where does the Senator feel that we in America are going to get the money with which to do this and all the other things we are talking about, and at the same time handle the \$252,000,000,000 to \$257,000,000,000 national debt, with prices falling, incomes falling, and the Government's revenue falling? Where does the Senator think we are to get the money with which to do all these things?

Mr. WILEY. I prefer not to go into that discussion. I do not think we can get the money to do all those things, and I have so suggested. I have stated that I felt the obligation was on the Committee on Appropriations to act, when it considers all the circumstances, including moral obligations, defense obligations, and the like, and likewise our ability to raise the money that is necessary, without jeopardizing our own economy. The answer to the question suggested will have to be arrived at by a consideration of all the factors in the equation.

I said that there was only prima facie evidence of the correctness of the amount that was needed when the committee reported the bill. That was the conclusion of all members of the committee. There was no commitment by any member of the committee that he would vote for the amount stated. The members of the committee felt that during the time between November 1948 and June and July 1949, many other factors would have to be taken into consideration. They include the question of what Europe really needs, how little the countries there can get along with, how much America can afford to contribute, and other questions. That is the best way in which I can answer the Senator's inquiry.

Mr. President, up to date the Marshall plan has created new hopes and caused people in Europe to go to work to rebuild their economy. I have just stated that they put \$25,000,000,000 into their own capital rehabilitation, and we have put in \$5,000,000,000, making \$30,000,000,000 in all.

Mr. CAPEHART. Mr. President, will the Senator yield further?

Mr. WILEY. I yield.

Mr. CAPEHART. The Senator is not saying that we have spent in Europe, since the war ended, only \$5,000,000,000, is he?

Mr. WILEY. My figures are, roughly, what we have put into ECA, or the Marshall plan.

Mr. CAPEHART. Does not the Senator want to give the United States any credit for billions and billions and billions of dollars on top of that? I remember we loaned or gave England at one time \$3,750,000,000. I remember that prior to ECA we gave France \$1,500,000,000. The facts are that in the last year we appropriated and spent for relief in Europe \$9,000,000,000, as is shown by the figures I placed in the RECORD last Friday. It is a fact that we have spent only \$5,000,000,000 under ECA. I think we appropriated \$6,000,000,000. It is also a fact that only \$2,300,000,000 of it, as of January 29, had arrived in Europe, and their fine recovery, which we are all delighted they have had, has been the result of only \$2,300,000,000, and there are \$2,700,000,000 of last year's appropriation yet to be utilized for the shipment of goods.

Mr. WILEY. I think I can agree with those figures. I thank the Senator for his contribution. The mere fact that the rest of the assistance is not in the pipe line is not the important question. It has been thoroughly gone into by as fine a group of brains and patriots as I feel America has ever assembled. Considering the whole picture, considering the needs of 250,000,000 people, considering the ravages of war, I say again I shall be very happy to stand by what the Appropriations Committee may arrive at as the proper amount. We all reserved the right in the committee to go over the figures approved by the Committee on Appropriations, and reach our own conclusions first, as to the amount we can afford to continue to give to ECA.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. CAPEHART. How much did the United States contribute during the last world war, in the way of money, substance, material, wealth? And how many American lives were lost, and how many American boys were crippled?

Mr. WILEY. I am sure the Senator has the answer. If he wants to put it in the record I will accept it.

Mr. CAPEHART. The answer is about \$200,000,000,000, about a million men killed and crippled, and a debt amounting to some \$250,000,000,000, which will have to be paid by our grandchildren and great grandchildren and great-great-grandchildren. It seems to me that when we discuss these things we should take into consideration the fact that we likewise have made a great contribution, and that it is going to take up from 100 to 150 years to pay for our contribution.

Mr. WILEY. So what? What is the Senator going to do about it?

Mr. CAPEHART. Mr. President, it is very simple to begin, at this time, to use a little common horse sense, and start reducing appropriations, and reducing budgets, and getting back on a basis upon which the American economy can remain sound. I say that no economy, I care not whether it is that of an individual, of a firm, or of a nation, can

remain sound if more money is spent each year than is received during the year. But we have been spending more than we have been receiving.

It is estimated that this year we are going to run into the red anywhere from \$600,000,000 to \$1,000,000,000. If anyone will take a look at the signs apparent at the moment to see what is happening to our own economy, he will be obliged to come to the conclusion that, if we are going to spend from \$42,000,000,000 to \$45,000,000,000 next year, our Nation is going to run into the red anywhere from \$3,000,000,000 to 8 or 10 billion dollars. We cannot continue along that path and maintain a strong economy. If we continue along that path we are going to get into trouble. At this particular time and on this particular matter I believe we should consider very carefully what we can afford to do, in the light of all the circumstances.

Mr. WILEY. I can agree fully with the conclusion of the distinguished Senator. At the same time I suggest we should thoroughly canvass the whole picture, not simply the Marshall plan. The Senator was not present and did not hear the outline I presented, but I there set forth the factors which I think the Appropriations Committee should consider in arriving at the amount to be applied to the budget, the amount available for the over-all economic picture of our country.

Mr. CAPEHART. Mr. President, will the Senator again yield?

Mr. WILEY. Yes; but not for a speech. I want to get through with mine. I have been talking now for an hour and a half.

Mr. CAPEHART. Does not the Senator think we can take a few million dollars out of the amount proposed under the pending bill, and appropriate money to be used in connection with veterans' hospitals in Indiana, so as to provide an additional thousand or fifteen hundred beds which are sorely needed there? I have been fighting with the Veterans' Administration to have that number of beds put into hospitals in Indiana to care for veterans who need medical attention there. Yet this morning I received a letter from the Veterans' Administration saying that it cannot be done, because the Veterans' Administration does not have the money with which to do it.

Mr. WILEY. That is a double-barreled question. I will answer it, and then I shall continue with my speech. I do not think we can consider care for our veterans in connection with the pending bill.

Mr. CAPEHART. Mr. President—

Mr. WILEY. Just a moment. I am speaking now to the question of whether the proposed authorization should be cut. My answer is that if, from the Senator's full and complete investigation of the subject he thinks the Foreign Relations Committee was wrong in its proposal for authorization, let him vote to cut it. But if, on the other hand, he feels there has been an affirmative case made for the authorization, he should not vote to cut it. He should wait until the Appro-



priations Committee has had an opportunity to go into all the factors 8 months after the Foreign Relations Committee acted.

So far as aid to veterans is concerned, I am in favor of giving the veterans everything they have coming to them, and more too. But I am not in favor of bringing that subject into the present picture, and seeking to use the question of aid to veterans as an argument, when we have not discussed the merits of that proposition.

Mr. President, 13 Senators, members of the Foreign Relations Committee, have held hearings on the subject of the amount needed for ECA. They have studied it carefully and have said, "We feel that this is the thing to do at this time, but we also feel that the question of appropriation shall be definitely gone into and all the factors in connection with it considered in June or July when we know more about the changes that have then taken place in the world picture." That is my answer to the Senator's question.

(f) Under the Marshall plan a spirit of cooperation is developing among the nations, as evidenced by the Brussels Pact and by Britain's contribution to the Continent. She gave \$282,000,000 of her currency to her debtors intra-Europe. Belgium and Luxemburg have also given of their currency to their debtors intra-Europe. I say those are signs which indicate that perhaps there is a forward march towards cohesion, toward a better day.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. TAFT. It was our money they gave away, was it not; not theirs?

Mr. WILEY. No.

Mr. TAFT. I understood it came out of our dollar allowances.

Mr. WILEY. No; they did not give the money out of our allowance. They gave their own currency, and it is very plain why they did so. They gave their currency in order that the trade of the countries involved should be stimulated. That is why, with that kind of mechanism, the sterling bloc is in the black. But there is a decided need for constant aid, so far as Europe is concerned, aid in the way of American dollars. The countries I have named gave of their currency to other countries who needed it, and it begat trade. The same was true respecting the \$2,990,000,000 that came back here to buy our goods. That money resulted in jobs here, it resulted in increased production here. When the Appropriations Committee takes into consideration the amount we should give, in view of all the circumstances, it must also consider the point I made, that we want to get as much as possible of this money into production here, in order that jobs here will be increased, and that our producers will secure returns.

(g) The cut-back the second year to Britain is from \$1,239,000,000 to \$940,000,000, or \$300,000,000.

(h) The over-all reduction of aid to Europe in the second year is 14 percent, and to Britain the reduction is 25 percent.

Mr. President, I am practically ready to conclude. I feel that probably if we step aside from the mundane once in awhile we can get a shot in the arm to carry on. Tennyson said:

Come, my friends, 'tis not too late to seek a newer world.

May I paraphrase and say:

It is not too late to get an understanding with Russia.

Therefore, I have constantly stated that America should go many a mile—we can afford to be humble—to seek to get an understanding. It has been suggested that special emissaries be sent to confer with Russia. It is the function of the Executive to spearhead our foreign affairs. While we go ahead with the Marshall plan and the Atlantic Pact, let us also go ahead and see if the light of understanding and good faith can be brought into this muddled picture between Russia and the rest of us.

We are told that Stalin and his associates respect only physical force and regard treaties only as a scrap of paper. The unfortunate thing is that "so few" in Russia speak for "so many" and that these so few have a biased outlook and are influenced by the Marxian philosophy. If their objective is world domination—political and economic, and that seems to be the fact—let us use every worthy expedient to see if there is not a way that can be found short of war to bring about international friendship, cooperation, and understanding.

I will say that the result of our dealings with Stalin and his group do not present a very hopeful picture.

Mr. President, there are more than 180,000,000 plodding, enslaved mothers and fathers and children in Russia—human beings like ourselves, but, unlike ourselves, they do not know the blessings of our way of life. They are blindly led by false propaganda, misstatements, and so forth, but they are our brothers. I am not saying that the pact will do the job, or that the diplomats will do the job. I am saying let us try and try again every peaceful channel and, at the same time, build our bulwarks strong. That means friends in Europe as well as planes and arms appropriate for the present—not for yesterday. Let us build our bulwarks strong and encourage the downtrodden and fearful of earth to stand erect and not be afraid of the bear that walks like a man.

Let us also engage in dynamic peaceful action. It was with that thought in mind that I introduced in the Senate in 1945 a resolution for the establishment of a Department of Peace. I meant just that, Mr. President. How to proceed, when to proceed, and what to say to obtain peace requires consideration as much as do international pacts. Let us think this thing over. There must be dynamic action for peace as well as provision of insurance against aggression.

I believe that the ECA and the pact are insurance against aggression. But, Mr. President, there are 180,000,000 Russians, with 70 different tongues, sprawled over one-sixth of the earth in a state of civilization which is far down the ladder. We claim to be educated. Are we so

dumb that we cannot penetrate that curtain? I think there must be dynamic and practical action for peace. Let us go the extra mile. At the same time, let us keep our powder dry.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 1757) to amend and extend the provisions of the District of Columbia Emergency Rent Act, approved December 2, 1941, as amended; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. HARRIS, Mr. TEAGUE, and Mr. O'HARA of Minnesota were appointed managers on the part of the House at the conference.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. HENDRICKSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hoey	Millikin
Anderson	Holland	Morse
Baldwin	Humphrey	Mundt
Brewster	Hunt	Murray
Bricker	Ives	Myers
Bridges	Jenner	Neely
Byrd	Johnson, Colo.	O'Connor
Cain	Johnson, Tex.	O'Mahoney
Capehart	Johnston, S. C.	Pepper
Chapman	Kefauver	Reed
Chavez	Kem	Robertson
Connally	Kerr	Russell
Cordon	Kilgore	Saltonstall
Donnell	Knowland	Schoeppel
Douglas	Langer	Smith, Maine
Downey	Lodge	Sparkman
Eaton	Long	Stennis
Ellender	Lucas	Taft
Ferguson	McCarran	Thomas, Okla.
Frear	McCarthy	Thomas, Utah
Fulbright	McClellan	Thye
George	McFarland	Tobey
Gillette	McGrath	Tydings
Graham	McKellar	Vandenberg
Green	McMahon	Watkins
Gurney	Magnuson	Wherry
Hayden	Malone	Wiley
Hendrickson	Martin	Williams
Hickenlooper	Maybank	Withers
Hill	Miller	Young

The PRESIDING OFFICER. Ninety Senators having answered to their names, a quorum is present.

Mr. TAFT. Mr. President, last year I supported the bill for the Economic Cooperation Administration. I did so for two reasons. One of them, the principal reason—and I think it still applies today—was this: I felt very definitely that we could assist western Europe to recover more rapidly than if that area were left to its own resources. I have always had a good deal of doubt about the economic justification for the program, although there may be some reasonable argument that by helping those countries recover more rapidly, we may ultimately increase the prosperity of the United States. I do not believe the scale on which we are spending money can be economically justified. But I felt then, and I feel now, that by building up the



recovery of those nations and by enabling them to do in perhaps 2 or 3 years what they might otherwise take 10 years to do, we would bring about a condition of prosperity which would prevent the spread of communism as it might otherwise spread. That, to my mind, was a justification for the original program, and it is an equally strong justification for the program today. That is in spite of the tremendous cost to the people of the United States, and the fact that we are giving away a large part of our production, thereby causing a reduction from the standard of living that our people might otherwise have enjoyed, and in spite of heavier taxes than we otherwise would have had to levy, which heavy taxes may interfere with the economic development of the people of the United States. In spite of all that, I felt then, and I feel now, that the need for fighting communism throughout the world, the need for fighting the spread of the whole theory of totalitarian government, was sufficient justification for making the sacrifices which we have to make in this connection.

The other economic justification is this: I have always felt that we are justified in various respects in assisting the economic development of other countries, in various parts of the world; but I think that assistance must be very carefully selected. It must not impose a tremendous burden upon our taxpayers. I believed that when we helped Brazil develop her iron-ore resources and her manufacture of steel, probably the prosperity of Brazil to which we thus contributed would ultimately result in greater exports from the United States than United States exports of steel which might be replaced by the Brazilian manufacture of steel. But that type of justification I think must be very selective; such operations must not be conducted on such a scale as to develop a tremendous competition with our own industries, and particularly they must not develop the production of goods which will come into the United States in such quantities as to put our industries out of business. But I do think there is some justification for a limited program of that kind. But, Mr. President, in order to justify any such program as that embodied in the Marshall plan I think we must rely upon the necessity of fighting the Communist threat throughout the world.

I was on the continent of Europe in November and December, I was not able to go to England. I think the facts show that our aid has had the effect on communism which we desired it to have. That has been largely through the effect on morale through the fact that those people felt they could recover with our assistance, through the encouragement thus given them to develop their own industries and to expand their own activities.

In general, I believe that our program has been administered as Congress wished it to be administered; in other words, by giving specific aid for things which were clearly worth while, and from which there would be a return. In general, the aid has not been given on a political basis. I think that to a certain

extent the State Department has brought pressure to bear on the Economic Cooperation Administration to make certain political advances which probably were not justified economically, but this has been the exception rather than the rule. There is not much question that the ECA was used in Italy to influence the Italian election; and in proper cases I think we must admit that, in view of political implications, we may perhaps depart from the general economic purpose, to carry out the morale purpose and to conduct a direct battle against communism. There is not much question that we interfered in the Italian election, and interfered successfully, and that to a certain extent ECA funds were used for projects in connection with accomplishing that end and in carrying out that purpose, and that such use of funds might not otherwise have been justified. Moreover, there can be no question that in various respects—more in the future, I think, than in the past—we are doing specific things to remedy bottlenecks in European production. We are able to furnish supplies which no one else can furnish, and those supplies will enable the people of Europe to achieve a production many times the value of the supplies we furnish.

I wish to pay a tribute, here and now, to the very excellent organization built up by Mr. Hoffman. He has put businessmen in charge, as we desired they should be. He has followed, I think, the wishes of Congress in that respect; and while, of course, there are no doubt many projects which can be properly criticized, I feel that the European Economic Administration has been successful within the purposes laid down by Congress in the act which we passed last year. I think also they have pushed as far as they can to force the beneficiary countries to use their own resources. The backing of ECA has probably been the most influential factor in leading the French to balance their budget and restore some confidence in the French franc—a far more important project than any specific goods we could furnish to France. Our Administrator has taken a strong position, almost interfering in the internal affairs of France, in demanding that if they want this aid to continue they must balance their own budget, and there is, at least, today the promise of a balanced budget and of a government much stronger, I think, by reason of our action than it would otherwise have been.

I think conditions in France illustrate the fact that to a large extent what they themselves do is a good deal more important than what we do. Mr. Bruce himself, in testimony before the committee, in effect, said that France has no serious economic problems. Their problems are political. They have a system of government which results in government by coalition, which is always a weak government, because if any member of the coalition departs when an effort is made to pass strong economic measures there is no longer a majority. We have seen four or five governments in France within the past 2 years, and that, of course, has led to a lack of con-

fidence in the government and a lack of confidence in the franc; and unless their currency is restored by their own action, our assistance cannot do very much good. But up to date I believe that Mr. Hoffman's organization has assisted the French Government to do what it ought to do and has succeeded in strengthening that Government.

But we are asked at this time to authorize \$5,430,000,000 of appropriations and expenditures between now and July 1, a year from now. Certainly we have the right to examine again the real basis of the program, its necessities and its dangers. The thing I think we ought to consider first is our own position. We concluded a year ago that we could afford to do what we did—appropriate approximately \$5,000,000,000 for the program. I had hoped there would be a substantial reduction this year. Theoretically there is a reduction; but nevertheless we are now asked to authorize the ECA to spend a total of \$5,430,000,000, \$400,000,000 more than we authorized them to spend a year ago. True, it is for 15 months, but it can all be encumbered and all be authorized at any period after the 1st of July of this year.

We face this year in contrast to last year a substantial deficit in the American budget. The President's budget calls for expenditures during the next year of \$41,800,000,000, and he estimates receipts at \$41,000,000,000, leaving a deficit of \$800,000,000. He demands \$4,000,000,000 of additional taxes on top of the tremendous tax burden from which we suffer today. Of the proposed expenditures \$6,700,000,000 altogether are for foreign aid and \$15,000,000,000 for the national military forces.

Mr. CAPEHART. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Indiana?

Mr. TAFT. I yield.

Mr. CAPEHART. Does the \$41,800,000,000 include \$1,800,000,000 with which to rearm western Europe?

Mr. TAFT. No; it does not include that. I shall come to that.

We have, as the Senator has said, a proposal, at least a tentative suggestion, that we should appropriate \$1,500,000,000 or more for military aid to Europe, which would by that much increase the deficit. There are always other projects outside the budget. There are proposals for increases in salaries, which are not taken care of in the budget. A good many of the new projects are covered in the budget, such as education, housing, and various other things. There are included universal military training and a number of other things, but quite a few things are not included, so that the expenses can be still larger.

If we do not cut the budget, I do not see any way to avoid a tax increase by the first of July, when we look over what we have authorized and what is likely to be spent in the next year. If we accept the budget without a cut, we are bound it seems to me to increase taxes. I agree that a tax increase would be a serious threat to the welfare and prosperity of the United States, and yet I



do not personally want to see Government deficit-financing, when we have a very high state of prosperity in the United States. The only way it seems to me to avoid it is to cut expenses—all expenses.

If we are not willing to cut the ECA expense, then it seems to me we cannot cut any other expense. We have a right to say we have reached a point where, no matter what theory may justify it, an expenditure of \$5,430,000,000 exceeds what this country can afford to give away to the rest of the world. It is an extraordinary thing. It is something that no country in the world has ever before done. It is something far beyond any obligation we can possibly have assumed. I think at least 10 percent can be saved in the administration of any program without seriously changing the character of the program or the importance of the aid that is given.

Mr. CAPEHART. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Indiana?

Mr. TAFT. I yield.

Mr. CAPEHART. I should like to ask the able Senator from Ohio this question: I believe he stated the President's budget was \$41,800,000,000, which did not include rearming western Europe and possibly other projects, and that he anticipated the revenues of the Government would be about \$41,000,000,000; is that correct?

Mr. TAFT. That is the budget; yes.

Mr. CAPEHART. My question is, does the able Senator from Ohio feel, or is there any other Senator who feels that this Nation at the present tax rates will collect as much money in the fiscal year ending June 30, 1950, as it will collect for the fiscal year ending June 30, 1949, or as much money as it collected in the fiscal year which ended June 30, 1948?

Mr. TAFT. I do not quite agree with the Senator that we face any very serious loss in taxes in the next fiscal year. So far as I can judge from the general information I can get, the level of activity in the calendar year 1949 ought to be about the same as for the calendar year 1948. It perhaps may not be quite so good, but I think it is likely to be. When we come to 1950, I am not at all certain there may not be a substantial falling off in personal income taxes. Corporation taxes collected in 1950 will be based on operations in 1949, and I do not look for any tremendous reduction.

Mr. CAPEHART. We are talking about the fiscal year ending June 30, 1950. Can there be any question in the Senator's mind that farm prices are down from 25 to 33½ percent, with prices falling each day, with the worker's pay check becoming smaller each week, by reason of the fact that he is working fewer hours?

Mr. TAFT. With due respect to the Senator, there is no evidence of that as yet. That may be a thing that is going to happen, but so far as the statistical records show, there has been no substantial falling off. There were actually more people employed in February of this year than in February last year. There

were more unemployed, but also there were more people employed, taking up a part of the increase in the labor force. The Senator and I can talk all day about a question of this sort. I agree with the Senator it is uncertain. We may not agree on whether the Government can raise \$41,000,000,000, but I would rather not get into a detailed discussion of that.

Mr. CAPEHART. Mr. President, will the Senator yield for another question?

Mr. TAFT. No, I would rather not yield further to the Senator on this question.

I think the Senator's point is entirely correct, that we cannot count on the \$41,000,000,000, but I think in July we may probably be counting on it with some justification. If, however, we do not cut expenses, if we increase expenses and do not begin to cut, I do not see how we can justify not providing the additional taxes that may be necessary. But expenses can be reduced. It is proposed to increase the expenses of the Federal Government from \$33,800,000,000 in fiscal 1948 to \$41,800,000,000 in fiscal 1950. Certainly no one can say that increase is absolutely necessary and cannot be cut. I have a list of the increases, some of which are perhaps necessary. The largest increase is for defense, \$3,390,000,000. The international budget increase is \$2,000,000,000, which I think can be cut. The other figures are spread through a long list of all kinds of projects. Practically every department of the Government is included. In my opinion, we should start with this bill and cut 10 percent, and continue to cut 10 percent right down the line, and make such other cuts as we can.

There is in the military budget \$800,000,000 for universal military training, which no one seems to be pressing very hard. I have said before that I think perhaps we can save a billion dollars in the military budget, perhaps more than that. I do not know what the total will be. But if we are to avoid a tax increase we must save on everything. If we are not willing to save on this particular foreign appropriation, we cannot explain to the American people why we must cut on the things in which they are interested. If we are in a position where we have to save, we must save all the way down the line, and we should begin by making a cut here. So far as I am concerned, I am willing to cut everything which is not of an absolutely obligatory nature, such as interest on bonds, as we go through the various appropriations.

My principal aim in speaking today is to make the point that there is no absolute necessity for the exact amount which is demanded by the ECA, and to show that the theory, which is very prevalent, that it must be this amount or else we lose the whole thing, is an utterly unsound theory. To the extent that we do aid the European nations, our assistance has value to them. To the extent that they have good propositions, we can help them, regardless of whether we go on helping them a little more somewhere else. But there is no sacred feature in the so-called balance-of-payments theory, which is, after all, the basis of

the requirements which are finally presented to us by the ECA.

There has been an argument made to the effect that there is a tremendous danger to us in building up competitors. I think, to a certain extent, that is true, if it is too strongly done. I think we have to face the fact, however, that if we want a generally prosperous world we cannot hope to compete with most of the foreign nations in export trade. I think we are bound to lose our export trade as we go along. I think we have to face that fact, anyway. We shall have to face it a little faster by helping other nations to make more progress than they might otherwise make. The arguments which have been made by some Senators do not impress me particularly, but I do not see why we should proceed on such a wholesale scale and so rapidly as to threaten seriously the industries of this country. I think we shall have to admit that we cannot maintain the highest standard of living in the world and at the same time hope successfully to compete in the export market with the British or other nations who happen to have a living standard which is much lower than our own. I do not see how we can hope not to lose some of the tremendous export trade we have today. But I think we can stop short of letting those nations ship goods to this country and destroy industries already established here, and put American workmen out of work. But that is a subject which will be more in order when we reach the bill to extend the Reciprocal Trade Agreements Act.

I think, therefore, there is some question about our overdoing this help to the extent of building up industries in the recipient countries, particularly in cases where we do it so cheaply from the standpoint of the beneficiaries. Most people have to save money in order to establish an industry. We are enabling the businessmen in Europe to go ahead without any such saving. Perhaps we are even establishing some European industries without the fixed charges which our own industries must pay, when we advance, or practically give, money to the French and Italian Governments and they use the money to improve the automobile factories which both nations own. The French Government owns the principal automobile factory in France, and the Italian Government owns the principal automobile factory in Italy. To the extent we set them up, those people may not have any of the fixed charges which our own automobile companies have. I do not think we want to go to the extent of subsidizing them, forever, and enable them to make goods more cheaply than we ourselves are doing.

We are giving the English the money to build up a complete airplane industry which will be subsidized by the British Government to compete with our industry which is subsidized to a much less extent than is the British Overseas Airways. We are enabling England, under this general plan, to set aside 20 percent of her national income for rehabilitation, rebuilding, and extension of factories of all kinds. As a matter of fact, 20 percent is a good deal more than we are setting aside for ourselves. The President's



economic advisers stated that 15 percent was too much in the United States. If we should not get the English competing with our industries quite so fast I do not think there would be any serious injury to the British people as a whole. The British will certainly take advantage of everything they can. I was very much interested in their plan for using these funds to do two things:

First, to build up an export trade into the United States.

Second, to cut down imports from the United States.

They are very frank in the economic survey for 1949 which was presented to Parliament by the Chancellor of the Exchequer, in which it is said:

In spite of the efforts of the past 3 years the proportion of total United Kingdom exports at present going to North America is still slightly lower than prewar. While we have established a firm foundation for a further intensification of our export drive in these markets, we must in the next 2 or 3 years greatly increase exports to Canada and the United States if we are to become independent of ERP aid without a reduction in the standard of living. It is, of course, true that in the last 2 years the contribution of exports to alleviating the dollar shortage is not accurately measured by statistics of direct exports to the United States or Canada. Much, for instance, of the textiles sold to commonwealth countries achieved dollar savings by the sterling area quite as effectively as the textiles exported to North America, since the alternative to imports from this country for the commonwealth countries was to make their essential purchases of textiles from the United States. From the standpoint of our dollar deficit, the two transactions were equally helpful. Nevertheless, an intensive drive to increase our direct dollar earnings is vital.

A notable advance in exports to North America has already occurred, and we have also built up promising markets for some manufactures which were not exported to the United States or Canada before the war. The time has now arrived however when we can and must intensify our attack on the North American market. National incomes in North America are at unprecedented levels and the prospects for increased sales of manufactures are very promising. Our task is to produce goods which, through design, quality, and price will command buyers in a free market, and we certainly cannot rely on securing more favorable conditions for the entry of our goods than exist today.

If the result of our not giving them quite so much cash today would be to make it impossible for them to put on quite so intensive a drive, I think on the whole American industry might be well satisfied to await that competition for a while.

Mr. ELLENDER. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield for a question.

Mr. ELLENDER. I am certain the Senator has read the hearings before the Committee on Foreign Relations, in which Mr. Finletter, who testified, brought out facts which to me are really astounding. He says that what the British intend to do is to cut down their imports from the Western Hemisphere 60 percent, and increase exports by 83 percent over prewar.

Mr. TAFT. The Senator is understating it. The British plan is to increase exports to the United States by 183 percent over prewar, not 83 percent.

Mr. ELLENDER. I am quoting from Mr. Finletter.

Mr. TAFT. I think the Senator will find that it is a 183-percent increase, rather than an 83 percent increase.

I continue reading:

The Government is resolved to play a full part in the North American export drive, and is developing plans for the reinforcement of practical assistance for exporters.

They are going to subsidize some of their exports to the United States.

The third way of solving the dollar problem—the reduction of imports from dollar sources—demands the encouragement of production in the nondollar world in order that increasing supplies may be available for export to us. The postwar recovery of primary production in other parts of the world, together with projects for new development in the colonies and elsewhere, have made progress in 1948, but must be pressed further in 1949.

I think the following sheds an interesting light on the British attitude in this whole affair:

The Government has therefore welcomed the declaration of the President of the United States that the United States intends to embark on a bold new program for making the benefits of scientific and industrial progress available for the improvement of underdeveloped areas. Important developments of this kind are already going forward within the Colonial territories of the Commonwealth. These, besides contributing to the welfare of the Colonial peoples and to the saving of dollars for ourselves, also leads to an expansion of the Colonies' dollar income and to increase nondollar supplies for other countries, particularly those of western Europe.

The President's bold new program for helping the world is interpreted very promptly into dollars for the British, and it is used as a method for reducing the imports they might otherwise have to take from the United States, in other words, reducing the exports the United States can make.

I have much sympathy for the British position, but it seems to me that a small reduction of 10 percent in the appropriation designed for the British would not damage the British people to any great extent, and it may be just as well that our manufacturers have a little longer time to meet these competitive methods, certainly as coming from England.

Mr. President, I do not mind our helping the British, but I do not see the necessity for providing the money for such a very rapid building up of the capital assets of the British. I think we can afford to help people in specified projects, and I hope we will for a long time to come. I hope particularly in the more backward countries we may be able to help. But today the British have from 15 to 20 percent greater production than they had before the war, and I cannot see how they can claim that they must have exactly the amount specified or their whole economy will break down. It is an impossible argument to sustain.

My point is that there is danger in overdoing the capital-investment program. What we do in the way of capital investment should be gradual and selective, with just as much benefit to them and just as little injury to our own business as possible.

In the third place, I think we must realize that after all this whole Marshall plan is only a temporary program, and that it must be gradually reduced if it is not to become a permanent program of support of the rest of the world. We certainly cannot permanently support a people at a standard of living above that which they are able to earn for themselves. The theory of our assistance to the various peoples, in the way of additional food relief, is that we help them to stay on a certain standard of living which they are not wholly earning today, on the theory that they can earn it within a very reasonable time after the emergency of the war has passed. It would be very dangerous to support them on a standard higher than they could reasonably hope to make permanent, because then sooner or later they would have to come down, and at that time there would be a very bitter feeling against us because we did not continue affording them relief on the previous basis.

Mr. President, it seems to me there clearly should be a steady reduction in the aid as the various countries better their own production. If they increase their standard of living from their own resources, it seems to me the assistance we give them should be gradually decreased. All the evidence is that they have increased their production, and from such increase in production it seems obvious to me that our assistance, at least in the form of relief, should be gradually reduced.

As I said before \$5,430,000,000 for ECA is more than we appropriated last year. In fact, it is for 15 months, which is a long way off. For practical purposes, the money is available for authorization as soon as the 1st of July comes. I should like to see a total amount less than we appropriated last year, a clear notice that we are beginning to cut down, that the program is temporary, and that we are not going permanently to continue it.

Mr. President, the main point I wish to make is that no matter how strongly one may favor the program, no matter how much good it may do, there is no sacredness in the amount requested. The Senator from Michigan has said that, Mr. Hoffman has said it, and I think we are free to consider whether we cannot make a reduction, as I think we should also make it in programs for domestic purposes.

Mr. Hoffman, when he was called back after the Mayhew statement, made a statement regarding the importance of various things, and as to why we could not cut in some fields. He said:

The British program did not allow for any increase in stocks, though in the case of many raw materials stocks are now barely at safe working levels. By "stocks" I mean inventories. Therefore, cuts in imports bear directly upon production. What this means is that if Britain has to reduce imports of raw materials, then British resources cannot be fully and efficiently utilized. Moreover, the effect of this kind of a cut is bound to be cumulative. If British production cannot be maintained and expanded up to the full limit permitted by British manpower and resources, then Britain's export earnings cannot be as large as they have been estimated.



I think Mr. Hoffman has the right basis of the program. There are still items which I do not think we should cut. We can well take the British example. The same principle applies throughout. The British would get in 12 months \$940,000,000. Out of the whole sum they would get a much larger figure than that. They would get \$1,260,000,000 out of the total amount in the bill.

For the moment let us figure on \$940,000,000. So far as I can make out, that figure is reached on a general balance-of-payments theory. They want so much; they make a plan; they decide: "We want to have a certain breadth of activity. We want a certain standard of living. We want a certain amount of food. We want to put a certain amount of money into fixed capital. We want to export a certain amount of goods. When we get all through with that, we find we have to import from the United States \$940,000,000 of money. That is the figure which is absolutely necessary if the plan is to work. Otherwise we will be lost."

I completely disagree with that theory. Mr. Hoffman says that the total British production is \$42,200,000,000. If they lose \$200,000,000, less than one-half of 1 percent of that amount, surely no serious damage will be done to their entire economy. I do not think it is a valid argument. If we take \$94,000,000 out of \$940,000,000 and select the things that are least necessary, in that case about one-quarter of 1 percent of their total annual products, I do not see how it can affect the general prosperity of the British.

We hear more and more about the dollar deficit, and that we must make up the dollar deficit. What is a dollar deficit? We accept the term without disputing the basis on which it is founded. There is not any dollar deficit. There are plenty of dollars in the world. What is meant is that Great Britain wants to import more from the west than she ships to the west. She is actually balancing her exports. She has an excess of exports to other parts of the world which balances the deficiency to the United States. She is building up credits and paying debts in other parts of the world through the excess of exports to other parts of the world. Of course, if we do not lend her the money she will not have a dollar deficit because she will not be able to import from the west all the goods she would like to import. The dollar deficit is produced solely by her desire to import things that she is not able to or cannot afford to import. It is said that she has always had a deficiency of exports. She has always imported more than she has exported, and paid for the difference by the invisible balance which she no longer has. Again the process is stated backward. She imported more than she exported because she had those invisible assets to pay for the excess imports. If she had not had them, she would not have imported an excess.

The dollar deficit is created only by the British plan. She cannot have a dollar deficit unless some country gives her the money to pay for goods in excess of what

she can afford to pay for. The truth is that, taking the world as a whole, a dollar deficit simply means that people are not producing enough to maintain themselves at the standard of living which they would like to enjoy.

The English now live in a completely planned economy. Sir Stafford Cripps has a planned economy which puts the planned economy of Leon Keyserling in the field of theory. He has the whole thing planned out. It is all on paper. It sets forth what the British must do, what everybody in Britain is obliged to do, what they are going to eat and what they are going to make. The entire thing is worked on a plan which is presented to the people.

The point I make is that we do not have to accept that plan. They reach their requirement figures because those are the figures to which their plan gets them.

What is their plan? Their plan, roughly, is this: Out of a total national income of about £13,000,000,000 they are going to spend 20 percent on capital investments, about 15 percent on exports, and 65 percent on domestic consumption. The domestic consumption includes food and clothing. It includes, of course, rents for housing. It includes also government subsidies on food. If we tried to do the same thing in this country we would be subsidizing food about \$8,000,000,000 a year. It includes their health and welfare services on a scale which, if we conducted them on the same scale in this country, would cost us about \$6,000,000,000 a year. That part of the consumption which is allotted to the people in this economic plan includes various other government services.

I do not think we ought to make ourselves responsible for that plan. I do not care how they distribute their money. I do not care how they choose to take the resources they have and distribute them to capital account, to domestic account, or whether they want an austerity program or some other kind of program; whether they want to distribute their income, take it away from some people and give it to others. We do that ourselves, but not quite to the extent it is being done in England. I do not think we ought to be in a position, however, of having to stand by and approve any particular plan. I think we ought to figure out what things will really help them, and give them those things to the extent we can afford to give them, looking at our own position as well.

Mr. KNOWLAND. Mr. President, will the Senator yield at that point?

Mr. TAFT. I yield.

Mr. KNOWLAND. Is it not a fact that during 1948 the net invisible returns to Britain were notably better, giving a surplus over the year of £98,000,000, as compared with a deficit of £189,000,000 in 1947? That is shown in the table of the Chancellor of the Exchequer from which the Senator was reading. As I arrived at the figures in examining the table, they took what they called some of their invisible dollars, namely, for the support of the military, relief

and rehabilitation, Germany, administrative, diplomatic, and so forth, war disposals and settlements, and "other government," and then they took the expenses of shipping, interest, profits and dividends, films and travel, and the final summation in the table shows that whereas in 1947 their net deficiency was £189,000,000, they had in 1948 a surplus of some £98,000,000.

Mr. TAFT. The Senator is correct. There has been a steady improvement, and I think greatly to the credit of the British Government. I think they have done a wonderful job, so far as that is concerned. I am not criticising it. I say only that we have not made this plan, and that we do not have to follow it, and that the plan is subject to change. The British can change it. There is nothing sacred, in other words, in the conclusion of a dollar deficit reached from the provisions of that plan.

Take the 20 percent to capital. The British want to take 20 percent of their income and put it into capital. They want to put 15 percent into exports. All this austerity business is based on their own determination that they are going to take income away from consumption and give it to capital and to exports. That is all right. I think that is probably good for the long distance benefit of the British. But it is not an absolutely necessary plan which we have to underwrite and support.

In the economic report of the President he said:

At present, private capital expenditures—

That is in the United States—

are running at 15 percent of the Nation's economic budget, reflecting in part the need to make up for wartime and some prewar deficiencies. The shift to more sustainable long-run patterns will require a relative decline to about 11 or 12 percent of the Nation's economic budget, though perhaps a moderate increase in absolute amounts.

If we include public works of Federal and State governments it will add about 2 percent; so we are running at 17 percent, though the relative decline would place the figure at 13 or 14 percent. The British are running at 20 percent. But certainly we do not necessarily have to guarantee that they shall run at 20 percent, and they could cut it down.

Then they propose that 15 percent shall go to exports. They are exporting more than they are receiving from the rest of the world. That means they are extending credits to the rest of the world to build up their export trade. Some of that export trade is going to Russia. That has been criticized here. They certainly do not necessarily have to extend credit for export trade, as they are doing to various countries throughout the world. And they do not get any immediate benefit from the sale of goods for which they have to extend credit. They might cut the export figure slightly.

In the same field there is no doubt that they have held down consumption below what it would otherwise be, but it is a little bit difficult to see that there is a tremendous degree of austerity in Britain as a whole, because the country as a whole is eating just as much food per person, just as many calories per person



as the British ate before the war. The figures on page 16 of the hearings show very clearly that the only things on which there is any material reduction below prewar are clothing and household goods. The character of some of the food is somewhat different than it was before the war. The British have less meat and less fat, but we never did supply meat to Great Britain. The plan next year provides for 2,990 calories, compared with 3,000 before the war, which is within a very small fraction of 1 percent of the food they had per person at that time; and they have two and a half million more people today than they had at that time, so the total food is considerably greater.

As stated in this same economic survey, Sir Stafford Cripps says:

The higher-income groups have suffered a substantial fall from their prewar consumption level, but in the case of certain important foodstuffs, particularly liquid milk, consumption of the lowest-income groups has risen appreciably.

They have chosen to pursue a socialistic plan, to try to produce equality, which is all right, but it is a part of their whole program, a part which we do not necessarily have to finance, or approve, or disapprove.

They have extended their government services, as I pointed out. Of course, they increased the consumption of food to some extent by extending tremendous food subsidies, which have reached what would represent in this country, a figure in the neighborhood of \$8,000,000,000 a year if we did it on the same scale, considering the difference in population, or more than £500,000,000 in Great Britain. So food is more easily bought by the poor as a part of the program of redistributing food, a desirable thing, and nothing that I would criticize. Neither is it a particular thing that we must guarantee.

No one can say that we must put up exactly the number of dollars necessary to carry out this exact plan. The program of consumption, like the program for capital improvement or the program for exports, is subject to change if there must be a change. If we do not give them the amount of money requested, they will not be able to carry out this plan quite in the detail they would like to carry it out.

I have already referred to the health services. Of course, there is plenty of opposition in Great Britain itself to some of these programs. I read from an article in the Daily Graphic and Daily Sketch. After establishing the budget last year they came in with a deficiency appropriation for—

The national health service alone of £58,000,000.

As I say, interpreted into what it would cost us if we were doing it, that would be a deficit of \$1,400,000,000 on top of an estimated cost of free health services of \$4,000,000,000.

I quote from the Daily Graphic on this subject:

This is the worst mess of them all. There is no excuse for it, because when the Government issued the economic survey, and when

it produced the budget, it knew that the legislation would come into force during the year.

When the Socialists stump the country they make great play with the "free" services that a benevolent government supplies. The supplementary estimate shows just how free they are. Fifty-eight million pounds does not fall like manna from the skies. It is drawn from the pockets of the people.

#### THE NATION'S SPECTACLES

Now it is evident why Dick, Tom and Harry, and Mabel, Doris and Jane have to pay through the nose for their beer, baccy and betting. Incidentally, one of the grossest miscalculations was on ophthalmic services, estimated at £2,000,000, which has now jumped to £13,000,000. Perhaps when the nation gets its spectacles it will see the situation as it really is. We are receiving £300,000,000 under Marshall aid this year. The supplementary estimate indicates that this American assistance, intended for industrial reconstruction, is being swallowed up, or down, by a prodigal Government's expenditure. Let us hope that the Americans will not mind financing socialism-in-our-time in Great Britain.

That is an opposition newspaper. I do not mean to endorse everything it says, but it is fairly evident that many things are being done which are a part of this entire plan, but which it does not seem to me we are compelled to endorse.

MR. KNOWLAND. Mr. President, will the Senator yield?

MR. TAFT. I yield.

MR. KNOWLAND. I wonder if the Senator from Ohio is familiar with an article which was published in the New York Times of March 26, bearing a Toronto, Canada dateline. It reads in part as follows:

John A. Marsh, general manager of the Canadian Exporters' Association, said in an address tonight to the Canadian Credit Men's Association that one-half the world, led by Sir Stafford Cripps, has moved back the clock of progress by barter trading or state trading.

"Curiously enough," he said, "Britain has, up through the years, preached a doctrine of freer trade. She is still giving lip service to it; but actually is practicing the opposite as instanced by the 30 or more bilateral deals with countries of northern Europe on a barter basis."

The Senator from Ohio will be particularly interested in this:

Buying Swedish newsprint at \$171 a ton when she could buy it from Canada for less than \$100 just does not make sense even though in return she is charging Sweden 1¾ times as much for finished products as the competitive market would justify in Canada.

If the Senator does not object, I should like to have this article inserted in the RECORD at this point.

MR. TAFT. Certainly.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRITAIN IS ASSAILED ON BARTER TRADING—MARSH TELLS CANADIAN CREDIT MEN HALF OF WORLD IS LED BY CRIPPS IN PRACTICE—DEAL WITH SWEDEN LISTED—CITES \$171 NEWSPRINT AGAINST \$100 IN DOMINION—SEES POUND-DOLLAR GAP WIDENED

TORONTO, March 25.—John A. Marsh, general manager of the Canadian Exporters' Association, said in an address tonight to the Canadian Credit Men's Association that one-half the world, led by Sir Stafford Cripps, has

moved back the clock of progress by barter trading or state trading.

"Curiously enough," he said, "Britain has, up through the years, preached a doctrine of freer trade. She still is giving lip service to it; but actually is practicing the opposite as instanced by the 30 or more bilateral deals with countries of northern Europe on a barter basis."

"Buying Swedish newsprint at \$171 a ton when she could buy it from Canada for less than \$100 just does not make sense even though in return she is charging Sweden 1¾ times as much for finished products as the competitive market would justify in Canada."

"This course is driving the pound sterling and the dollar, be it Canadian or American, farther and farther apart instead of bringing them closer together."

Mr. Marsh said that Britain's present fiscal policy will keep the pound and the dollar apart for 10 years.

Referring to the situation wherein other parts of the Commonwealth and Empire within the sterling area reduce their dollar purchases to conform with the dollar supply of the area, Mr. Marsh asked:

"Is this not the time to find out whether the Statute of Westminster actually means what it says? Have we eight independent countries in the British Commonwealth equal in status and autonomy?"

"If so, is there any reason why our Canadian Government cannot enter direct negotiations with Australia, New Zealand, South Africa, Pakistan, India, Ceylon, and other self-governing dominions without recourse to the Chancellor of the Exchequer of the United Kingdom or the Colonial Office? Are we a nation or are we not? Are our sister dominions nations or are they not?"

He said, "Britain is striving mightily to sell us British goods which we surely want to buy because we realize that trade is a two-way street. We suggest that Canada's price for more British goods in Canada should be the fiscal release of the iron grip Britain now holds on her colonies in order that Canada can again trade with her traditional markets on a basis of competition."

"Canada and the United States must make up their minds to what extent in the future they are prepared to subsidize and maintain the United Kingdom's position in Europe."

MR. TAFT. It only shows that on the question of exports they are, in effect, extending practical assistance to Sweden by paying the Swedes so much more for wood pulp than they would have to pay Canada.

The point I wish to make is that I do not think we ought to be responsible for their economic plan. If we read Mr. Finletter's testimony and the booklet on European recovery, dealing with the study of the United Kingdom, we find that American experts have been going through the economic plan of the British and passing upon whether this or that is justified. We are making ourselves responsible to the British people if they do not get as much food as they want. We have gone too far into the whole picture. We ought to ask them what specific goods they must have, as Mr. Hoffman has also done. I do not mean to say that he has pursued exclusively the other theory. To the extent of our financial ability we are willing to help, but I do not think we ought to be responsible in detail. I do not care whether they spend 20 or 25 percent for capital improvements. I do not care whether they have social services of any kind. It is said



that the social services make no difference in the total result. They do. They take a certain number of people who must be employed by the Government, and who must spend their time doing this kind of work when they might be working in plants to increase production.

After all, the British are working only 40 hours a week, which is not a tremendous effort in an emergency. With all the austerity they have agreed to as to food, they have never been willing to modify the 40-hour-week program, which we ourselves modified during the war. There are many people who could be working somewhere else. One difficulty in France is that they have 1,300,000 public servants, employees of the French Government. If we had Government employees on the same basis, we would have 5,000,000 Government employees. We already have too many. We have about 3,000,000, but the French have 60 percent more than we have, considering the population. So long as they do that sort of thing, and so long as the British extend their Government operations, they draw a certain number of people away from the productive processes, which might or might not improve their exports. I have no way of knowing.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. FULBRIGHT. I am very much interested in the Senator's views about Great Britain, but I wonder if the Senator has any thoughts about the tentative allocations to Ireland, Norway, and Sweden, which are very substantial amounts. In the case of Ireland the allocation represents a substantial increase over last year. With regard to Great Britain, I feel that Britain has done an outstanding job in the control of her own economy and production. I do not believe the Senator wishes to leave a wrong impression—

Mr. TAFT. I disavow any attack on Great Britain. I used Great Britain as an example of all the countries with which we are dealing only because in the case of Great Britain we have all the figures worked out in much greater detail. I wish to make it perfectly clear that I do not want to cut Britain off because she is adopting a Socialist form of government. The point I am trying to make is that I do not think we ought to get into that business. I do not think we ought to be in the position of accepting a plan just as they want it, and saying that we cannot change it, that we must give them the money to complete that particular plan. I am only arguing in favor of the proposition that we can make a cut—and certainly a 10 percent cut—without doing substantial harm or forcing any of the nations to make more than a minor modification in the plans which they have made. I think it applies to Ireland and to every other country, perhaps more so or perhaps less so than to England. I am only using the British as an example because their figures are so much more complete, and they have so much more accurate detail as to exactly what they are doing.

Mr. FULBRIGHT. Mr. President, will the Senator further yield?

Mr. TAFT. I yield.

Mr. FULBRIGHT. I believe the Senator ought to say something about Ireland, in view of her experience in the war and her failure to bear any of the burden, and the fact that she has an increase from \$64,000,000 to \$88,000,000 this year. Ireland might be a little better illustration of the Senator's point of view than the British.

Mr. TAFT. The Irish allotment, according to this proposal, is to be reduced from approximately \$78,000,000 to \$64,000,000.

Mr. FULBRIGHT. I understand it was \$64,000,000 last year, and is \$88,300,000 this year.

Mr. TAFT. No; \$78,300,000 for 1948-49, and \$64,000,000 for next year.

The Irish allotment has been entirely a loan; and, as I understand the matter, it is principally for the purpose of financing food production in Ireland, so that the British can get food from Ireland, instead of getting it from us. That is the only purpose, as I understand the matter, of including Ireland in the budget.

Mr. FULBRIGHT. Let us take the case of Sweden. Part of the justification was, was it not, for reconstruction of damage and dislocation caused in Sweden during the war?

Mr. TAFT. Instead, let us consider the capital investments in Britain. It is said that the English capital plant—there are no supporting figures—was damaged to the extent of approximately \$5,000,000,000. They have built it up at the rate of approximately \$8,000,000,000 a year, so already they are far ahead of where they were before the war started. They are now building it up at the rate of \$8,000,000,000 a year, partly at our expense; so they are away ahead of where they were before the war.

Mr. FULBRIGHT. I understand that. The point I have in mind—I do not believe the Senator from Ohio understood it—is that although there may be some basis for criticizing Britain; on the other hand, I think Britain has made a very excellent case.

However, it is very difficult for me to see the justification in the case of Sweden, whose allotment under this plan is to be increased from \$40,400,000 to \$50,400,000 in the fiscal year 1950. It is difficult for me to justify that kind of an increase; in fact, it is more difficult for me to justify that than to justify any other item—for instance, the proposed decrease of aid to Britain to some extent.

I was trying to point out that I think the Senator from Ohio has not picked out the strongest case in the over-all picture in justification of a cut. Denmark, Ireland, Norway, and Sweden are included. Aside from Denmark and Norway, the other countries suffered no war damage; and I am informed that the damage in Denmark was nowhere near so severe as the damage in Britain. That is the point I was trying to make.

Mr. TAFT. Of course, we would leave it entirely to the ECA to determine how to apportion the cut. The ECA could cut out all aid to some countries and could decrease the aid furnished to others. But I am interested in trying to break down the theory that the proposal which is made to us is predicated on a neces-

sary balance of payments which we must make up. I contend that is not so; and it is a little easier, it seems to me, to show the problem in the case of Britain than it is in the case of France. France has not done so well as Britain; her reconstruction has been slower.

Mr. FULBRIGHT. Yes; I think that is true. If we examine the balance of payments in the case of France, and if we consider the fact that last year there was a decrease in French exports, as compared to the exports of the previous year, we find that we have a much better case for justifying a cut in the aid to France than we have for justifying a cut in the aid to Britain, for, after all, Britain has done a remarkable job in the way of exports.

Mr. TAFT. Mr. President, I simply used Britain as an example.

Let me say that I was very much interested in an article by Barbara Ward, foreign editor of the Economist, of London. The article appears in the New York Times magazine of last Sunday. In the article she states that:

The difficulty with which Sir Stafford Cripps has chiefly to wrestle in preparing his budget is the fact that after a certain point the national income will actually decrease in size if the share of money spent by the public authorities grows too large. In the first place, the devotion of too large a part of the national income to services and consumption can mean that the capital accumulation necessary to expand production is checked and cut back. Britain plans to devote 20 percent of its annual income—some £2,000,000,000—to capital investment, but the cost of medical services and the food subsidies already shows signs of encroaching on the allotment to capital.

The British are at least sincere planners. They are finding to be exactly true what we have always said, namely, that the more that is spent on government, the more final interference there is with the productive enterprise system of the country.

As I have said, I am not criticizing. The British have a right to do anything they wish to do; they can run a socialist government, and still can receive aid from us, so far as I am concerned; but I do not think we are bound to be limited to the figures they furnish, which they say represent developments which are absolutely essential to them.

I have offered an amendment to cut the general expenditure under this proposal 10 percent. That will cut the total of \$5,430,000,000 by about \$540,000,000, to approximately \$4,900,000,000, slightly less than the total for 12 months of last year. The Economic Cooperation Administrator would be able to allot that amount wherever he wished to; but if the British received \$94,000,000 less, I cannot see any reason whatever why the British could not readjust their plan to that reduction, so as to have a little less capital investment or a little less government service, or even to some extent slightly less imports than they already have. The question is, to what extent shall we help them; how rapidly shall we help them expand; how much can we afford to give them, and still maintain our own prosperity?

We have a tax system which certainly will be in excess of that of Canada, as



now proposed. Our system taxes our people almost as heavily as the people of Great Britain are taxed. Our tax system is already taking \$40,000,000,000 a year; and unless we make a reduction in expenditures, it will take approximately \$45,000,000,000 a year for the Federal Government, plus approximately \$15,000,000,000 for State and local governments, which will make a total of approximately \$60,000,000,000 to be taken out of the income of the people of the United States, which will mean that we shall be taxing them approximately 30 percent of their income. So we are imposing a tremendous burden on private enterprise, and it is becoming a discouragement to those who wish to expand and increase their business. Some persons says, "We can afford to take as much as 50 percent of corporate income because profits are so large."

But, Mr. President, it is not simply a question of what we take this year. The basic question is, how much will such heavy taxes discourage people from going into business? If people see that if they go into business they will receive only 50 percent of what they earn, provided they make a success of their business, but of course will lose everything if they do not make a success of it, they will hesitate to go into business. If we reach a point of a serious reduction in business, we are on the way to reaching the point where we cannot extend aid to Europe or to other parts of the world. We are able to do it because of the freedom of our own system, because we have not been burdened or limited by regulation and taxation as so many other countries have been. The time has certainly come when we ought to stop the steady increase in the burden on our own people, for the benefit of Europe itself, for the benefit of countries that look to a firm America. I am convinced we ought to see that the national budget is reduced, so that we can pay it certainly out of the present volume of taxes. To accomplish that purpose, I feel it is absolutely essential that we begin by making a cut on the tremendous amount proposed to be appropriated for ECA in order that it may set an example for the same general type of cut that we should make all the way down in our own domestic governmental expenditures.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Florida.

Mr. PEPPER. Has the Senator reduced his amendment to a 5 percent cut instead of 10 percent?

Mr. TAFT. It is a 10 percent cut, \$540,000,000 of the total. If I said 5 percent, I stand corrected; I should have said 10.

Mr. PEPPER. That is what I thought. What I wanted to ask the Senator was, if it is a question of saving money for the United States, why not cut it 15 percent, or possibly 17½ percent, and thus save more money for the United States?

Mr. TAFT. I think it could stand a 15-percent cut, but I feel strongly that

the essential thing to establish is that we can cut the estimates which are made. The thing to establish is that we can appropriate less than we appropriated last year, instead of more. If we can establish those two principles, I am satisfied. Of course, more people are willing probably to cut it 10 percent than 15 percent, so the 10-percent amendment perhaps is more likely to carry. I think the ECA could stand a 15-percent cut without question. But I do not want to be accused of hamstringing the administration. I do not want to be accused of seriously embarrassing the progress of the general program, which I think has accomplished tremendous good, as I said before. I think a 10-percent reduction will establish what I want to establish as a matter of principle, namely, that we are going to reduce the budget, we are going to reduce it steadily as we go on, that we are providing only emergency relief and reconstruction, not permanent relief and reconstruction. So I think I can accomplish with the 10-percent cut the main principles I want to establish.

Mr. PEPPER. Mr. President, if the Senator will yield further, the Senator from Florida did not mean to suggest that he favored either a 15-percent or a 17½-percent reduction.

Mr. TAFT. I thought the Senator favored a 15-percent reduction. Excuse me.

Mr. PEPPER. I was going to ask the Senator, if the object is to save, and if he is merely going to reach out and pick an arbitrary figure out of the air, why stop with 10 percent? Why not make it 15 percent or 20 percent, or, as some would like to see it, 25 percent, rather than 10 percent? I should like to ask the Senator to suppose a case where there is a disease in the body, the sort of disease that can be combated only, let us say, with penicillin or streptomycin. I am not a doctor, of course, but it is my understanding that if enough of the drug is not given to stop the ravages of the disease, it may not do any good to give any of it at all. I was wondering whether the Senator regards this overall kind of cut, as it were, a reliable approach to so complicated a process.

Mr. TAFT. No. That is exactly the point I have been trying to make. It is unlike penicillin, in that there is no point at which it cures, if enough is administered, whereas, if the administration of the drug falls short of that point, more harm may be done than good. I claim that that is an absolutely untrue parallel, for to the extent we help the beneficiary countries, we help them; to the extent that we increase their productive facilities, those facilities are permanently increased. It does do that much good; but there is nothing sacred about the plan for which \$5,430,000,000 is said to be necessary; the amount can be changed without injuring the patient, and a lesser dose will accomplish the purpose substantially as well as a greater dose; in fact, if carefully administered, it perhaps might have a more substantial effect.

Mr. KNOWLAND. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from California?

Mr. TAFT. I yield.

Mr. KNOWLAND. I should like to ask the Senator this question: The Senator stopped reading from the Chancellor of the Exchequer's statement a little ahead of where I thought he was going to stop. Is the Senator familiar with paragraph 85, in which the Chancellor says:

The Government has exerted its influence to stimulate production in various ways. These include direct development work under Government auspices (e. g., the Overseas Food Corp. and the Colonial Development Corp.), long-term contracts guaranteeing a market to primary producers both in other commonwealth countries and in Europe, and the active support of international bodies dealing with economic matters.

The question I should like to ask the Senator is this: He has mentioned, I think quite properly, that so long as the British people maintain their freedom and have the opportunity to change whatever government is in power, it is not of direct concern to us but it is an internal domestic matter as to whether they shall proceed a little more or a little less with their experimentation. I should like to ask the Senator if he does not think, if they get out of the field of domestic British activities and attempt to influence the economic affairs of the world along a regimented course, that does become our concern?

The reason I raised the question is that earlier in the day while the Senator from Wisconsin was discussing the subject, I pointed out the cartel agreement on tin, which is now under consideration, and which is under the World Trade Charter.

In the article from the London Times which I put into the RECORD there appears language to which I should like to call the Senator's attention, relative to my inquiry, as follows:

There will be export targets for the producing regions and fixed purchase obligations for the signatory consumers. For 2 years the international allocation of supplies is to be maintained and prices are to be fixed. Afterwards distribution will be determined by quotas, while the prices are to be kept within a set range, with fixed maximum and minimum prices for each year. There is to be a clause safeguarding the release of tin supplies from noncommercial stocks, (i. e., the stock pile).

So that even after this government has purchased for stock-pile purposes, it is to be bound by certain commitments. Is not this in the international field an attempt to establish all types of controls, quotas, prices, price fixing, allocations, and all the rest of it? And, when they get into that field, does the Senator from Ohio not believe we have logically a right to make inquiries to protect the legitimate interests of the people of the United States?

Mr. TAFT. I agree with the Senator. I think the British are much inclined to set up development plans which are pretty much of a violation of the whole principle of our reciprocal trade agreements program, and of the general agreement as to trade and tariffs, into which we and the British have both entered. They have various "outs" in those agreements, so it



may not be a direct violation. But certainly it is a violation of the spirit of those agreements. It is a violation of the whole spirit of the ITO, which again extended certain permission to deal with the present emergency situation. I think we have a direct interest in discouraging things of that sort. I do not believe our State Department has used the power of the ECA to try to discourage them very much, so far as I can see. The British seem to be engaged, in connection with their colonies, in a pretty full cartelization of all important products. It is a socialist government. The Government Board, I think, though I am not certain, still buys all the cotton; they have a completely controlled export and import policy, and, as the Senator points out, whatever we may think about their planned economy in Great Britain, that should not concern us. When it is extended in a manner which interferes with the progress of our own trade, I agree with the Senator we should protect against it and do what we can to prevent it.

Mr. FULBRIGHT. Mr. President, the objective of our foreign policy, officially and unofficially, is a just and lasting peace. There are differences of opinion as to the best methods to achieve this objective, but there is universal agreement as to the objective.

Mr. President, I urge the Senate again to consider the amendment which I shall offer as soon as the pending amendment is disposed of—and which I offered last year. The purpose of this amendment is to impress upon the European countries the importance of political unification to the success of the Marshall plan.

It is painful to me to feel compelled to be critical of the European recovery program. I have supported it since its inception, and it would be much more pleasant and popular to give it my unqualified approval and perhaps to claim a small share of the credit for its achievement. Its accomplishments have been described by those who have spoken; therefore, I feel, that it is my duty to give a critical appraisal of its success with the hope that it can be made a more effective instrument in the future.

Under the circumstances prevailing at the time, I think the program was justified. In view of the inability of the west to make a peace settlement with Russia and the virtual nullification of the United Nations by the Soviets, there was no other practical alternative. My criticism, therefore, does not go to the undertaking as a whole, but rather to a particular aspect of its administration and policy. I intend to support the pending measure.

When it became evident, as a result of the repeated vetoes of the Russians in the Security Council, that the United Nations was not going to be permitted to function effectively, then the West clearly had to turn to other methods, not only to establish peace but also to defend itself from an aggressive and expanding Communist imperialism. The Truman doctrine and the European recovery program were the answer of the West. Within a few days the Atlantic Pact will be signed as an additional bulwark to this structure.

From the point of view of broad over-all policy, all of these moves were justi-

fied. My criticism is that although these measures are all necessary and appear to constitute a complete and fully integrated policy, in fact, the most important element of all is lacking. That element is the political unification or federation if you prefer that word, if not of the entire Atlantic community, at least of the Marshall plan countries.

In building the structure of peace, our policy makers have done a good job in bringing together most of the tangible components of a strong fortress, but they have failed to supply the cement to hold it together. Political sovereignty is the cement. Without the cement I am confident the other elements will fall apart under a severe shock.

Mr. President, 2 years ago, before General Marshall's speech at Harvard on June 5, 1947, which is generally regarded as the origin of the Marshall plan, I introduced, together with the senior Senator from Utah, a resolution endorsing a United States of Europe. Since that time I have become progressively more firmly convinced that the political unification of Europe is indispensable to the salvation of the west and the prevention of another world war.

Last year I sought to have the objective of a European federation incorporated into the authorization of the European recovery program. I was unsuccessful. This year, in the committee I offered an amendment seeking the same objective. The committee accepted the word "unification," but would not accept the word "political." They rejected the cement.

Mr. President, I feel so strongly that the ERP will prove to have been a colossal failure, unless political unity is achieved in Europe, that I am again offering the same amendment. The amendment is very simple and merely expresses our approval of the objective of political unification. I think it would have great influence upon the policy of the administration of the program and upon the attitude of the recipients of our largess.

As I have said above, for more than 2 years I have been urging our Government to encourage, frankly and positively, the political unification of Europe. Our Government has not seen fit to do so. It is said, by those who resist this policy, that it would give substance to the Communist charge of American imperialism.

This fear of the effect of Russian propaganda is one of the most deceptive arguments which can be made. It is constantly raised for and against almost every issue which comes before Congress, both foreign and domestic. It is a bogeyman which is always trotted out either on behalf of maintaining the status quo, or on behalf of a change in the status quo.

It is a totally irrelevant argument, for if a suggested course of action is the right one, we can be sure Russia will nevertheless attempt to twist it to suit its propaganda purposes. If the course is wrong, it is no more wrong because of Russia's capitalization of its wrongness for propaganda purposes.

Mr. President, I submit that the positive and sincere promotion of European

political unification by the United States, is diametrically the opposite of imperialism. Imperialism, it seems to me, connotes a policy of domination either directly, by force, or indirectly, by other means. It involves the idea of the control, by a greater power, of a lesser one.

A policy which seeks to create in Europe a federation of peoples, strong and self-sufficient, able to defend themselves and to pay their bills, certainly is directly and absolutely contrary to the very idea of dominating or exploiting those peoples. If we desire to keep them dependent upon us, to exploit them or to dominate them, then we should encourage them to remain divided, helpless, and subject to our dictation.

The traditional policy of imperialists since the beginning of time has been to divide and rule—never to consolidate and strengthen, the enemy, or even friends who, in this uncertain world, might become enemies or competitors.

The policy of Great Britain toward Europe, during the heyday of her empire, was always opposed to the unification of European states. The phrase "perfidious Albion" was an outgrowth of the policy of divide and rule which is characteristic of all expanding or powerful imperial states. Can anyone believe it is a mere coincidence that today the policy of Communist Russia, an aggressive and expanding empire, is likewise to oppose the unification of European states?

Mr. President, the Members of the Senate will recall that, only a short time ago, the Balkan states, now dominated by Russia in orthodox imperial style, proposed that they should form a Balkan federation. The Kremlin violently opposed such a plan and disciplined the leaders who were so bold as to propose it. This was one of the principal reasons for the break between Russia and Tito of Yugoslavia.

This policy, of opposing the federation of eastern European or, for that matter, any European countries, is sometimes called the Molotov plan. It is designed to be the antidote for the Marshall plan. It is a policy of maintaining the form and appearance, the illusion, of absolute national sovereignty and independence, while at the same time reducing each country to complete and abject subservience by a combination of internal corruption, infiltration, and force.

This is not a new idea in Russia. Shortly after World War I, Lenin wrote a powerful denunciation of the idea of European federation. He saw, at that early date, that a unified Europe would be the greatest and the only effective barrier to the expansion of Russian power throughout Europe.

Mr. President, by failing to promote the political unification of western Europe, the Department of State, unwittingly contributes, in fact, to the success of the Molotov policy rather than to what some of us thought was a policy of unification intended by the suggestion of General Marshall. I realize that the Department of State does not directly administer the ECA, but that Department does determine the basic foreign political policy of our Government and has, therefore, the responsibility for over-all policy.



I wish to emphasize the point that this policy is unwitting on the part of the Department of State. I do not think for a moment that consciously and intentionally the Department seeks to prevent the unification of Europe, but its procrastination, negative attitude, and failure to offer positive leadership toward unification has that effect.

A basic fallacy in the philosophy of the ECA and our foreign-policy makers in the State Department is the sharp distinction they make between economic and political affairs, and the undue significance they attach to what they call economic cooperation and recovery. It is their theory that after, and as a result of, economic recovery in the individual sovereign states, there will be an inclination to unification, or, at any rate, that it will be easier to accomplish. I did not believe this was sound a year ago, and the experience of the past year has confirmed my belief. The fact is that after a year's intensive effort and more than \$6,000,000,000 outlay the urge in some government circles today toward unity is no greater than it was a year ago, if as great.

The best example of this is the change in the attitude of the Government of the United Kingdom during the last year or two. In January of 1948 Mr. Bevin made a speech which was generally interpreted as a strong endorsement of western European union. Prior to that time, Mr. Winston Churchill was the most outspoken of all modern leaders for a union of these countries.

By last July and August, however, there became apparent a change in the attitude of the government of the United Kingdom, as evidenced by an exchange of letters between Mr. Attlee and Mr. Churchill.

I may say that I think Mr. Attlee and the British people as a whole might do well to recall that Mr. Churchill's views during the 1930's about conditions in Europe, and the prospects of war and peace, proved to have been quite accurate, and I have often felt that British people and ourselves would have been spared a great deal of trouble and agony if we had paid more attention to his advice at that time.

I wish now to read from an article which appeared in the London Times on August 26, 1948, which is the most recent official statement by the present Prime Minister of the United Kingdom that I know of. I read:

[From the London Times of August 26, 1948]

CONSULTATION WITH COMMONWEALTH  
GOVERNMENT'S DESIRE

(From our parliamentary correspondent)

In correspondence between the Prime Minister and Mr. Churchill released for publication yesterday, Mr. Attlee first refuses the support of the government to a resolution proposed to be moved in the United Kingdom Parliament calling for the convening of a European assembly and later, in reply to a further letter from Mr. Churchill drawing his attention to the recent adherence by the French Cabinet to this proposal, states that the Government prefer to await the discussion with Commonwealth Prime Ministers, which is to take place in October, before expressing any definite view.

The convening of a European assembly as a matter of real urgency was the subject

of a resolution unanimously adopted last May at The Hague Congress over which Mr. Churchill presided. A memorandum approved by the International Committee of the Movement for European Unity in Paris on July 18 stated that membership of the assembly should be limited initially to the 16 nations, including western Germany, participating in ERP, that it should meet not later than the beginning of 1949, and that a resolution asking that it should be convened should be submitted in the parliament of each nation.

Meanwhile a group of members of the British delegation to The Hague Congress, drawn from all parties, prepared a tentative scheme in which they assumed that the British Government accepted the desirability of the project in principle. They emphasized that the function of the assembly should be to deliberate and recommend, and suggested that since governments were not to be committed by its decisions it might well be convened under the joint auspices of the European parliaments.

MR. CHURCHILL'S LETTER

The Prime Minister received an all-party deputation of the British delegates, led by Mr. Churchill, on June 18—

That was June 18 of last year— and undertook to examine the proposal to convene a European assembly. In his first letter to Mr. Attlee, dated July 27, Mr. Churchill referred to this deputation and enclosed copies of the British delegates' scheme, the international committee's memorandum, and the draft resolution. His letter continued—

"The creation of a European assembly would represent an important practical step in the advance toward a united Europe, and would greatly help to create a sense of solidarity among the European peoples in the face of the increasing dangers which beset them. In this the lead should be taken by Britain. The encouraging response to the initiative of the Foreign Secretary after the announcement of the Marshall plan in June 1947 and, more recently, in the negotiations for the Brussels Treaty are proof, if such is necessary, of the influence of British leadership.

"I should therefore be most glad if you would consider this memorandum and its enclosures. We should welcome any criticisms or suggestions you may care to make and should, of course, be glad to come and discuss the matter with you further should you desire it."

PRIME MINISTER'S REPLY

In his reply, dated July 30, the Prime Minister wrote—

"As I told you when we discussed the matter together on July 28, I am in sympathy with the basic idea behind the movement. I do not, however, see how the Government could support in the United Kingdom Parliament the draft resolution which the International Committee of the Movement for European Unity has suggested should be moved in the parliaments of the different participating countries. It seems to me that if an assembly is to be convened this must, in view of the vital importance of the matter, be done by governments, and not by independent organizations or by parliaments."

Now I come to the principal point of the statement:

"On the other hand I think that this is not the right time for governments to take this major initiative, when their hands are so full already with urgent and difficult problems."

This is Mr. Attlee speaking:

"It seems to me that it would be unfortunate if the chances of action later were to be prejudiced by such a resolution being raised before the government feel able to support it, and I cannot therefore but feel that it

would be best that the resolution should not be brought forward at this stage. But of course I see no reason why the independent organizations concerned in the movement should not continue in their work of spreading the idea of European union."

Mr. Churchill's next letter was written on August 21, after the French Council of Ministers, on August 18, had decided to approve and take action upon the International Committee's memorandum and to approach the Foreign Ministers of the Benelux countries and Mr. Bevin with a view to a common agreement upon the contents of the memorandum. Mr. Churchill wrote:

"MY DEAR PRIME MINISTER: We were naturally disappointed to receive your letter of July 30 because of its negative character. I thought it wise to delay its publication until you had returned from your well-deserved holiday in the hope that events in Europe might win a more favorable reply.

"Now that Monsieur Spaak has made his important pronouncement and that the French Government have not only adopted the policy but officially propose a practical form of action, I venture to hope that H. M. Government will find it possible to place themselves more in line with western European opinions upon an issue which they themselves have done so much to promote.

"Yours sincerely,

"WINSTON S. CHURCHILL."

FRENCH INTENTION

The Prime Minister's reply, dated August 21, was as follows:

"MY DEAR CHURCHILL: I have now received your further letter of the 21 August. I note that you now desire that publication should be given to the correspondence which has passed between us about the proposal to convene a European assembly.

"According to press reports, the French Government intend to raise the matter in the first instance with the Brussels Treaty Powers, and in that event the issue will probably be placed on the agenda of the Brussels Treaty Permanent Commission very shortly. If you consider that in these circumstances the present is a suitable moment at which to publish our correspondence, I should not wish to dissuade you. I should, however, tell you that when M. Bidault raised the question of a European assembly at the meeting of the Brussels Treaty Consultative Council at The Hague on July 20, the Foreign Secretary replied that he could not for the time being commit himself and there was general agreement that M. Bidault's statement should be given further consideration by the five governments. In adopting this line the Foreign Secretary took into account the circumstance that the whole question has an important bearing on Commonwealth relations, and that in consequence the government desire to exchange views with the Commonwealth Prime Ministers in October before expressing any definite view. But this consideration need not affect the work of independent organizations which, as I suggested in my previous letter, could profitably continue to prepare the ground for European union.

"Yours sincerely,

"C. R. ATTLEE."

Mr. President, I have in my hand an editorial from the Washington Post of August 27, 1948, entitled "Unity in Europe," from which I read one or two sentences:

It is axiomatic that there will be no federation in Europe until the Europeans surrender some of their national sovereignty to a European organization. In other words, the issue is political rather than economic.

Then the editorial proceeds to point out the attitude of the French, and



quotes from the exchange of correspondence between Churchill and Attlee which I have just read.

The purpose of the editorial is to indicate the change in the attitude of Great Britain, and the way their enthusiasm, or what appeared to be enthusiasm, a little over a year ago, has begun to cool during the last year.

I ask that the entire editorial be printed in the RECORD.

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Is there objection?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### UNITY IN EUROPE

It is axiomatic that there will be no federation in Europe until the European surrender some of their national sovereignty to a European organization. In other words, the issue is political rather than economic. In this respect the French Government has taken the lead by sponsoring the suggestion for a European Assembly to lay the plans for federation. The inspiration came from the foreign affairs committee of the French Assembly, though there are several members of the new government who are ardent federationists, notably MM. Reynaud and Ramadier. Both were present at The Hague Conference of the European Unity Movement where a scheme was formulated for attention of the governments of Europe.

Where this initiative will take Europe depends upon the British. For France, whose polity is based precariously on a constitution which insures government instability, has for the time being lost its influence in Europe. It is to Britain that free Europe looks for leadership. Yet the British, who till the Marshall plan was launched talked eagerly and imaginatively about western union, seem to be hanging back. It is the fault not of the people, but of their government. No member of the cabinet seems to have the stature or the vision either to grasp the conception or to assume the task of realizing it. That is shown by Premier Attlee's reply to Mr. Churchill's invitation to Mr. Attlee to adopt a policy of federation. Mr. Attlee, whose pre-Marshall plan contribution to the spate of words on federation was "Europe must federate or perish," shrank from the responsibility. "This is not the right time," he said, adding the weird remark, as if the suggestion had to do with a local bazaar, that the movement must be left to private individuals. The answer will disappoint millions of Europeans who know in their bones that no occasion is more right than the present for the organization of a new Europe. Is this going to be another example of a great hope meanly lost, as Mr. Stimson would put it? The question is pertinent in view of our feeling that the Attlee answer would be forthcoming from all Mr. Attlee's colleagues. One possible exception is Sir Stafford Cripps, but Sir Stafford allowed his interest to evaporate when he encountered negativism among his associates in the labor government.

However, aside from the deficit in leadership in England, there is a real obstacle in Britain to federation. It is the split personality in the British make-up which has become pronounced as a result of their weakened condition. The British have three affiliations which they wish to keep in balance: With the Dominions, with the United States, and with Europe. They feel that any tightening of one affiliation might be at the expense of the others. No doubt, a peacetime Churchill could fuse what may seem at present divergent interests, but Mr. Churchill is in the political wilderness, and has to be content for the time being with

the role of John the Baptist. The task calls, anyway, more for a genius for organization than for a gift of tongues—an organization involving an immense unscrambling and an immense rescrambling. With full recognition of what is entailed, however, at least a start could be made by bringing the nations together in conference, and the promotion of it would redeem British officialdom from the charge of hypocrisy which is courted by the Attlee statement. Unfortunately, both will and statesmanship are lacking.

The fact must now be faced that British do-nothingness will rivet the British to their status quo till the Commonwealth and the United States show the way. The way is federal union, a jointure of all free nations, no matter where situated. With fear in the saddle in Europe, and most of the world's power locked up in the United States, the initiative to western union really belongs to the United States. Economics and strategy alike put the onus upon this great country to draw all the free nations into a political partnership under the authority of article 51 of the Charter of the United Nations. Federation in Europe is a political question, and the destiny of the United States is wrapped up in it. Both times and challenge make even western union look puny, and nothing will suffice short of bringing the whole of the free world under one great and encompassing banner which would impart to each the strength and spirit of all.

Mr. FULBRIGHT. I also have, Mr. President, the issue of March 1 of the Intelligence Digest, which is a review of world affairs published in London, and produced by Kenneth de Courcy. On page 15 of that digest there is a recitation of a conversation which an observer of the Intelligence Digest had with Mr. Paul Reynaud, which I should like to read:

Our chief observer entertained M. Paul Reynaud for luncheon the other day in Paris. He asked M. Reynaud (as a finance expert) what would happen to Britain and France if within one day all passports, customs and currency restrictions between the two countries were abolished as a practical step toward the much discussed, but still quite unreal, Western union.

M. Reynaud said:

"A few industries would have some trouble—but the over-all advantages for France and Britain would be enormous—there is no reason at all why this wholesale abolition should not at once be made."

Our observer then asked what the consequences would be if this experiment included Belgium, Holland, Italy, Luxembourg, Portugal, and Spain.

M. Reynaud said:

"The result would be that much larger and better" \* \* \* he paused and then said: "Do you know that Mr. Bevin is in fact the chief objector to practical measures of this kind?"

This confirms what is now widely said, viz, that British foreign policy is heavily opposing many of the practical things suggested to make union possible.

Mr. President, there are many other articles which illustrate that same point, which I think has a direct connection with the effect of the Marshall plan which is to the effect that the more successful a country is in relieving itself of its immediate economic necessities, the more that success lessens the probability of political union.

Mr. President, I ask that at this point I may insert in the RECORD an editorial from the New York Daily News, of February 28, 1949, commenting upon a statement by a member of Parliament, Mr.

R. W. G. Mackay, concerning western Europe, which also illustrates the point that the British Government is not at the present time enthusiastic about European union.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Daily News of February 28, 1949]

#### WHAT ARE WE WAITING FOR?

You may remember that we shot an editorial a few weeks ago on the views of R. W. G. Mackay concerning a United States of Western Europe.

Mr. Mackay is a member of the British House of Commons, and of the Labor (Socialist) Party, but with a difference. The difference consists in the fact that he has a habit of rearing up and speaking his mind whenever he disagrees with the Labor big wheels. We suppose they hate his heart for that reason, but his views have a strong appeal to us.

We are now in receipt of a longish memorandum from Mr. Mackay, on that same subject of a United States of Western Europe and whether it is or is it not feasible any time soon. His ideas boil down to this:

Up to now, the United States of America is throwing its billions in Marshall plan (ERP) aid to western Europe down the drain.

That is because there can be no genuine recovery from the war until the 17 countries of western Europe pool their resources and organize their economic recovery as one country.

They could start doing so at once—could call a convention tomorrow and settle the constitution for a federation of western Europe—and by the end of this year they could have a functioning Parliament and Cabinet. Within 3 months they could set up a single stable currency to replace pounds, francs, guilders, etc. In the same period they could kick over all their tariff and tax barriers and get going as one big free-trade area like the United States.

Why don't they do these things, and do them now? Still passing along Mr. Mackay's ideas:

The big stumbling-block to a U. S. W. E. is the Government of Great Britain—and for an interesting reason.

"The British Government," says Mackay, "still regards Britain as a first-class power and not as a state of Europe."

It thinks that within a few years Britain will be back, tradewise and powerwise, where it was before World War II.

Mackay calls this utter nonsense. "Those old gold days," he says, "are gone forever, and Britain will be a second-class power as long as it nurses the hope of recovering its former glories and refuses to merge destinies with western Europe."

#### GET BUSY, AND GET BUSY NOW

Is there any way to overcome these British Government delusions of grandeur and clear the tracks for a U. S. W. E.?

Mackay says the trick can be worked by the United States Government, if that rather powerful agency will make up its mind and act with determination.

The United States action Mackay urges would be some such ultimatum as this, from Washington to London: "Now, boys, we're putting up the Marshall-plan aid in billion quantities. The hell with our previous delicacy about interfering with your sovereignty. You get busy, and get busy right now, to push a U. S. W. E. into being and business by the end of 1949. Otherwise, come 1950, we will cut off Marshall-plan aid definitely and 100 percent, not only to you but to all the other Marshall-plan client countries."

That, says Mackay, would get action, as soon as the British Government got it through its not-too-brilliant head that we meant what we said.



And if we don't bring such pressure to bear, Mackay warns that a United States of Western Europe may never be established—meaning that those nations will be riding on the United States of America taxpayers' back indefinitely.

Isn't this a thought for careful consideration in the highest Washington echelons?

Of course, there are those who disagree with R. W. G. Mackay. Thomas Finletter, for instance, as chief of the Marshall-plan mission to London, told the House Foreign Affairs Committee the other day that Britain is not dragging its feet on U. S. W. E. plans, and that said plans could not move faster than they are now doing.

#### FINLETTER SEES IT DIFFERENTLY

But as between this starry-eyed Finletter report and the hardboiled eyewitness statement of Mackay, we'd prefer to put more faith in the latter.

At the least, the clash between the two reports merits high-level Washington investigation to find out which is true.

And if you ask us, such an investigation might well proceed from that point to the question whether Mr. Finletter is quite the man to head the Marshall-plan mission to London any longer, or whether he has been played for a sucker and has outlived any usefulness he may once have had in that job.

Mr. FULBRIGHT. I have in my hand an article by Sumner Welles, published in the Washington Post of February 8, 1949, as merely giving the views of one informed observer on this question. The article deals with a recent action, the setting up of a so-called council of Europe, which, as I recall took place on January 28. As I said, the article is by Mr. Sumner Welles, who we all know is one of the most competent observers on international affairs. I shall not place the whole article in the RECORD, but shall read two or three paragraphs. Mr. Welles said:

I wonder if there is much justification for the enthusiastic reception which public opinion in the United States has given the announcement that the five Brussels Pact countries have agreed upon a project for a council of Europe.

The present plan is unquestionably a weak compromise. It rejects the French contention that a powerful European parliament should be constituted. It accepts the British thesis that nothing should now be done beyond the creation of machinery to facilitate inter-governmental cooperation between the western European countries.

I omit a portion and continue to read as follows:

The project makes no provision for the limitation of national sovereignties. It possesses no real vitality. It responds to no overwhelming popular demand for a peoples' union. It ignores the eloquent and urgent warnings of the handful of statesmen that Europe still possesses, such as Churchill, Herriot, Reynaud, Blum, and Sforza, that Europe's only hope of salvation lies in political and economic federation.

I quote further along in the article:

There are several reasons for Britain's obstinate refusal to acquiesce in the demands of the continental countries for the establishment of a European parliament possessing wide powers.

The British delegate on the permanent commission, Hugh Dalton, alleged that Britain opposed a European parliament which could override national governments.

The continental governments have now learned that the British Labor Party is determined to reject any plan for European union which might hamper its ability to

carry out its own internal policies or limit its capacity to impose economic controls and pursue its present course of rigid bilateral trading.

I may say that theory has also been widely publicized by Mr. Walter Lippmann, who feels that that last point is one of the most important of those which have persuaded the British not to cooperate in the setting up of a political union at this time in Europe.

I read the closing paragraphs of the article:

It is generally admitted here in Washington that western Europe will still be a long way from recovery when the European Recovery program ends in 1952. It is also believed that only a far-reaching political and economic union can make western Europe self-supporting. The negotiations for the North Atlantic defense pact have clearly shown that in many parts of western Europe there is already a trend toward regional isolation rather than toward a pooling of sovereign rights in the common interest. It would certainly seem to be plain that only a real and vital European federation, such as that envisaged by Mr. Churchill, could prevent a return to such a fractionized western Europe as that which made possible the catastrophe of 1939.

The State Department has properly refused to use the European Recovery program as a means of influencing the national policies of the Marshall plan countries. But is there any valid reason why the countries which are receiving help under the European recovery program and which will obtain arms for self-defense as a result of the North Atlantic defense pact should not be frankly told that one of the principal ends sought by the American people in return for their sacrifices on behalf of western Europe is a real federation of the western European countries?

Might it not be the better part of wisdom for us to adopt before it is too late a less negative attitude with regard to this vital issue?

Several days ago I received a letter from one of the best-known historians and political analysts in this country. Every Member of the Senate is well acquainted with him. It being a personal letter, I will not read the writer's name, but I wish to read the substance of the letter, which presents in a very concise manner, I think, what the attitude of the British Government is at this time. The point he makes is that instead of there being an ever-increasing desire and move toward union while the ERP has been in progress, in the case of Great Britain at least, the most powerful and most important single country, the result has been the opposite. So the underlying theory of the State Department, that as economic progress takes place there will be a tendency to political union, is simply not borne out by the facts.

I quote from the letter:

It is not even a question of our insisting on promoting political federation in Europe. What has actually happened is that even the modest kind of economic cooperation and mutual help called for in ECA legislation has for all practical purposes collapsed. Everyone in Europe knows that, but apparently no one in this country has realized it. What we have got now in Europe are 18 or 19 separate programs of self help subsidized by the United States. There is no reasonable doubt that this is the deliberate policy of Cripps and the British Government. They have never liked that aspect of the Marshall plan which required them to act as one

among several European nations. They do not regard themselves as European. They do not wish to stand in the same queue as the others, and they have as a matter of national policy maneuvered themselves out of the collective efforts for European recovery.

Cripps admitted to me privately that he would much rather go it alone and not be obligated to make agreements with the other European nations. The fact is that our people have accepted this result without serious resistance. It may be that European cooperation and mutual help such as Congress thought it was voting for is not feasible or desirable. I do not agree with that view, but I can see that a man might take that view. What I think is reprehensible is that this major defeat of a declared American purpose should be glossed over and hidden from the American people and from the Congress.

That expresses very well the point I wish to make. We ought to realize, and the country ought to realize, that this program is not making progress toward what I believe the country thought last year was one of the principal objectives of the plan, that is, the political unification of Europe. It certainly is what I thought was the justification for the plan.

Mr. President, economic cooperation induced by an enormous and unprecedented program of free gifts contributes little if anything toward the bringing about of political unification. In fact, it may well be that this program as presently administered is deterring rather than promoting political unity by relieving temporarily the necessity for the abolition of trade barriers, currency stabilization and certain internal reforms. Our gifts are destroying the principal motive for reform—necessity.

To achieve unification there must exist not only a wish to federate, but also the circumstances which demonstrate in the clearest and most unequivocal manner the necessity for such a change in the existing political institutions. The difference between my view and that of the State Department is not so much a difference of objectives as it is a difference of opinion about the practical political considerations which enter into a step of this kind. I believe that the necessities of the moment which arise from the immediate demands upon them are, generally speaking, much more persuasive than long-term considerations, no matter how reasonable the latter may be.

For centuries leading European statesmen and philosophers have recognized the feasibility of unifying the chaotic, fragmented states of Europe if peace and prosperity were to be brought to that restless and quarrelsome region. After each major catastrophe in Europe there has been a movement to form some kind of concert or union of their nations, but each time they were able to restore a precarious peace and a tolerable standard of living before anything definite toward union could be achieved. Since the last war, which has come closer than any previous conflict to bringing about the complete destruction of her civilization, many European statesmen have thought seriously about uniting their countries. Led by Winston Churchill and supported by such men as Auriol and Reynaud, a strong movement got under way to



bring about unification of Europe. Recently, however, there seems to be less enthusiasm for union than some months ago. It is my belief that insofar as the Marshall plan billions relieve the more pressing immediate problems confronting European nations, to that extent the probability of political union in the foreseeable future is lessened. For example, the necessity to balance their international payments—especially intra-European—and the need for efficient mass production are powerful incentives to the formation of a political union upon which basis an integrated economy could be built. However, so long as we pay the deficit in their balance of payments and supply them with the goods required to satisfy their immediate needs, the necessity to make changes in their political structure is not sufficiently critical to induce action.

By this I do not mean that we should withdraw all support for Europe. That might result in complete collapse and communization before the people could have an opportunity to regain their equilibrium.

It is not as simple as a clear-cut choice between no aid or all-out aid with no conditions attached. I think we should give them the aid, but at the same time I think it should be very clearly understood that we expect them to sacrifice some of their ancient prejudices to the end that they may become self-supporting and strong. In other words, the political unification should move along simultaneously and as a part of the program of economic rehabilitation.

One reason for this basic defect in our policy toward Europe is a common misconception in our country of the role of government. Many of our people, especially our most successful businessmen—and ECA is primarily administered by businessmen—feel that politicians and politics are great hindrances to prosperity and the good life. They feel that if the politicians and the government would leave them alone all would be well. They fail to recognize that the favorable conditions which are indispensable to their business operations are essentially political. They do not see that before we could develop great and efficient business enterprises in this country there had to be a government which gave us personal freedom, freedom of trade among the 48 States, a relatively stable currency and security from external oppression—in other words, a good political government. Combining freedom and security is the condition precedent to economic progress, and not the reverse.

Mr. President, this difference in view as to the relative importance of the economic and political aspects of the problem and the timing of proposed changes is the crux of the matter.

The Secretary of State, Mr. Acheson, according to his testimony before the committee, apparently believes that economic rehabilitation must precede political integration. I believe that political unification or at least a reasonable hope of it is a necessary condition for sound economic progress and recovery in Europe.

For the record I should like to read from the statement made before the committee by the Secretary of State. It is very brief. The portion to which I refer is found on page 196. Secretary Acheson stated, in answer to a question of mine:

Do you think you can have lasting economic integration without political unity among this group of sovereign states?

Secretary ACHESON. Well, Senator, it is sort of like the question, Can you have a chicken without an egg, or can you have an egg without a chicken? The two things would ordinarily progress together.

This is the crux of his answer:

At the present time it would be almost impossible to have any sort of close political integration on account of the great disparity between the situations in the various countries.

It will be noted that the view of the Secretary is very similar to the statement by Prime Minister Attlee in response to Mr. Churchill's inquiry.

On page 197 the Senator from Georgia [Mr. GEORGE] made this comment, to which Secretary Acheson agreed, indicating a little more fully what his view is.

Senator GEORGE. In other words, the economic stability of an area controls the political stability of that area, rather than the political union or stability working out for the economic stability of the area. Between the two, the economic stability really comes first and gives greater color and strength to any political consideration that may be built on it.

Secretary ACHESON. I think that is correct, Senator GEORGE.

That, as I say, sums up in few words the real difference of view as to the practical way to approach this problem.

On page 200, at the bottom of the page, the Secretary had this to say:

But until conditions are improved, it is quite impossible to give any body in Europe, any group of people, final authority, for instance, over the currency. How can you do that when you have such great disparities as you have between some of the countries at the present time? The difficulties in Europe today are not only trade barriers. That is only one difficulty. More important is the lack of uniformity in the progress which they have made toward stability.

As I have said before, it will be noted that the Secretary's view is quite similar to that of the Prime Minister of the United Kingdom. In effect, both of them say that "Now is not the time." It is with that view that I am especially and particularly in disagreement. I should like to add at this point that sometimes I am very puzzled as to what is the official policy of our Department of State. This uncertainty is illustrated in the apparent conflict between what the Secretary of State said and the statement of our Ambassador to France, as carried in the Washington Post under a dateline of March 24. As I have stated, the first statement by the Secretary of State was made during the hearings, approximately 1 month ago. At that time he very definitely said that now is not the time, but that there must be economic rehabilitation first. But under a March 24 dateline, I find the following in a special dispatch to the New

York Herald Tribune concerning a statement by our Ambassador to France, Jefferson Caffery, in speaking in Paris:

CAFFERY EXPLAINS STAND ON EUROPEAN UNION

PARIS, March 24 (NYHT).—The United States favors a federation of Europe because political unity of the continent is the best guaranty of European strength, prosperity, and independence, United States Ambassador Jefferson Caffery said today.

"I do not pretend American policy is wholly unselfish," the Ambassador told the French Union of Federalists. "A prosperous Europe helps make America prosperous."

So apparently our Ambassador to France believes we are in favor of political unification of Europe or federation of Europe, whereas the Secretary of State said, if I correctly interpret his statement, that he believes now is not the time, but that there must be economic unification, before we can move to political unification.

Mr. President, in contrast to the views of the present government of the United Kingdom, the leading statesmen of other western European countries have been quite positive in their views that political unification should be undertaken now. The French, the Italian, and the Belgian leaders have urged that a meeting be called for this purpose; but the British have delayed, put off, and procrastinated, without frankly condemning the idea.

Likewise, the testimony on the subject before the committee was clearly to the effect that the people of those countries favored union. I wish to read a few extracts from the testimony before the committee, in order to direct attention to that point. Mr. Collisson, who is our representative in the bizonal area of Germany, testified before the committee, and I read the following from page 306 of the hearings:

Senator FULBRIGHT. Is there any feeling there—

That is, in Germany—for uniting with the other western European countries?

Mr. COLLISON. I think they would readily unite. As a matter of fact, I not only feel it; I am sure they would.

That is a very positive statement on the part of Mr. Collisson.

I pursued the subject, and he elaborated on it, as shown by the paragraphs following the portion I have quoted.

Mr. David Bruce, who is in charge of our program in France, made a statement on this point, as shown at page 247 of the hearings:

Mr. BRUCE. My personal opinion is that the French political leaders, I think, have been more enthusiastic about the idea of economic and in some respects political integration than those in the other countries in western Europe, because they have displayed a great enthusiasm over a period of time in favor of what has been programmed.

Dr. Alan Valentine, chief of the ECA mission to the Netherlands, made a statement on this point, as shown at page 325 of the committee hearings:

DUTCH ATTITUDE TOWARD POLITICAL UNIFICATION OF EUROPE

Senator FULBRIGHT. Has the Dutch Government expressed any thought that you know of, in regard to political unification of west-



ern Europe? Do you know whether the Dutch Government has expressed itself?

Dr. VALENTINE. I do not think that the Dutch Government has given any official Government expression. It is certainly in the minds of a great many of the Dutch people.

Senator FULBRIGHT. It is in their minds?

Dr. VALENTINE. Yes, sir.

Senator FULBRIGHT. What do they think about it?

Dr. VALENTINE. It is difficult to generalize for a nation in which I have lived for only 8 months; but I would say they are favorably inclined.

Mr. J. D. Zellerbach, Chief of the ECA special mission to Italy, engaged in an exchange with me when I inquired about the attitude of the Italian Government. These statements appear on page 274 of the committee hearings:

Senator FULBRIGHT. As a matter of fact, the present Italian Government has taken the lead in urging political unification of Europe, have they not?

Mr. ZELLERBACH. You have seen the statements of Mr. Sforza, the Foreign Minister of Italy, and also Prime Minister de Gasperi. They are quite outspoken in their views on the subject, and they had a full-dress debate in Parliament about 6 or 8 weeks ago, in which the problem was raised by the Communists.

Senator FULBRIGHT. I did not notice that. How did it come out?

Mr. ZELLERBACH. The Government received a very substantial majority in support of its policy of western orientation.

Mr. President, to sum up the matter, let me say that I have just indicated the position of our representatives in some of the major western European countries. All of them expressed the opinion in the hearings that the people of the countries with which they are concerned are in favor of western European union, except of course I did not have such a statement from any representative of ours in Great Britain.

Let me say that I also noticed in the New York Times of March 2 an article by Anne O'Hare McCormick, who is one of the best known and most competent observers of that great newspaper. The article is about western Germany. I think the point in regard to the attitude of the people of western Germany is particularly significant, and a little later on I shall touch on the significance of European union to the problems of Germany. However, at this point I wish to read only one paragraph of the article to which I have just referred, for it sums up the entire article.

It should be added that there is also one point on which Adenauer, Schmidt—

Those men are the leaders of Germany at the moment—

and their followers agree. They sincerely believe that the future of Germany depends on the federation of Europe. The desire for a European union is more widespread here than in any country this correspondent has visited. It is far stronger than faith in the Bonn Constitution.

Mr. President, I wish to emphasize the point that in view of the criticism which has arisen in the last few days about the action taken by ourselves, together with the British and French, in slicing off small parts of Germany, I think our

policy already is beginning to disintegrate. We seem not to know what to do with Germany. But certainly one of the worst things to do at this particular time is to stir up Germany in a petty way, by slicing off 52 square miles of its territory here, and perhaps other pieces elsewhere, without yet having determined what we are going to do about Germany as a whole. It seems to me that it is obvious that the only solution which shows any possibility of success is for Germany to merge in a western European union. I shall refer to that point later on. Mr. President, at the end of my remarks, I should like to have inserted in the RECORD—and I now ask unanimous consent for that purpose—the entire article by Anne O'Hare McCormick, to which I have referred, because of its particular importance in view of the recent developments in Germany itself.

The PRESIDING OFFICER (Mr. GILLETTE in the chair). Without objection, it is so ordered.

(See exhibit A.)

Mr. FULBRIGHT. Mr. President, an article by Michael L. Hoffman, appearing in the New York Times of March 26, illustrates or presents the point I have in mind in a way which perhaps anyone can understand. I must say that the matter of intra-European trade and the effects of political unification is one of the most complicated subjects I know of, and it is extremely difficult for anyone to present it in a way which conveys a clear picture to persons who have not studied the matter very thoroughly. But the article by Mr. Hoffman presents a very simple treatment of the problem and illustrates, out of his experience in Belgium, what is involved all over Europe, and points out one of the reasons why I think a Europe, separated and divided as it is, is hopeless, so far as the future is concerned. The article by Mr. Hoffman is a special dispatch to the New York Times, coming from St. Nikolas, Belgium, under date of March 21, 1949:

ST. NIKOLAS, BELGIUM, March 21.—The factory of Max Meert here in the heart of Flanders, whose artisans founded the modern textile industry six centuries ago, is working at only half capacity. Fifty miles away, on the other side of Brussels, Paul Jacobs' smaller, less modern establishment has more work than there are workers to perform.

Max Meert and Paul Jacobs are important men in Europe—more important than they know. They are the small-business men of a country whose economy epitomizes Europe's strength and weaknesses and whose problems are the problems that Europe must solve to survive.

Max Meert and his two brothers make wool and cotton rugs, fine velours, curtains, and covering for furniture. Paul Jacobs takes bales of cotton from the United States and within an establishment that appears minute by American standards turns them through all the stages into cotton cloth.

#### MAKES WORKER CLOTHES

Paul Jacobs' concern is going full blast because it makes cloth for workmen's shirts, pants, and raincoats, and cloth that forms the traditional garb of butchers in northern Europe. Max Meert's plant is supporting only 500 of its normal 1,000 employees because it makes goods for which Sweden,

Britain, Denmark, and South Africa will not grant import licenses because they are non-essential. The rug department alone is doing well.

I shall skip over to the most important part of the article:

Then why is Max Meert forced to lay off half his force? In his neat sales room, after a thorough visit to all branches of the plant, M. Meert and his sales director explained some of the reasons for the anomaly.

"You hear much of planning," M. Meert said. "But the more governments plan the less we can plan production where it matters—here. You try to do some planning and then tomorrow South Africa or Sweden clamp on new import quotas and an entire market, for which you have made special designs, established sales machinery, and all the rest, is gone."

Like his friend of Brussels Max Meert is convinced of one great truth.

"Neither we nor any other Belgian industry can survive unless Europe becomes one market," he declared.

This is not some long-haired professor, as most of us who advocate this procedure are so fondly referred to. This is an ordinary manufacturer who operates a small plant in Brussels. He says:

"Neither we nor any other Belgian industry can survive unless Europe becomes one market," he declared. "We are willing to face competition of other manufacturers. What we cannot face is the constant break-down of trade at the instigation of some government. Separate tariff systems, separate currencies are luxuries Europe cannot afford. You [Americans] are too soft with us. Hitler would not have let us indulge nationalistic whims. Stalin will not do so, if the collapse of Europe gives him the chance."

I do not think, Mr. President, there can be found anywhere a more persuasive statement as to the necessity of doing something in this field for their own good, than that statement of an ordinary businessman in Brussels. Of course, it is all very well for the high-powered diplomats in our State Department to conjure up all kinds of difficulty in their mumbo-jumbo of currency convertibility, and so on, but that article and that statement by a manufacturer in Brussels assert what is the very heart of the matter, that they are not going to survive; they are not going to be able to maintain a prosperous system so long as a multitude of governments interfere in the markets. He also draws attention to this fact: "You—Americans—are too soft with us."

That is a perfect answer to the constant rejoinder that we should not interfere with their affairs, we should not dictate to them, we should not suggest to them. Most of those people want a few suggestions and a little leadership, to help them over the most difficult time in modern history.

I have before me another article, dated March 23, 2 days later, by the same Mr. Hoffman, writing from Brussels. I only want to read two paragraphs, because it emphasizes the same point. He is discussing Benelux and the Germans. He says:

At the same time the sights have been raised to a much larger objective. The difficulties of forming a larger European economic union incorporating more than 100,000,000 persons are not much greater than



those involved in the Benelux project, in the opinion of responsible officials here.

Productivity is a matter of markets as well as labor and technical skill. The inability of industry to plan on a scale adequate to justify the application of known cost-saving techniques is becoming the chief barrier to progress toward western European viability.

I do not intend to delay the Senate very long, but I do wish to give as briefly as I can some of the additional reasons why I think the political unification of Europe is indispensable to the success of the Marshall plan. As I have indicated, the 16 sovereign nations were not self-supporting before the war. That evidence is in the RECORD in several instances. That is, they had a deficit, an unfavorable balance of trade, prior to the war. They made it up on invisible income to a great extent, and for the remainder they drew upon their accumulated balances—that is, their accumulated "fat."

That accounts in great measure for the gradual building up of their gold reserves in this country, which was simply like an individual living beyond his income, drawing upon his bank account, which was gradually being depleted. So it is not, as has often been indicated, simply a question of recovery in Europe to a status similar to or comparable to that which existed prior to the war. The difficulty goes much deeper than that.

The First World War marked the end of an era, an era which was dominated economically and to a great extent militarily by the power of the British Empire and particularly her trade. We did not recognize that there was a fundamental change which had taken place in the world, we did not adjust our policies to step into the breach left by the decline of the power of Great Britain. There are certain very fundamental differences between our economy and that of Great Britain, which makes it extremely difficult for us to play that role. That was illustrated in the address delivered by the able senior Senator from Ohio who preceded me.

There has been much complaint that this country does not purchase sufficient goods from the rest of the world to balance their accounts. That is partly due to tariffs, but it is also partly due to and emphasized by the fact that we are more nearly self-supporting than is Great Britain, and that we are the most productive nation, and the one with the greatest foreign trade, or with the greatest capacity for foreign trade. We have a situation which will be extremely difficult to remedy by any means that I know of. The only one I can think of which would contribute to the solution is the creation of a strong self-sufficient federation in Europe which could balance, particularly in the economic field, the power of our own Government.

The problem of European recovery is clearly set out in a document entitled "A Report on Recovery Progress and United States Aid," prepared by ECA itself, in February 1949. There is one par-

agraph in this so-called basic document which I should like to read at this time, simply to illustrate the point I have just made. I quote from page 12 of that document:

Europe's difficulties have not arisen entirely from the war. For years before the war, the export industries of Europe were losing markets to newer or more efficient producers in other parts of the world. Western Europe was able to maintain its traditional living standards only because it possessed a large income from foreign investments and substantial invisible earnings and because it could buy its imports of food and raw materials cheaply from the outside world. The war has deprived western Europe of much of its investment income from overseas and has worsened its terms of trade with the primary producing countries. Changed political conditions have deprived western Europe of many of its more important markets and sources of supply in eastern Europe and the Far East. Throughout the world, it faces more intense competition with the industrial products of more recently industrialized countries, notably the United States. At the same time its population has increased by 20,000,000 since 1938 and its requirements for imported foods and raw materials are correspondingly increased.

Following that statement, the remedy is suggested; and this is the language of ECA:

If Europe is to overcome these handicaps and become self-supporting in the postwar world with anything like its prewar standard of living, basic changes must be made, as the OEEC points out, to adapt its economic structure to its new trading position in the world. It must modernize its old industries and create new ones. It must improve its production and management techniques, and pay greater attention to product design and new product development. Increases in consumption which would be at the expense of exports or capital formation and which could not be supported unaided in mid-1952 must be discouraged. Investment must be stimulated in those fields where it will contribute most and soonest to the balancing of western Europe's external accounts. Finally, there must be a vigorous drive for new markets for European exports, especially in dollar areas. European producers must adapt their products to the needs of those markets; they must build up adequate sales organizations and every effort must be made to stimulate imagination and resourcefulness in sales promotion.

What I am wondering, Mr. President, is, how is investment to be stimulated in an area with so little hope for stability as Europe has, unless some basic change is made in its political organization? All of this advice is very good, assuming conditions existing in Europe, which would make it possible to carry it into effect, but none of those conditions exist.

As lending support to my theory that the prospect of self-sufficiency in Europe, or of her ability to balance her payments by 1952, is very doubtful, I wish to call attention to some statements in the record. I shall not read them all, but in no case did any of the witnesses, including Mr. Hoffman, Mr. Harriman, and others, feel any great confidence that by 1952 the balance of payments between the countries involved and the rest of the world would be achieved.

I should like to call the attention of the Senate to page 83 of the hearings. I

was questioning Mr. Hoffman, and the following occurred:

Senator FULBRIGHT. Mr. Hoffman, you said this program would end in 1952. Do you believe that the balanced payments of the OEEC countries, that is, their international payments, will be in balance in 1952?

Mr. HOFFMAN. I have got to assume they will be. In other words, that is the goal, and I do not know why they should not be.

Senator FULBRIGHT. From your reports and estimates, do you believe they will be?

Mr. HOFFMAN. If by that you mean every country in Europe, I would say no.

Senator FULBRIGHT. The ones that are in this program.

Mr. HOFFMAN. I would say no.

At page 176 of the hearings I asked the same question of Mr. Finletter, our representative in Great Britain. I said:

Is it your belief that Britain, by 1952, will be in balance? Did I understand you to say that?

Mr. FINLETTER. No, sir. I have been careful not to say that. The British Government itself does not go beyond saying that they will do everything that lies within their power to get into dollar balance by 1952-53. The reason why I am unable to answer the question is that it depends upon, (a) unknown factors, and (b) factors beyond Britain's control.

I only mention that for the purpose of illustrating that the same people who have no enthusiasm for, and are unwilling even to advise the Europeans to form a federation, themselves have no real confidence that the present program will result in the achievement of balance in 1952, from which I am forced to conclude that they think this kind of a program may go on indefinitely, and which, I may say, is much more in accord with and consistent with a theory of a relationship with Europe of permanent dependence than of their gaining independence and a strong self-sufficient economy.

Mr. President, I mentioned a moment ago that the only solution I could see of the problem of Germany was in federation. It will be recalled that there is a basic conflict between the desire to develop Germany on the part of this Nation and the British and other nations who would like to see Europe become self-sufficient; and a fear on the part of her neighbors, France, Belgium, and other nations, of a revived militaristic Germany. That dilemma has plagued our policy, and we have made very little progress toward its solution. In fact, the first sign of progress in the revival of Germany occurred last summer. We started out with the so-called level-of-production policy in which we established a ceiling on the production of vital materials, such as coal, fertilizer, and so forth. It was in response to this fear of aggression by a revived Germany last summer that the reform of the currency of western Europe has begun to make some progress. But we are still plagued with the difficulty of what to do about Germany. On the one hand, if we permit her to rebuild her industries to full capacity, she will threaten the peace of Europe, as she has already disrupted it twice within a quarter-century. On the other hand, if we keep her down and prevent her from rebuilding her industries, and if we permit the dismantling of her



plants, all of Europe will thereby suffer for lack of the goods which Germany can produce. In addition to that, this Nation is spending several hundred millions of dollars. I think the spending is now at the rate of seven hundred or eight hundred million dollars this year. In other words, we have a permanent burden upon our backs, which is very unhealthy for the Germans as well as being expensive to this country. If that situation is continued too long I think it will result in a hopelessness and, probably, a strong growth of communism in that important section of Europe. I do not think we shall have a really prosperous economy in Europe if her principal industrial nation is kept down.

The only way in which it is possible to turn loose the Germans, so to speak, and let them utilize their genius for production, is to have them become a part of a federation of western Europe. I think that is a point which cannot be too strongly emphasized, because it is quite obvious that our own State Department has not developed any alternative solution.

It is true that what happened a few days ago was not a very significant carving up of Germany; there were involved only some 13,500 people, and 52 square miles, according to the press. At the same time, it was symbolic to the Germans. It was a symbol of their being broken up and scattered about among their neighbors.

If we are to adopt that policy, which I do not think would be a wise one, we should go the whole way and divide up Germany completely and dominate it. But no one I know of is advocating that. Yet the piecemeal approach, the slicing off of a little here and a little there, is certainly a stupid one, because it alienates the Germans, and achieves little in the way of destroying their power for the future so far as our country is concerned.

I cannot see any way of dealing with the German question other than to merge them into a large federation which they would not be able to dominate. As I pointed out a moment ago, in the article by Anne O'Hare McCormick, it is stated that the Germans at this particular time in their history are strongly in favor of merging their government with the other governments of western Europe. It is an opportunity which has probably never occurred before, and I do not know when it will occur again, at least until after the next war, if there shall still be a Germany left. That shows the significance of the circumstance. The very fact that Germany is in bad shape, that she is the most disorganized of all the countries, contributes to her desire to seek salvation through joining up and federating with her neighbors.

In my opinion, the illustration given by Miss McCormick confirms my theory that the time for arriving at a decision and for making a commitment is at hand. It confirms it as strongly as any evidence I have seen regarding the state of mind of Europeans, although I must say that the French and the Italians and the Belgians have also indicated their willingness and eagerness to try to work out such a federation.

The western European countries which are involved in the Marshall plan, some 16, and their possessions, actually have a greater usable power than Russia, if their potentialities are combined and organized in such a way that they can be used. That is, the possibility of development is greater than is the case of Russia. One might say Russia has a potential power, but I think these countries have a greater usable power today than has Russia. The difficulty, therefore, is in finding a way to enable them to be concentrated or combined for purposes of defense, as well as for purposes of supporting themselves economically.

I wanted just to indicate very roughly—and these are strictly rough approximations—a few items. It is estimated that the production of an item like steel in the western world would be roughly 3 to 1 what Russia could achieve with all her satellites by 1950, in round numbers. There has been some variation in the figures, but I would say the production of the United States and western Europe would be approximately 120,000,000 tons compared to 40,000,000 by Russia and her satellites. Or deduct about 80,000,000 tons, the production in the United States, and the production in western Europe would still be forty or fifty million, as against roughly 40,000,000 in Russia and her satellites. There would be, therefore, ample steel production to offset the power of Russia in that field.

As to oil, the United States produces about 250,000,000 tons, as against about 40,000,000 in Russia, which is about 6 to 1. The European countries, assuming, of course, that they can maintain their control and interest in the Middle East, would not lack oil at all. They have no oil within the continent itself in any appreciable amount, but they do have the ownership of it. Probably the greatest shortage of basic raw materials in western Europe and the continent is in grain cereals and oil.

We are now proceeding, as the Senate well knows, to the development of an Atlantic pact, and, assuming friendly relations between western Europe and ourselves, we would have such a combination of power and such a preponderance of power in the west that I think there would be practically no likelihood of any attack by Russia. I can think of no other way which would discourage such an attack than the realization by Russia that European countries are combined under one central direction, and that their power would be available, in case of an attack, to resist the aggression of Russia.

Let us consider coal, for example. Our coal and that of western Europe amounts to about four times as much as the production in Russia and her satellites. In addition, the population of Europe, roughly 250,000,000, together with slightly less than 150,000,000 persons in this country, number about 400,000,000, as against an estimated 290,000,000 in Russia.

Mr. President, more significant than the number of people is the literacy and the skill of technicians of western Europe and of this country, compared with

so many very primitive people in Russia and in her satellites.

In connection with the question of security, I think this approach is much more important, over a period, than the Atlantic Pact. I am for the Atlantic Pact merely because it is a part of the structure we are building, as a temporary matter, to resist the threat of aggression in the immediate future. I think it is necessary to get us over the transitional period. I am assuming, of course, that our objective is a united west, and the first step in the unification of the west is the federation of western Europe.

If I cannot assume that as a possibility of this whole program, it knocks out the justification for both the ERP and the Atlantic Pact, except on the theory that the pact gives us a breathing spell. I say that because all countries have had long experience with pacts. We have not had so much, but all the western European countries, all those with whom we are making the pact, have had long experience with pacts, and they have not proved anything except the ability to get around some immediate difficulty. They usually end up by the various members going their own way, according to the immediate self-interest of whatever nations are in the pact.

I would say these pacts have contributed little if anything to the preservation of peace over any appreciable period. During the last century it was not so much pacts that preserved peace in the world, it was the concentrated power under the central direction of the British Empire, with its control of the greatest fleet in the world, and its overwhelming economic power, of course during a period when this country was not seeking to exercise any power. In fact, we were reluctant even after war broke out in 1914, and up until 1917, to enter into this field. I think the peace was dependent primarily upon the existence of a preponderant power on the part of the British.

As that power relatively decreased with regard to Germany and western Europe, we got into the period of recurring wars, and we are going to stay in that period until in some way one of two things happens. One is that there shall be an effective United Nations, that is, an organization based on law. There is no use of our kidding ourselves; that organization is not working, and there is no prospect of it working so long as Russia is of the mind she is today, so we are forced to take some other approach. This is the approach, the only one I can think of, which in a sense would recreate a situation somewhat similar to that which existed in the last century, in which the power under the command and direction of the West would be sufficiently great to deter aggression by Russia, or any other country, for that matter. That is what did happen to a great extent, I believe in the last century. So it has a very tangible interest for us. After all, we are in these programs to be successful, not just for fun. If we were seeking some tangible and real results from our efforts I think this would be the most effective way to approach the problem.



One other word with regard to Europe itself. The only thing I could think of that would inspire in the Europeans themselves any hope of or confidence in the future would be the acceptance by their governments and ours of this objective of unification. If I were a European looking over the situation and all I could see and all that was held out was the re-creation of the same old organization that existed prior to 1914 and prior to 1940, of exactly the same politically fragmented little countries, no one of which is able to defend itself or even to pay its own way, I would have no confidence in recovery. If that is all we are reestablishing, how can any European have any confidence in the future? How can any European with either personal ability or with any capital to invest, have sufficient confidence to invest that capital or really to go to work? In fact, I do not think they have invested their capital or really gone to work.

I believe that a great many of the people of Europe have already made provision to convert their capital, if they have not already taken it out of the country. I believe a great many of them have converted their capital into such things as diamonds and gold. We hear rumors to the effect that there is as much as \$5,000,000,000 of liquid capital in France in hoarding—hoarded by her people. I believe that is true, because I am sure that if I were a Frenchman and looked at the scene as it now exists in Europe I certainly would not be thinking of building a factory or doing anything else when any day the present situation might collapse, either internally or because of the fact that the United States might change its mind. I can well imagine that those people, being human, will wonder how long this country is going to sit here and support a plan which actually holds out very little chance of success unless it is inspired and built around some idea such as the unification of Europe. If I were a European I would react in the manner I have described—and I believe every Member of this body would also—unless the European nations could accept as an objective the unification of their countries. Unless that could be done I would have no confidence in the success of the United Nations. If I were a European I would not have any confidence in its success unless I thought there would be such a reorganization of Europe's political alignment.

Mr. President, if I am critical of the ECA, it is only because I am following the injunction of General Marshall. On January 8, 1948, he told the Senate Foreign Relations Committee, and I quote from page 1 of the 1948 hearings on ERP:

A nation in which the voice of its people direct the conduct of its affairs cannot embark on an undertaking of such magnitude and significance for light or purely sentimental reasons. Decisions of this importance are dictated by the highest considerations of national interest. There are none higher, I am sure, than the establishment of enduring peace and the maintenance of true freedom for the individual. In the deliberations of the coming weeks I ask that the European recovery program be judged in these terms and on this basis.

Let there be no mistake about it; in spite of all the talk of convertibility, exchange rates, balance of payments, bilateral and multilateral agreements, and all the mumbo-jumbo of international finance and economics—in spite of all this—the continuation of ECA is to be judged upon its contribution to that goal which General Marshall set: "the establishment of enduring peace and the maintenance of true freedom for the individual." I am sure that this is the way the American people will judge it—they are paying dearly for it. And their support of it is not dependent upon whether Britain or France or Italy achieves a balance of payments in 1952, nor even whether the European countries achieve prosperity by that time, although these considerations are undoubtedly important.

What we should be concerned with, and what the American people are undoubtedly concerned with, is this effort being used to its maximum to the establishment of enduring peace and the maintenance of true freedom for the individual.

Of course, we do not believe that the ECA alone can accomplish this. But, again I say, it must be judged on the basis of its contribution to that goal, and if it is contributing any less than its maximum, it should be corrected and strengthened accordingly.

Again, I wish to emphasize that economic recovery is important. We all recognize the necessity for a decent standard of living in Europe, in our own interest, because communism preys on economic distress, and economic stability goes hand in hand with military and political security. But economic considerations are not the only elements of this problem, nor can they be isolated or sterilized and treated entirely separate and apart from their political causes.

Of course, ECA is an economic program. But to think there is absolute divorcement between economics and politics, is to say that politics have no effect upon economics. The fact is that the only method of dealing with economic problems which governments have is the political method.

Mr. President, day before yesterday I picked up an article in Foreign Affairs, an American quarterly review, of 1949, published by the Council on Foreign Relations, which is one of the best-known and most-respected organizations dealing with our foreign affairs in this country. The article is by Sir Arthur Salter. I want to identify him. He was a member of Parliament for Oxford University; was Secretary of the Allied Maritime Council during the First World War; was Director of the Economic and Financial Section of the League of Nations, 1922–30; was parliamentary secretary to the Ministry of Shipping, 1932–41, and afterward head of the British shipping mission in Washington. He is one of the most learned and highly respected statesmen of Great Britain. What I want to emphasize is that here is a British statesman. He does not happen to be a member of the present Government. They have their own political problems. After all, the members of the labor government expect to be up for election next year.

I am going to be up for election myself, and can understand how one who is up for election does not want to rock the boat. Certainly one does not want to undertake some new project that might not have developed in time, and all that. There are reasons why the members of the present British Government might not want to undertake this program. So I emphasize that here is a man who is as disinterested as a prominent figure can be, and he has some very clear, significant statements to make with regard to the problem. I am not going to read the whole article, but there are two or three paragraphs which I think are worthy of our consideration, and which I want to read into the RECORD at this point. I read from page 296:

The conception of "Western Union," of an integration of the countries of western Europe, including Great Britain, into a single economic union, within which the specialization of industry and the pattern of trade would develop as it has in the federated republic of the United States, has fired the imagination of both Europe and America. In the modern world the nineteenth century dream of an international trade so unrestricted by governmental action as to make political frontiers economically without significance can obviously not be realized. Failing a world economic unit in this sense, there would obviously, in the final result, be a great increase in the total wealth of the countries concerned if an area as large and potentially as rich as "Western Union" could be a single economic unit.

Here is an area with a population of some 250,000,000, rich in resources of industrial skill and easily able to manufacture enough to raise standards of living greatly, with an ample surplus of manufactured products to pay for any deficit of food and raw materials. The economies of mass production, which can be realized only with the assurance of an adequate market exempt from tariffs and other governmental interferences, could in time give to Europe the same advantages as they have to the United States. And with economic union, and the increased economic strength that would result, there would of course be a corresponding increase of defensive power against any threat of aggression from without.

The advantages of union are indisputable. But the obstacles to rapid and complete union are formidable and perhaps insuperable. It is natural that the difficulties should be felt more acutely by European countries than by those who have a more distant and more global view from across the Atlantic; and, within Europe, that those who, as ministers and officials, are enmeshed in the daily problems of current administration, should be more conscious of these difficulties than those who have no such official responsibility. Those who are all the time in the midst of the trees may fail to see the wood. It is easier for America than for Europe, and in Europe for those out of office than those in office, to see the wood as a whole. But, after all, a wood consists of trees, and its pattern can be changed only by dealing with the trees. Changes can come only through the machine of actual government if the impetus to the change must come largely from without. This is why, in the development of western Europe, governments seem to lag behind public opinion, and European action behind what America believes to be both practicable and desirable. It is perhaps equally important at this moment that European governments should, by external impulsion, be pressed to make the utmost progress that is in fact practicable; and that those who press them should equally realize that



there are, after all, practical limits to progress and its pace.

I wish to emphasize that one line:

It is perhaps equally important at this moment that European governments should, by external impulsion—

That is the point I have reference to—external impulsion—in other words, that is ourselves—

be pressed to make the utmost progress that is in fact practical; and that those who press them should equally realize that there are, after all, practical limits to progress and its pace.

This is an Englishman speaking.

An economic union, with the abolition of all internal tariffs and barriers, is a simple and attractive conception, and it would automatically avoid all the difficulties that arise from the "most-favored nation" principle of commercial policy. But practical Western Union, now and for some time to come, must mean both much less and much more than this.

I skip to the next paragraph:

If economic union does not include this, it does little good; if it does, it involves political changes that amount to something approaching federation. Even under pre-war conditions the attempts to create economic unions failed unless they were accompanied, or quickly followed, by political union.

There is one paragraph which has particular reference to our part in this program. What I wish to emphasize is that the people who so concerned about our not offending the British or the French, or whoever it is, by interfering, are completely on the wrong track. These people are eager to have some help in this matter.

On page 300 of this book we find the following:

In these circumstances, agreement among the several countries on a general plan, and on the means of securing its application, is likely to be slow and difficult. The influence of a powerful and disinterested country, in an arbitral position, may often in such cases make just the difference—

That is exactly what this country ought to do—make that difference—

may overcome a separatism which each national representative may realize is against the general interest but which in view of pressure from interests in his own country he is impotent to resist. For ECA to be completely passive in such a case, and merely to stand ready to help whatever may be agreed by OEEC, and no more, will be to decline one of the most valuable services it can render.

That is exactly my point. He makes it in much clearer language than I can.

On the other hand, to try to force through schemes against the determined resistance of governments who after all are responsible for the social and political problems of their countries, by making acceptance the condition of grants, would be highly dangerous. Much may be done by tactful persuasion; all may be risked by a harsh insistence.

I also agree with that statement. I have never thought that this should be forced by harsh insistence, but we certainly should not stand passively by.

Mr. President, I wish to conclude with a few observations as to why I think some of the present operation of ECA is not

promoting as much as it should the political unification of Europe. In fact, a strong case can be made, I think, in some instances, that ECA is encouraging nationalism in some of those countries by accepting requests which tend to result in national economic self-sufficiency rather than the most efficient economic integration of the whole area. If the program promotes nationalism, it thereby discourages the unification of those nations. Already there are distinct signs of relaxation of efforts to develop integrated plans even in the economic field.

I have in my hand an article which I ask to have inserted at this point in the RECORD as a part of my remarks. The article is by Mr. Harold Callender, and appeared in the New York Times of March 7. In this article he describes the recent action in the dropping of the so-called master plan which Mr. Hoffman has suggested to the OEEC countries. In fact, it practically says that this is the end of the effort to create an over-all master plan for the administration of the ECA program.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times of March 7, 1949]

EUROPEANS TO DROP ERP MASTER PLAN—STEERING GROUP FINDS PROPOSAL IMPRACTICABLE, BUT WILL URGE MORE COOPERATION

(By Harold Callender)

PARIS, March 6.—The Marshall plan steering committee for Europe, led by Sir Stafford Cripps of Britain, Robert Schuman of France and Paul-Henri Spaak of Belgium, will complete tomorrow a report that will urge steps toward closer cooperation, but will amount to a tacit abandonment of the project for a common recovery plan for Europe.

Some officials said today they thought it preferable to seek concrete results rather than to draft a common plan that would look well on paper but mean little in practice. W. Averell Harriman, roving representative of the European recovery program, will meet with the committee tomorrow.

This committee is the delayed result of a suggestion supported by Paul G. Hoffman, head of the Economic Cooperation Administration, that men of Cabinet rank take active part in the European Marshall plan council. On the same day that Mr. Hoffman backed this idea he urged a master European recovery plan. The two proposals were linked, and it was assumed the Cabinet members would facilitate such a plan. But hope of a common recovery plan had been virtually abandoned by the time the new steering committee composed of Cabinet members was formed.

The committee is expected to put forward a compromise proposal for reduction of dollar imports, which Sir Stafford urged again today in a long speech prescribing greater austerity for the Continent.

The committee also will urge greater intra-European trade. This was sought, with less success than had been hoped, by the so-called payments agreement to finance such trade. This agreement, based on dollar allocations and grants from creditor to debtor European countries, is now to be revised.

The committee is expected to propose asking member countries for reports on what they have done and will do to stabilize currencies this year and to eliminate their adverse trade balances. It is expected to suggest negotiations looking to coordination of investments, which means an international agreement for expansion of national industries so they do not overlap or create surplus productive capacity.

The committee's recommendations must be approved by the European council representing all the Marshall-plan countries and, to be effective, by the governments of those countries. The recommendations will be under the general heading of a plan of action for 1949-50.

Although the council in February decided to authorize the Secretary General to inform the public of its work, the sessions of the steering committee on the last 3 days have been highly secret. It was said the committee disliked to reveal the national differences within it just when the United States Congress was considering voting a second allotment of dollar aid.

Mr. FULBRIGHT. That article is date-lined March 6, and I think it carries perhaps the best description of the situation. However, there was a second article, which I shall not place in the RECORD, which confirms this view. The second article is dated March 8, and is by the same Harold Callender. I wish to read one paragraph:

The tacit abandonment of the much-discussed international long-term recovery plan was implicit in M. Marjolin's statement that the committee proposals were not intended to be a long-term program, and that national action is still the essential reality. M. Marjolin said, however, that Europe should now move toward the increased coordination of its policies and pass from principles to action.

That article indicates quite clearly that now that things are beginning to move a little better, the tendency to try to create a cooperative over-all program for Europe is already lessening.

For more than a year I have inquired at every opportunity about the progress of Europe toward unity. I took a trip last fall and made inquiry privately. I have talked with employees and officials of the ECA on lower levels, and have asked them their private opinion. I recognize that in order to play the game with united efforts employees must, officially, at least, follow the policy set by the top level policy-makers of ECA. Nevertheless, for the purpose of critical examination I feel that I am justified in obtaining information wherever I can.

As an example, I received an informative personal letter from one of the employees in Europe who is a good American. He was trained in the State Department. I wish to read a part of it to illustrate and confirm the point that little, if any, progress is being made toward union. I do not wish to leave the impression that any of the witnesses were not entirely frank, but I may say that I noticed at least a difference in emphasis as between private conversation with several of the members of ECA and their willingness to express themselves before the committee on the problem of unification. It very evidently had been agreed, as a matter of policy, I think, between ECA and the State Department, that this was a hot subject, and to avoid it. They did not like to express themselves for or against it. It was mostly an attitude of, "That is not a matter that concerns us."

This letter is from an employee who, I think, has no reason whatever to state anything except exactly what he believes. He is personally known to me; but I cannot place his name in the RECORD for very



obvious reasons, because I assume that his organization might believe he had not played the game. But I asked him what he thought, and he told me. This letter was written on January 15:

The European edition of the Herald Tribune recently quoted you as follows—

In other words, he was talking about me—

Before I vote any more money, I want to find out what's been accomplished.

That is a statement I made last fall.

The writer of the letter then says:

It went on to say that you wanted to know what Europeans have done toward removing trade barriers, and what gains have been made toward economic, political, and military cooperation.

The following paragraphs are not an appeal to vote more funds. They are not an official account of what has happened or what has been done. These official accounts you will soon receive in reports by the ECA and the OEEC. However, I thought it might be of some interest to give you the informal opinion of a boy who is sitting here trying to work on these things.

The European nations have made some progress in economic and political cooperation. They divided the first allocation of ERP aid among themselves. They have worked hard in the past few months in an attempt to evolve a program for 1949-50 and for the entire 4-year period of the ERP. The individuals here have put in long hours, for we in ECA have been sitting with them, and have worked on into the night many times.

However, they have not come up with a program for the 4-year period. The interim reports which they have put out are frank, and do not try to gloss over any of the difficulties. Unfortunately, there are some problems, such as exchange rates, which are very important, but which are not mentioned. There had been some pressure from certain nations to present a more optimistic picture, but this was repudiated. The fact that the European nations have been so frank makes the job of the United States easier, as far as criticism goes. It is much less explosive politically for this criticism to come from the nations themselves than from us.

Maybe I am too impatient, but I think they should have come up with a much nearer integrated program, than merely 19 separate programs. I know that they have spent lots of time, but some of it spent unwisely. The basic trouble, as I see it, is that these people here do not have enough authority to act. They sit and question each other, but any scheme of action, no matter how small, must be referred back to the individual governments for action. We are just as guilty of this as the others, however, since our position is the same in western Germany, and our representatives here have no more power than the others.

This is the situation as far as working together on programs is concerned—some progress, but slow. The other large area of progress is the clearing system set up by which some of the countries received additional dollar aid, provided they made aid available to another country—the so-called intra-European payments scheme. This is a step away from strict bilateral trading toward multilateral trading, and is definitely a step in the right direction.

The various country programs as presented to the OEEC each show an alarming trend toward economic self-sufficiency and nationalism. In countries the size of these, this is of course impossible. The real test on this score will come in the next few months, and I believe that the countries will show more reason when they sit down together

than each of them has shown separately. This in itself is a step forward, since if ERP had not been in existence, the individual plans would have been drawn, and never any attempt to reconcile them.

The above are only two areas of possible economic cooperation. There are several others, some of which are listed in chapter 7 of the OEEC reports on "The Interim Report on the Joint European Recovery Programme," which has been or will be made available to you. Very little effort has been made to remove trade barriers, and there seems to be a lack of sense of urgency in their removal. There seems to be a feeling that the removal of these should come only after recovery has been achieved—

That is exactly the point I have tried to make before, namely, they believe that removal of these trade barriers should come only after recovery has been achieved—

but I think they should be an integral part of the recovery effort. I know that all controls cannot be dropped immediately, but I am in favor of erring on the side of dropping too many than on the side of keeping them too long.

In summary, there has been some progress, but there is still a long way to go. Their need for cooperation will continue longer than their need for our gifts, and they should begin to develop a greater sense of realization of this.

That, I think, Mr. President, is as fair and moderate a criticism of the program as I have seen.

Mr. President, great importance is attached to the fact that, by means of the OEEC, for the first time in history, representatives of these sovereign nations sat down at a conference table and freely divulged trade figures and future financial and trade policies. I do not intend to belittle that accomplishment. No doubt it is a great departure from tradition. But that is not the question. We are not concerned here so much with a comparison of accomplishments with the past as we are in judging whether those accomplishments will be adequate for the future. There is no virtue in doing something new simply because it is new.

It is my judgment that the accomplishments of the OEEC, based, as they are, entirely upon cooperation, are not adequate.

The principle of cooperation has been tested by the OEEC and, by itself, has been found wanting. The Interim Report on the European Recovery Program, published on December 30, 1948, is an OEEC review of 19 long-term programs of the 19 participants in the ERP. The OEEC's review of these programs forecast a balance-of-payments deficit in 1952 of \$3,000,000,000. The reason for this, as explained by Mr. Hoffman, was generally that "they expected to export more to each other than they intended to import from each other."

This is an altogether natural result, and I am not condemning it. It is perfectly obvious that each country should attempt to better itself economically—that it should desire to sell more to its neighbors than it buys from them. It is not only natural that 19 individual programs would not achieve the desired result, but, in my opinion, it is obvious and inevitable.

The OEEC attempted to reconcile these 19 individual plans into a common recovery program, but, according to the article I have just read, that effort has been abandoned in recent weeks.

On page 123 of the interim report of the OEEC, as quoted by Ambassador Harriman at page 107 of the hearings, the following appears:

The analysis set out in this report does not mean that the western European problem is insoluble; it does mean that the national programs, which have been drawn up by the several governments separately, need now to be revised and modified. This revision must take place in many ways.

None of this revision will be easy. It is not statistical revision of the programs that is needed; the statistics are only valuable as indications of present national policies and of the size of the problem. The modifications needed are changes of policy—import and export policy, investment and production policy, financial and commercial policy—in order to make possible the construction of a joint European recovery program.

Mr. President, the incentive to unity—political or economic—is the interdependence of nations. Each nation's interest in the others is derived from its dependency upon the other for a particular commodity or group of commodities which it cannot supply but which the other can.

If ECA were treating Europe as a whole, these interests and dependencies would be promoted. Country A would be discouraged from producing a product which country B could more economically produce. Country A would be encouraged to turn its investment in labor, money, and materials into some product which Europe as a whole needed, and which country A could produce more economically than could any other country within the trade area of Europe as a whole.

However, in Europe today, each nation is encouraged to build up its production for export, and each nation attempts to hold down its imports. This applies not only to each country's trade with America but to their trade with each other. It is true, of course, that these imbalances among the participating countries are at least partially covered by the intra-European payments plan, but this is merely the passing on of American aid in the form of the creditor's currency. It merely subsidizes the intra-European imbalance; and, for the period of American aid, actually postpones the necessity for reducing or eliminating trade barriers. Of course, it is argued that the removal of trade barriers would result in unemployment and economic chaos. But if reduction and removal of trade barriers is to be accomplished, in keeping with the purposes and policies of the ECA Act, it should be accomplished while American aid can cushion or alleviate many of the unfortunate but necessary dislocations.

I have another amendment, Mr. President, to which I shall refer later, which attempts to deal with that aspect of the problem. In other words, it is admitted that there will be difficulties and dislocations in the trade and industry of the various States, when and if they should make the transition from absolute independence to a federation. But the time that it should be made is while



we are paying the deficit in the balance. In other words, that is the principal use to which the money should be made.

If they are unwilling or unable to undertake that while we are paying, how much less likely are they to undertake it, or be able to undertake it, when the program has come to an end in 1952?

The lack of balance of payments, between European nations and between Europe and other areas, is only symptomatic of their condition. Inherently, the area of the participating countries is possessed of great potentialities. There is no lack of labor, skilled and unskilled. The soil is fertile; other natural resources are generally adequate. Indeed, with the exception of grain cereals, oil, and a few other commodities, there are relatively few deficiencies in the entire area.

The problem is one of confinement of modern industrialism within the restrictions of a medieval economic and political system. Each nation is now, as always, attempting to build up its own compartment to a point of self-sufficiency, to a point of total, or as nearly that as possible, independence of all other compartments.

Of course, it is argued that Europe has not adopted the mass-production techniques which have made us prosper, and it is assumed by many that this is merely due to the fact that Europeans are old-fashioned, backward; that they prefer to do things in the traditional manner of their forefathers. Perhaps this is true to some extent. But the real reason is not a lack of open-mindedness or of the inventive spirit. As a matter of fact, Europe generally has produced many of the modern inventions of the industrial age. The real reason for her failure to adopt more mass-production techniques is the lack of a mass market.

The present difficulties of Europe are merely manifestations of the impossibility of maintaining national particularism in the face of continental economic forces, which in order to operate efficiently must disregard national frontiers.

I have statistics, Mr. President, which I think confirm the statement that the tendency of the program has been to build up the national self-sufficiency of each nation. I ask unanimous consent that the table and the paragraphs which were taken from volume 2 of the OEEC report to be inserted at the end of my remarks, merely for reference in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B.)

Mr. FULBRIGHT. I think, Mr. President, the greatest and most crucial question regarding the question of unification is the timing. It is one of those ideas that, as I indicated in the beginning, has been discussed at least 300 years, if not longer, beginning along about the first of the seventeenth century, in the reign of Henry IV and his minister Sully. This becomes a very live subject, and it has been discussed on and off ever since. I would say that any thoughtful person who has contemplated it, either then or now, agrees with the objective. With that I return to my first

point, that the difference between the State Department and myself, or the members of the ECA, is not that they disagree with the objective as a long-term proposition, but that they do not agree that now is the time to do it. I think that is the fundamental difference. I cannot overemphasize its importance. I think that, as Europe regains its prosperity, they will be less inclined toward it. That is, as a political matter, it becomes less feasible to achieve it. That has been true with all peoples at all times. I can think of no instance in which a people, a nation, or a large community has taken really a significant step forward in times of reasonable prosperity. It simply is not human nature. If things are going pretty well, then why change the status quo? People do not sit down, I think, calmly and rationally around a table, analyze their troubles, and say, "We can improve matters in this way." They do not do that to any great extent, especially if it involves a change in either their political or social institutions.

So that the bringing about of a change in the social or political institutions as a practical matter must come about in the time of adversity, the time of great difficulty. I think that has been true universally throughout history. If we accept the theory of the State Department as expressed in the hearings by Mr. Acheson, or as stated by the Prime Minister of Great Britain, I think we shall have missed the opportunity not only of a lifetime, but of many lifetimes, and that the opportunity or similar opportunity is unlikely to occur again until after another war. After such a war, it will be too late.

In conclusion, it is with a troubled conscience and extreme reluctance that I am supporting this further authorization of funds for the ERP. If I was convinced that there is no chance for the political federation of Europe, I would not vote for it. If it does not result in federation, it amounts in effect to a magnificent relief program, and I do not feel that such a program is justifiable.

In other words, I do not feel, if it is merely a relief program, that the taxpayers of this country, certainly those of my State, of whom many are not as well off in many respects as a great many of the people in certain of the countries receiving aid—so if it is purely relief, I cannot justify it.

It is only because I believe that there is still a chance that federation may be brought about that I can support this extension. I still hope that our policy makers and the British can be converted to the view that steps should be taken now toward federation. I think that hope and that possibility is sufficient to justify one more year's effort.

I wish to add, however, that if there is no more progress toward political union made during the coming year than there was during the last, I do not think that I will be able to justify another extension next year.

I shall watch that aspect of the program with the greatest interest during

the coming year, and I sincerely intend to abide by that theory.

Mr. President, there was one other article by a leading British statesman, which I ask unanimous consent to have inserted at the conclusion of my remarks. It is written by the Right Honorable Sir Duff Cooper, who is not now in the government, but who formerly was the Financial Secretary to the War Office, Financial Secretary to the Treasury, First Lord of the Admiralty, and, earlier in the war, Minister of Information. Beginning in 1943, and until December 1947, he was the British Ambassador to France. I think he is generally conceded to be one of the leading statesmen of Europe. It is an article published in February 1949—that is, just last month—entitled "The Future of Europe."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit C.)

#### EXHIBIT A

[From the New York Times of March 2, 1949]

ABROAD—DESIRE FOR EUROPEAN UNION STRONG IN GERMANY

(By Anne O'Hare McCormick)

FRANKFORT, March 1.—The Bonn Constitution, examined by the military governors of Trizonia in long meetings today, does not evoke much enthusiasm in any quarter. To its German authors it is an unsatisfactory compromise between the views of Christian Democrats and Social Democrats and is weakened, besides, by the abnormal circumstances in which it was written, as a complement to an occupation statute implying indefinite foreign rule and as provisional recognition of a division of the country, which no German accepts. To the military governments it is a compromise between their own divergent ideas on the present status and future Government of Germany.

It doesn't please anybody, yet if the Allies don't agree on its provisions or the Germans find the occupation statute so restrictive that a German Government doesn't seem worth while the situation will be worse than it is now and the Russians will have gained the prime objective of their peace offensive.

The constitution is on the eve of its second reading in parliamentary council. The prescribed third reading will probably take place in the Landtag as a prelude to a vote by this body instead of by the popular referendum favored by the Christian Democrats. As far as the Germans are concerned, the draft is finished. For 6 months representatives of all parties in the 11 states of western Germany, including Communists and 4 delegates from the western sectors of Berlin—the "twelfth state"—have argued it out article by article as they gazed at Hitler's favorite stretch of the Rhine through the glass wall of the assembly hall of the pedagogical institute on the outskirts of the battered university town where Beethoven was born.

#### GERMANS APPROVE THE DRAFT

The draft reviewed by three military governors today is a German document hammered out under certain directives, but without interference from Allied authorities.

The Germans claim it is modern and federalistic compared to the charter of the first abortive republic. The 65 delegates at Bonn have mulled over every phrase in thorough German fashion. They have taken the job seriously and hopefully as a promise of independence, but they are tired, timid, and defeated men.

The two main tendencies the constitution attempts to compromise are the federalist



and centralist. The Christian Democrats, particularly in Bavaria, support the federal system, while the Social Democrats incline toward a strong central government—the natural policy of a party which aims at concentration of power, especially over taxation, to carry out social reforms and a nationalization program.

Conrad Adenauer, leader of the CDU, charges that the Socialist program also emphasizes nationalism as against the CDU attempt to revive local and individual responsibility. Carlo Schmidt, SPD spokesman, asserts his party is less federalist than opposition only in desiring to realize over-all plans to reorganize the national economy. It goes without saying that the Socialists seek to nationalize coal, steel, and electric power. Herr Schmidt's basic objection to the Ruhr statute is that it is "international control in national interests" and can be used as an instrument to prevent nationalization as well as for deals among competitive powers to restrict German peacetime production and markets.

#### CONTRASTING FIGURES

These two men, one dry, aloof, a shrewd and able politician of the old German school, the other young, colorful, corpulent, a good mixer and eloquent phrase maker, are outstanding figures in the parliamentary council. It is their ideas that are fused in the new constitution. Dr. Adenauer was twice imprisoned under Hitler and retired 12 years ago to a little house on a picturesque ledge above the Rhine opposite Godesberg where he could look beyond the ugly sights of the Nazi era. But for politicians of the Weimar period and before the beyond it is not encouraging.

Dr. Schmidt is not so resigned. Actually he is almost as much French as German. Born in Perpignan in France of a Catalan mother, he speaks both languages with equal fluency and mingles Latin effervescence with Teutonic literalness. At present professor of law at the University of Tübingen, he was military governor of Lille for a time during the war and is reputed to have got on well with the French in that Ruhr-like region. Now that roles are reversed he is on good terms with General Koenig and is playing an increasingly prominent part in German revival.

Like most Germans, Schmidt believes the French view prevailed in the Ruhr statute and will prevail in the occupation statute. If the latter gives the Germans too narrow a strip of authority to move in he is among those who would prefer to leave all responsibility in the hands of the military government.

But one point the French and Americans agree on is the federal organization of Germany. The French may prefer a divided Germany and may have acted to delay establishment of any form of western government, but they are nearer to the Americans than to the British or the German Socialists in opposition to centralism.

It should be added that there is also one point on which Adenauer, Schmidt, and their followers agree. They sincerely believe that the future of Germany depends on the federation of Europe. The desire for a European union is more widespread here than in any country this correspondent has visited. It is far stronger than faith in the Bonn constitution.

#### EXHIBIT B

France, 1948:

Program of additional refining facilities from July 1, 1948, to July 1, 1949. French refinery capacity is scheduled to increase from 8,900,000 tons to 11,900,000 tons. This immediate program and the long-term program must be considered in relation to those of all participating countries. They should be given detailed study to determine whether the sum total of planned refining facilities in

various European and eastern Asian areas would result in establishing a refining capacity on an uneconomic basis and in excess of needs.

#### Vol. II, OEEC: Refining capacity

[Millions of tons]

	1938	1946	1948 (annual rate for first quarter)	1952-53 (targets)
France.....	6	2.8	7.3	18.7
Benelux.....	1		2.6	6.4
Italy.....				8.8
United King- dom.....		12.5		20.0
Bizone Germany.....			2.6	3.5

<sup>1</sup> 1947.

<sup>2</sup> 1950.

The same report gives what seems to be excessive artificial fiber capacity as follows:

#### Artificial fibers

[Thousands of tons]

	1938	1946	1948 (annual rate for first quarter)	1952-53 (targets)
France.....	34.0	49.0	76	150.0
Benelux.....	6.4	23.9		17.3
Italy.....				180.0
United King- dom.....	61.2	92.1	122	200.0
Bizone Germany.....				150.0

<sup>1</sup> Fabrics.

<sup>2</sup> 1947.

ECA European Recovery Program dated February 1949, page 82, reads as follows:

"An investment program of \$1,000,000,000 is planned for the further electrification of European railways. Although electrification will result in very considerable saving in coal, this program may, between now and 1952, tend to worsen rather than improve the balance of payments problem. The very large amount of critically short copper and steel will have to be either purchased with hard currency or diverted from the manufacture of other machinery and equipment which could be exported."

Page 95 of the same report carries the following paragraph:

"The second annual program, that is, the one for the fiscal year 1949-50, will not be completed until the spring. The OEEC has obtained program submissions for 1949-50 from each of the participating countries, but it does not plan to undertake the detailed revision and coordination of these programs until after the Congress has indicated what the maximum extent of American aid may be and until the work can be done with a clearer view of the needs of the long-term programs for western Europe."

NOTE.—This would suggest that programing is based on contribution by the United States and not upon the integrated requirements of the participating countries.

#### EXHIBIT C

#### NATIONAL PROVINCIAL BANK REVIEW—THE FUTURE OF EUROPE

(By the Right Honorable Sir Duff Cooper)

We who are alive today are living through the greatest revolution that has taken place in human affairs since the fall of the Roman Empire. Our happiness will depend upon our ability to adjust ourselves to circumstances that are changing with bewildering rapidity.

It is a revolution both political and social, which means that not only are the relations between nations, their systems of government, their frontiers and their philosophies undergoing fundamental alteration, but also that the manners and morals of individuals,

and their behavior to one another, are entirely different from what they were in the last century. We must understand the facts of the present situation before we can form any plans for facing the future.

The first of these facts is that Europe has lost the position which it has occupied since the dawn of what Europeans know as history. Europe, which includes for practical purposes the seaboard of every country washed by the Mediterranean, has successfully absorbed such Asiatic emigrants as have occasionally crossed its borders, and has, in the last five centuries, extended its control over the whole earth. Europeans have exterminated or suppressed the native populations of North and South America, have broken up the ancient Chinese Empire, and have imposed their authority over the huge and densely populated continent of Asia. And yet the dimensions of Europe are such that anyone who casts a careless eye upon a map of the world may be excused for hesitating a moment before locating this small continent that has played so great a role in the human comedy. The fact that we have got to understand today is that the comedy is finished, and that the scene-shifters are at work preparing for a new production.

During the first 40 years of the twentieth century there were seven great powers in the world—Great Britain, Germany, France, Russia, Japan, the United States, and Italy. They are here arranged roughly in the order in which they could, on the day of mobilization, put fighting forces into the battle, and Great Britain's naval supremacy is allowed to compensate, and more than compensate, for her military inferiority. For the same reason, on a very rough calculation, France is put above Russia. Of these seven great powers only two remain, the United States and Russia. The others have sunk into the second or the third category.

#### AMERICA'S TASK

It should hardly be necessary to offer proof of this statement, shocking as it may seem to some. The power of the United States was always there, but it was dormant and unrealized. A man may live on the surface of a gold mine and remain a poor man if he is too proud or too lazy to dig. When the Second World War broke out the American Army was inferior in numbers and equipment to the army of Poland. Today her fighting forces are superior to those of any country in the world. Nor has the wealth of the country suffered. In comparison with other countries she is probably richer than she was before. At a cost of some 330,000 lives, spread over a period of 3½ years, the United States have gained world ascendancy.

It is a heritage that has long been awaiting the American people, but one which they have shown no eagerness to take up. Protected by two oceans and the Royal Navy they have been wisely contented with their lot, and have postponed as long as possible their approach to the harsh arena of the world's affairs. Even now there are many Americans who cast nostalgic glances backward, and sigh for the isolation that they have lost. Like the heir to some great position, who finds himself, owing to the sudden death of his father, compelled to assume responsibilities, when he would have far rather remained free and independent, so the American people are today addressing themselves to the high and heavy task of leadership in the civilized world. Upon the manner in which they acquit themselves of this task must, to a large extent, depend the future history of mankind.

If the United States have won, as the result of the war, more than they sought for, the gains of Russia are more solid, substantial and eagerly desired. Owing to the secretive methods of the Soviet Government, all information with regard to conditions in Russia before, during, and since the war



must remain conjectural. We do, however, know for certain that when she was attacked by Germany in 1941 she was both illinformed and illequipped. The Russian dictator refused up to the last moment to believe the information which the British Government was pressing upon him, and when the blow fell, that vast country, with twice the population of Germany and more than twice her resources in raw materials, was obliged to turn for assistance not only to the United States, but also to this small island, which had already been at war for nearly 2 years. Here was a definite symptom of the weakness which has characterized this colossus throughout the centuries, and has been responsible for the small part that Russia has hitherto played in history. Almost impregnable against invasion, she has shown little inclination to extend her territories or to invade others, although, partly owing to her particular methods of conducting diplomacy, she has always been an object of the deepest suspicion to her neighbors. But for Russia, as for other countries, a new era is dawning, and it would be rash to prophesy what part she means to play in it. The important fact to be clear about is that, while Russia lost far more materially than America, she also gained far more in the war. Russia had two principal enemies, of whom she continually stood in terror, by each of whom she had been defeated in war during the present century. The overthrow of Japan in the east and Germany in the west means that Russia's besetting anxieties are wiped away and that, for the first time, she is free to pursue any policy she pleases. She has lost no time in taking advantage of her favorable situation. Not only has she very considerably extended her own frontiers, swallowing whole three independent European republics, but she has so exerted her influence over Finland, Poland, Hungary, Rumania, Czechoslovakia, Bulgaria, and Yugoslavia, as to render all those countries, with the exception of the last named satellite states, ready to obey any orders they receive at the crack of the whip. And all this Russia has been allowed to accomplish practically without protest from the rest of the world.

#### GREAT BRITAIN IN THE POSTWAR WORLD

In comparison with these enormous and disproportionate gains, Great Britain has nothing to show but a sorry list of irreparable losses. In the first place she has lost her naval supremacy upon which has depended her authority ever since she became one of the great powers. It is true that she has surrendered it to the United States, a good ally and a true friend; but there is always a pang of regret in quitting a great position, however friendly and trustworthy a man's successor may prove.

Great Britain has lost also something more important than naval supremacy, and something which naval supremacy, even if she had retained it, could have given her no longer. She has lost the inestimable advantages conferred on her throughout the centuries by her insular position. General Eisenhower in his recent book states definitely that if the Germans had launched their attack of flying missiles against this island before instead of after the invasion of Europe, that invasion would have been rendered impossible. This means, in fact, that being an island, instead of being an asset, becomes a liability. The inhabitants of the mainland, if they are bombarded from the island, can retreat, but the inhabitants of the island if bombarded from the mainland are cut off. If western Europe were in the hands of a powerful and properly equipped enemy, Great Britain would not be tenable. This solemn fact has no doubt been fully appreciated by the general staff.

If Britain's safety was always dependent on her fleet, her power and prestige were due to the position she occupied in the realms of commerce and industry and finance. In the conduct of the war she consumed a great part of her foreign investments, which has delivered a shattering blow to her financial position in the world. Now while her industries are struggling toward recovery they are threatened with nationalization. I have no wish to be unnecessarily controversial, but it seems to one who claims no special knowledge of industry, that this is the last country in the world to which the experiment of socialism should be applied. Ours is an essentially artificial economy. It is not based upon the natural products of the soil, nor even upon geographical advantages. It is based upon the intrepidity of private enterprise and a thousand forgotten bankruptcies. There is, for instance, no reason, historical, geographical, agricultural, or geological, why England should have a cotton trade. Not a blade of cotton is grown in Britain or near her shores. The theory, if it were ever anything but a superstition, that the climate of Lancashire was peculiarly suitable for the manufacture of cotton goods has been exploded by modern science, which can produce in the interior of a factory any climate that may be desired. We can have little doubt that, had the proposal to initiate a cotton industry in the northwest of England been submitted to a board of competent and cautious officials, appointed by the State, for consideration before it was undertaken, it would have been universally condemned.

At such a moment, when the country is staggering under the blows she has sustained, to impose upon her industries, engaged in world competition, the additional handicap of Government control, must be to increase considerably the difficulties that lie ahead.

Great Britain has also lost since the end of the war, although not entirely owing to it, her Indian Empire, that is to say, the control of a subcontinent and a population of 400,000,000 inhabitants. Ireland, whose refusal to support the cause of the allies cost us so many thousands of lives, has gone further in the affirmation of her severance from the commonwealth, and South Africa seems to be heading in the same direction. Canada, Australia, and New Zealand, not owing to any lack of good will on the part of their inhabitants, but carried along by forces over which they have no control, are daily becoming more bound up with the economy of the United States and less with that of the United Kingdom. When we regard the state of the world today we must admit that Great Britain, the only country that came voluntarily into the war at the beginning and remained undefeated until the end, and that waged total war to an extent that even Germany never reached, has, as a result, suffered more than any other belligerent. Great Britain steps down today from the high position she once occupied. She does so without dishonor, and indeed with some measure of glory, for the heavy losses that she has suffered were incurred when she was fighting, and for 1 year fighting alone, in defense of the whole civilized world.

#### THE POSITION OF FRANCE

France, so long the opponent of Britain and once the mistress of Europe, must now accompany her ancient rival into the category of second-rate powers. The war, which brought to light and affirmed, rather than brought into being and caused, the supremacy of the United States, has in the same way revealed, rather than been responsible for, the present position of France. The Anglo-American policy between the wars, directed, as it insanely was, toward the strengthening of Germany and the disarmament of France, has resulted in accelerating

the decline of the latter, so that, although in this war France has suffered none of the spectacular losses of Britain, she nevertheless emerges from it as a power of the second order whose importance both the British and the Americans are disposed to underestimate. Exhausted by her efforts in the First World War of which she had borne the brunt, and discouraged by her friends from preparing for the second, she collapsed before the onslaught of the enormous armed force which Germany had been allowed to build up, but she remains the most important purely European nation on the Continent, and must form the cornerstone of any European combination that can be constructed. In some ways her position is more secure than that of the United Kingdom, because her prosperity is based upon agriculture rather than upon industry. She is not, as we are, entirely dependent on imports for the food of her people, and such food as she does import comes principally from her own possessions on the southern shores of the Mediterranean. Her political future is uncertain. It always has been since the first French Revolution, but this has not prevented her from enjoying periods of great prosperity. She has lost no territory in the war, and emerges from it with her colonial empire, second only to that of Great Britain, intact. Weak as she may be, she still has a great role to play in the future of Europe.

But however optimistic our views may be with regard to the future either of France or Great Britain, we should do well to recognize, and not to forget, the unpleasant fact that, whether acting separately or in combination, they can never hope to regain the positions they once occupied. There are some who, in the light of this melancholy truth, are driven to the yet more melancholy conclusion that the only alternatives that now await us are either to become satellites of the United States of America or serfs of the U. S. S. R. It is the purpose of this article to propound yet another possibility which is plainly preferable to either.

A map of the world should hang in every schoolroom in Europe in order that Europeans may early grow accustomed to seeing their own importance in true perspective. The first thing that should strike an unprejudiced student is the patent absurdity of having crowded so many nations into so small a space. Nowhere else on the earth are there so many frontiers, so many flags, so many customs barriers and currencies, so many armies and navies. These were luxuries that Europe could afford when it was a question whether Spain, France, England, or Germany should rule the world, but they are luxuries we can afford no longer and we must get rid of them before they strangle us. A wise man, finding himself in reduced circumstances, rids himself first of those possessions that are of least use to him. Of least use to Europe today are all those ancient barriers that divide one country from another.

In the last hundred years the world has shrunk in size—a fact which statesmen have been slow to recognize. Distance, for all practical purposes, should be measured, and usually is measured, by hours and not by miles. When a man is told that he has to leave for a certain destination, he does not ask himself how many miles it is, but how long it will take him to get there—and he is right to do so because it is the time that matters. The North Pole is undoubtedly nearer than Australia, but the journey thither is apt to be protracted by difficulties, so that we rightly think of it as farther away. When, owing to a cabinet crisis, Sir Robert Peel had to return posthaste from Rome to London, toward the middle of the last century, it was calculated that he could have performed the journey equally rapidly in the



first century of our era. But this has all changed. Journeys that took weeks now take hours and the new rapidity of transport is as nothing when compared with the new rapidity of communications. In the days of Peel a message could travel no faster than a sailing ship and a galloping horse could carry it. Today a spoken word can be heard simultaneously in every corner of the earth. These stupendous changes have found no reflection in the sphere of politics, and the map of Europe remains very much as it was a hundred years ago. Insofar, indeed, as it has changed, it has changed for the worse, for the disappearance of the Turkish and the Austro-Hungarian empires have increased the number of separate nations. Surely the lesson to be drawn from these altered conditions is that there is no longer room for the squabbles of a score of little nations in one small corner of this shrunken planet.

#### WESTERN UNION

Already there are indications that this obvious fact is beginning to impose itself upon the minds of politicians. There is talk of United Europe and of Western Union. There have been public meetings in favor of the former and His Majesty's Government have been moved to make certain tentative efforts in the direction of the latter. Experience, however, shows that no movement has less prospect of succeeding than one that is obviously desirable, that everyone vaguely supports, against which there is no organized opposition, but about which nobody does anything definite. After the First World War, the League of Nations represented such a movement. The idea was plainly a good one, the idea was lofty, the practicability reasonable, politicians of all parties combined to bless it, but because nobody was prepared to take the steps that were necessary to make it work, the thing became gradually a sham, and then, like all shams in public life, a pitfall. Doomed, as we appear to be, to repeat every error committed after the first war, we have set up another international organization which has all the faults and none of the merits of its predecessor. Inheriting the fundamental weakness of the League, and lacking the general good will that inspired it, the United Nations Organization has already given sufficient proof of its complete inability to cope with any of the problems presented to it, and it is more likely to cause than to prevent another war. The sooner it is abolished the better, but its abolition should be accompanied by the inauguration of another experiment in the international sphere which will have a better chance of success.

The first condition of success in cooperation is that a common interest should be shared by all those who cooperate. If this is lacking their cooperation becomes a hypocrisy. It was hoped, when the League of Nations was formed, that the maintenance of peace would prove a common interest to all nations, and on the morrow of a war all nations are inclined to believe that it is so. But first Japan, then Italy, and finally Germany believed war to be more to their advantage than peace, and so the basis of the League was shattered.

It would be folly to pretend that any common interest is shared by the powers that now compose the United Nations. But there does exist a group of powers whose interests are so similar as to be almost identical, namely, the countries of western and southwestern Europe. The complete union of these countries is plainly not an easy thing to achieve. Equally plainly it is not impossible. Their survival as separate independent powers is doubtful. Since the end of the war we have seen some half a dozen countries surrender their independence to Russia, while those who are still free grow daily more de-

pendent upon America. The trend of modern politics, like the trend of modern business, favors the creation of large combines, but nobody can regard the possibility of a world divided between two great forces without dismay. Apart from the loss to the world which the elimination of Europe would entail, the probability of war would be increased by the formation of two, and only two, groups in rivalry with one another. If, on the other hand, it were possible to form three groups, two of which were determined to maintain peace, the third would never dare to make war against them, and peace would be assured. The proposition is as simple as it is irrefutable. But simplicity of exposition does not mean facility of achievement, and the difficulties in the way of this most desirable consummation are immense. There are so many obstacles that stand in the way. First and most formidable of these is the spirit of nationalism and the fetish of sovereignty. A proud nation, and all nations are proud, forgetting that pride is one of the seven deadly sins, will not easily be persuaded to forego its prerogative in all matters that concern its own destiny, or agree to place even a fraction of its fate in the hands of foreigners. Next in importance to the spirit of nationalism comes the widespread and deeply rooted spirit of conservatism which is far more widely spread and with far deeper roots than the strength of the conservative political party in any country would lead one to suppose. And it should be noted that the power of these obstacles is augmented by the fact that they are in themselves good things. The writer of these lines accounts himself a patriot and a conservative, but he is not on that account opposed to collaboration between nations and the surrender of some degree of sovereignty.

The third obstacle I would describe as the spirit of avarice, although the word is likely to cause misunderstanding. I mean by it the state of mind which fears that it may be giving more than it is getting. It is exemplified by the argument sometimes used against conscription in England before the war, to the effect that the Royal Navy was such a tremendous contribution to the Allied forces that if we contributed an army in addition we should be giving more than our share. In an exactly similar spirit there are many today who will argue that if Great Britain would enter into a customs union with other countries it is probable that those countries would gain more from such a union than she would. This may well be so, and the argument may carry weight with those for whom the most important things in the world are pounds, shillings, and pence, but when such an argument is applied to decisions upon which the survival of a civilization depends it loses cogency. In private life we recognize this spirit as abominable. A man who is always calculating whether a new friendship will cost him more than it is worth will never make a friend at all.

There are hopeful signs that the importance of European unity is beginning to be understood by leading politicians in many countries. But their efforts toward attaining it are not encouraging. Nearly 5 years have passed since the end of the war, and what is called western union still comprises only five powers, one of which is Luxemburg. So far as the public are aware no efforts are being made to increase this number. In the direction of defense some progress seems to have been made, but none in any other direction.

#### CONCLUSIONS

In order to arrive at the end of a journey as quickly as possible, it is a very good thing, before setting forth, to decide where it is that you want to go. The second thing

is to decide upon the means you are going to take to get there. If you start before either of these decisions has been taken you are likely to waste a great deal of time. People who criticize others are sometimes asked to say what they would do if they were in their place. I accept the challenge.

First I would suggest that the Ministers of Foreign Affairs of all the countries now in receipt of Marshall aid; together with the Minister of Foreign Affairs of Spain, should meet without delay and that they should then decide that their respective countries must within the shortest possible measure of time, achieve the greatest possible degree of union. When that decision had been reached I would further suggest that there are three main lines upon which negotiations should be pursued—defense, economy, and empire. To this end there should be set up three commissions upon which each country should be represented by a high plenipotentiary—and, faithful to the method of deciding upon the objective before setting forth on the journey, I should give to each commission definite instructions. The defense commission should be told that first they must create a united general staff, that this general staff must make definite plans to deal with every eventuality and must keep steadfastly in sight, as its ultimate aim, the creation of one single navy, one single army, one single air force, all of which should receive instructions from one single source.

The economic commission should be instructed to abolish, with the shortest possible delay, all economic barriers between the countries concerned, and at the same time, to set up one common currency for the free countries of Europe. Economists may well throw up their hands in horror, but if money has the same value from the State of Washington to the State of Florida, why, in the name of common sense, should it not have the same value over the far smaller territory that extends from Berlin to Lisbon?

But the work of the third commission would be the most important of all. Upon the members of it would devolve the duty of welding into one the broad colonial empire of the states concerned. Too little thought has been devoted either to the difficulties that this task presents, or to the result that its completion would produce. When Portugal, Spain, and Italy are united with Britain, France, Belgium, and the Netherlands practically the whole of the vast and undeveloped continent of Africa will be at their command. Any hesitation which the Union of South Africa may feel at present about pinning its fate to the waning fortunes of this North Sea island would disappear before the dazzling prospects of playing a far greater role as the major partner in an African union, which would form part of a world-wide confederation. Nor let it be forgotten that Britain, France, and the Netherlands still have great possessions in the continent of Asia which link them up with America, by the eastern as well as by the western route, and enable them to stretch out their hands to the British dominions in the antipodes.

It is sometimes foolishly thought that there exists a dilemma with regard to Great Britain's European and imperial future. Nothing could be further from the truth. The opposite is the case. Great Britain has no future as a purely European power, but far less has she any future as an indefensible island which the inhabitants of the dominions may be once again called upon to defend owing to the complications of European politics. In Europe she must still carry immense weight as the heart and soul of a great empire. To her dominions and colonies she must remain a leader of unquestioned authority so long as she plays a leading role in the councils of Europe.



But it is now that she must decide whether she is going to assume that leading role or allow it to pass to another.

"There is a tide in the affairs of men

Which taken at the flood leads on to fortune."

Today the tide stands high for Britain and should encourage us to launch forth upon this new and great adventure. No time is to be lost. Already there are indications of an ebb. Mr. Walter Lippmann, a close and keen observer of the European drama, has recently published an article in which he states his conviction that the British Government have definitely decided that this country shall not become a European power. A few days later Mr. Joseph Alsop, a younger American writer, and one of the very few who have had an interview this year with General de Gaulle, informed his readers that the general "is reluctant to include Britain in the European union, and that, in any case, he considers that France should be the new union's dominant power." Thus it is possible that, owing to British insouciance or to French intransigence, this, perhaps our last, opportunity, may be missed. Courage and determination are demanded of our leaders; and they are demanded now.

The word "imperial" has recently fallen into disrepute, and there seems to be a disinclination in the world to assume the responsibility which empire demands. In the jargon of Russian diplomacy, which other nations are too apt to imitate, "imperial" is used as meaning "bad" and "democratic" signifies "good." This is the more remarkable, seeing that the U. S. S. R. is certainly not a democracy, and certainly is an empire. It is the vast eastern empire extending from the shores of the Pacific to the center of Europe. The natural answer to it lies in the creation of an empire of the west. If the powers of western Europe can work together they have such an empire waiting to be called into being. If they can unite under their combined control their great colonial possessions both in Africa and Asia, this empire would become in extent of territory, in numbers of population and in wealth of raw materials, not the least but the greatest, the richest and the most powerful of the three great powers upon whom the future of the world depends. They would have yet one additional advantage over their two peers. Within the boundaries of the lands under their control there still live the most gifted specimens of the human race, who have achieved most in the realms of science, art, literature, and music, and who have, as the heirs of Rome, the longest tradition and experience in administration and diplomacy.

Such a development would be regarded by the United States not with distrust and jealousy but with encouragement and enthusiasm. Nothing would please the people of that great Republic better than to see from the ruins of Europe another giant arise inspired with ideals similar to those of the Western Hemisphere. It is permissible to believe that no dispute would ever arise between these two that could produce a fratricidal war—and their strength would be such that no third party would ever dare to challenge them. Thus the mightiness of this companionship would ensure the permanent peace of the world. Nothing else can.

Mr. MALONE obtained the floor.

Mr. WHERRY. Mr. President, will the Senator yield in order that I may make a very brief observation? I ask unanimous consent, Mr. President, that the Senator from Nevada may yield for that purpose.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. WHERRY. Mr. President, I send to the desk an amendment which I ask may be printed and lie on the table.

I offer another amendment which I send to the desk and ask to have stated. It is an amendment to the so-called Taft amendment, which is the pending question, is it not?

The PRESIDING OFFICER. That is correct.

The first amendment offered by the Senator from Nebraska will be received and lie on the table. The second amendment will be read by the clerk.

The LEGISLATIVE CLERK. On page 5, beginning with the dollar sign in line 14, it is proposed to strike out down through the date "1950", in line 17, and to insert in lieu thereof the following: "\$3,638,000,000 for the period April 3, 1949, through April 2, 1950"; on page 5, lines 18 and 19, strike out: "June 30, 1949", and insert in lieu thereof "April 2, 1949"; in line 23, strike out "fiscal year ending June 30, 1950", and insert in lieu thereof "the period ending April 2, 1950"; and on page 6, line 2, strike out "fiscal year" and insert in lieu thereof "period."

Mr. WHERRY. Mr. President, the second amendment which has just been read would reduce the authorization for ECA from 15 to 12 months. The 12 months would begin next April 3 and would expire April 2, 1950. In other words, this amendment would put ECA on a yearly basis instead of on the present 15-month basis. I think that is highly desirable. We make our own appropriations on a yearly basis, and I cannot see any reason why we should not consider the appropriations for the ECA on a yearly basis. It is confusing to extend them beyond that period.

The bill which is before the Senate would provide \$4,280,000,000 for 1 year of operation, beginning July 1, 1949. My amendment would reduce that amount by \$642,000,000, or 15 percent. That is the only difference between my amendment and the so-called Taft amendment. It is a reduction of 15 percent instead of a reduction of 10 percent. Under my amendment, the \$1,150,000,000 carried in the bill for April, May, and June of this year would be eliminated, along with the \$150,000,000 provided in the bill for an indefinite period beyond June 30, 1950.

It seems to me, in view of the argument which has been made, that the \$150,000,000 provided in the bill for an indefinite period beyond June 30, 1950, should be the first item stricken from the measure, because that is certainly looking a long way ahead. I am proposing a 15-percent cut in 1 year of ECA operations in the hope that the 15-percent reduction may be followed as a pattern for reductions in other budget proposals, in order to prevent an increase in taxation. In appropriation bills already reported by the House Appropriations Committee there have been general 15-percent reductions.

In that connection, I call to the attention of the Senate, the Interior Department appropriation bill, and also the civil functions appropriation bill. There is a 15-percent reduction right across the board in those two bills. It seems to me that if we are to undertake to prevent an increase in taxation and make reductions in appropriations for electric power and water control, the same cut should

be made across the board, whether it be in the ECA or domestic appropriations.

I believe that the ECA authorization should be made on a 12-month basis, for several reasons. First, the participating countries are now up to prewar levels, industrially, and in some things they are above prewar production. If they continue to build up their economies as they have been doing, they may not need an appropriation from the United States beyond April 1950. Congress will have plenty of time between January and April to make its decision, as it reviews the work of ECA for another year, if we make the 15-percent reduction which I am suggesting.

If the evidence at that time shall warrant additional appropriations for ECA, we can make them. At any rate, I believe, in view of the uncertainties in our own domestic situation, as well as in the general world situation, it would be wiser for Congress to take another look at ECA a year from now instead of 15 months from now.

No one can predict with certainty what the economic situation in the United States will be a year from now, especially since the speech of the distinguished senior Senator from Georgia [Mr. GEORGE], in which he described the situation with which we are confronted, which might require an increase in taxes. That would be a drag on business. We are confronted by the alternative of reducing Federal expenditures all along the line, except, of course, for urgently needed activities, or we shall have to increase taxes. All we need to assure continuation of the downward trend of business and employment is a \$5,000,000,000 increase in taxes.

Mr. President, I should like to point out further that under my amendment shipments of materials to ECA participating countries would not end abruptly on April 2, 1950. There would be shipments for many months thereafter as goods on order are completed.

The pipe lines to Europe are now full and overflowing. I am informed that more than \$2,500,000,000 in materials and authorizations are still unshipped. That is about as much as Europe has received during the past 9 months, when European recovery reached a level far greater than the most optimistic persons had predicted.

Thus, by adding the \$2,500,000,000 in aid that is yet to be given to ECA countries under the existing appropriations, to the \$3,638,000,000 which I propose in my amendment for the next 12 months, the total rises to \$6,138,000,000.

Judging by the election returns from western Europe, it seems to me that the threat of communism is definitely diminishing, because the misery of the people from the ravages of the war has been substantially reduced, and the people, through increased industrial activity, are regaining their strength to ward off the misleading propaganda of Communists.

The additional funds which my amendment would provide certainly should give further strength to the peoples of the participating ECA countries.



There is no obligation on the part of the United States to finance the economies of western European nations in order that they may, in turn, take foreign markets, including our own American market, and thereby cause our factories to close and lengthen the lines of our unemployed.

Canada has contributed magnificently to the recovery of the United Kingdom. But Canada is being prudent. She recently reduced the taxes upon her people, cutting them back nearer to prewar levels than have we in the United States.

At this time we are not moving toward reduction in taxes in the United States. We are threatened by a substantial increase, which, if made, could result only in unfavorable consequences.

Mr. President, I want to thank the Senator from Nevada for yielding to me, and I make the suggestion at this time that if and when the Senate recesses tonight, if it is in order, I shall ask unanimous consent that the Senator from Nevada be recognized when the Senate convenes tomorrow morning.

Mr. LUCAS. Mr. President, I do not know anything about a recess. It is only 5 o'clock—

Mr. WHERRY. I said, "if and when." Mr. President, I withdraw the suggestion.

Mr. LUCAS. Mr. President, will the Senator from Nevada yield?

Mr. MALONE. I yield for a question.

Mr. LUCAS. Does the Senator desire that I suggest the absence of a quorum?

Mr. MALONE. Not at this time.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. LUCAS. Mr. President, does the Senator yield for a question or for a speech?

Mr. MALONE. I yield for a question.

Mr. WILLIAMS. Mr. President, last Friday I made a certain statement on the floor of the Senate regarding the books of the Commodity Credit Corporation, and made a request, and at that time offered a resolution to have the books of the Corporation produced. Those books are here, they are now ready for submission to the Senate, and I should like to make a brief statement at this time regarding the books, because last Friday the implication—

Mr. LUCAS. Mr. President—

Mr. WILLIAMS. I am going to frame this in the form of a question first, if the Senator from Illinois will permit me. I am going to make a brief statement, because last Friday when I asked that the resolution I offered be agreed to I said that if and when those books were submitted I would stand on the floor of the Senate, and if the books did not substantiate my charges I would so state and clarify the RECORD, or if they did, I would so state.

I ask unanimous consent that the books may be presented, and that I may be granted a few minutes, and I will confine my remarks—

Mr. LUCAS. I object.

The PRESIDING OFFICER. Objection is heard. The Senator from Nevada may proceed.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. MALONE. I yield.

Mr. WHERRY. I suggest to the able Senator from Nevada that if it is his intention to proceed, I think a quorum should be had. The Senator is now about to start on an address which will be very informative, and the Members of the Senate should hear it.

Mr. MALONE. Mr. President, I suggest that the quorum call be delayed for a few minutes.

Mr. WHERRY. Very well.

Mr. MALONE. Mr. President, I appreciated the contributions made by the Senator from Ohio [Mr. TAFT], the Senator from California [Mr. KNOWLAND], the Senator from Utah [Mr. WATKINS], the Senator from Missouri [Mr. DONNELL], and others, on the general subject of world economics which fit into the picture of present conditions and the subject I am about to discuss. The particular point I wish to make in this connection is that we are now trying to enter into the world economic picture which has been established for many generations and which is not cut to our pattern, nor do the long-established plans take into account our well being.

Forty years ago, and, for the most part, 100 to 150 years ago, the empire-minded nations were well along in establishing their colonial possessions in Asia, the Near East, the South Seas, and in Africa. History shows that they have not changed in their attitude toward their colonial possessions. They frankly farmed them for the benefit of the mother country in each case, through established empire preferential rates and other restrictions.

Thirty-five years ago, Mr. President, and even before that time, beginning perhaps approximately 350 years ago, in some areas, as in the case of the Netherlands in the East Indies. We did not at that time consider their treatment of these possessions in the light of affecting our welfare, and particularly our peace and safety. Then World War I came along, and we entered that conflict because our leaders decided that our ultimate peace and safety were actually threatened. So we sent our boys to Europe to drive back the invader, and out onto the Pacific to reestablish these nations in their colonial possessions. The same thing happened again in 1941, when we entered World War II, for the same reason.

Twice in my lifetime, and in the lifetime of my colleagues on the Senate floor, we have entered into world conflicts for the same reasons, and twice in the memory of all of us, when we entered into one or both of those wars, we left bloody tracks all over the western rim of the Pacific and in Europe in defense of the integrity of these nations and their colonial possessions.

Mr. President, this time we not only did the major portion of their fighting, but we are also doing their financing. So I conclude that it is time we should explore the field and determine just where our own Nation's economic interests lie in world affairs, and quit following blindly the lead of the European nations.

Mr. President, during the course of this address I intend to show that the administration is giving lip service to

the workers through proposed labor legislation—and that they are at the same time pulling the jobs out from under the feet of the American workers through a three-prong free-trade program.

I have proposed the establishment of a flexible import fee principle "to put a floor under wages"—to hold our wage-living standard while we are assisting the 57 other member nations in raising their own.

I intend to show that we are arming Russia for the third world war through money and supplies furnished the 16 European nations under the ECA—and that the recipient nations are shipping everything from locomotives to jet engines to Russia and Russian satellite countries. These supplies are largely produced with the raw material and money furnished by the United States through ECA.

I herewith submit a proposed amendment to the ECA bill, and ask that the amendment be read.

The PRESIDING OFFICER. The clerk will read the amendment for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. —. (a) Notwithstanding any other provision of the Economic Cooperation Act of 1948, as amended, assistance rendered under such act to any participating country after the date of enactment of this act shall be on the basis of loans only; except that this subsection shall not apply to assistance rendered in the form of food or medicines for the relief of human suffering in a participating country if the Administrator finds, and the President approves such finding, that due to temporary conditions an emergency exists in such country which the government thereof is unable to meet.

(b) All such loans shall be fully and adequately secured. The Administrator, under such terms and conditions as he shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by him as security for such loans. Such loans may be made directly upon promissory notes or by way of discount or rediscount of obligations tendered for the purpose, or otherwise, in such form and in such amount and at such interest or discount rates as the Administrator may approve. Each such loan may be made for a period not exceeding 3 years, and the Administrator may from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond 10 years from the date upon which such loan was made originally. Such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

Mr. MALONE. Mr. President, the amendment which I have just offered provides that the ECA extend loans for the establishment of rehabilitation of industries in any European country upon exactly the same principle and conditions as money is loaned through the RFC to American industry—with adequate provision for securing the loan and for its repayment.

American companies are now moving into European countries to utilize European low-wage living standard labor—and not only furnish the foreign market, but will include a large sector of the



American market—with commodities which will displace American workers at home.

The President of the United States has gone so far as to propose that such foreign investments by American companies be guaranteed by the United States—with the inevitable result that their products will flood American markets and throw millions of our workers out of employment.

He is doing this at a time when we already have 4,000,000 men unemployed—and nine and one-half million workers on part-time jobs—and that estimate of unemployed men does not include the thousands of railroad men on the extra board—waiting for the call boy to knock at the door.

Mr. DONNELL. Mr. President, will the Senator yield to me for a question?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Missouri?

Mr. MALONE. I yield.

Mr. DONNELL. Has the Senator given thought, in connection with the point he is now developing, to the fact that the proposed North Atlantic Pact contains this sentence:

They—

That is to say, the signatories—will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

And does the Senator regard the sentence which I have read as possibly indicating a decline in our efforts to safeguard the workingmen in our country and to engage in some economic collaboration between 11 or 12 or any number of nations?

Mr. MALONE. I would say, in answer to the distinguished Senator from Missouri, that there is no question but that we have entirely forgotten our own workingmen. In other words, that the differential in the cost of production between this Nation and where our competition is located, on each specific product, has been entirely disregarded in the adjustment of tariffs or import fees.

It has been established over a long period of years, and that is how we built up our industry in this country, by providing an import fee which represented that differential of cost between the production of an article in this country and where our competition is located—due mostly to the difference in the wage standard of living. Now, however, we have, because of propaganda over the years, talked about high tariffs, about low tariffs, or import fees, whereas, as a matter of fact, neither high tariffs nor low tariffs should enter into the discussion. Since unless such tariff or import fee represents the critical point of such differential of cost, we have entirely disregarded the principle. If it is below that critical point, we have no protection, and, if it is above it, the additional amount is unnecessary.

That is the reason for flexibility in tariff adjustment—to meet the changing economics of the countries concerned, and to meet any deliberate attempt to nullify the effect of such tariffs through

manipulation of the currencies or other subterfuge.

I intend to show that the President's specious plea of stopping or containing communism is a phony economic cold war against Soviet Russia. If the Truman program is approved by Congress, American labor will be sold down the river like Czechoslovakia at Munich. Many of our factories will stand idle and Joe Stalin will have won the economic cold war without firing a shot.

I will show that England and France, two of the proposed signatories of that pact, now have nonaggression treaties with Russia guaranteeing that they will not enter into any coalition against Russia, and that these nonaggression treaties are subject to termination only upon 12 months' notice; which notice, however, has not been given as of today.

Mr. CAIN. Mr. President, will the Senator yield for a question?

Mr. MALONE. I am glad to yield to the Senator from Washington.

Mr. CAIN. Would the Senator find it convenient at this point to provide such additional information as he has on the statement he has just made, or does he intend to go further with reference to this statement at a later place in his discourse?

Mr. MALONE. I do intend to touch upon it at a later point in my address, and I intend to submit the nonaggression treaty between Great Britain and Russia, and the nonaggression treaty between France and Russia. I intend later to submit the treaties for the RECORD.

Mr. CAIN. May I bother the Senator to ask him a short question at this time?

Mr. MALONE. I am happy to yield to the Senator from Washington.

Mr. CAIN. Has the Senator heard of any intention on the part of either England or France to terminate their nonaggression agreements with Soviet Russia?

Mr. MALONE. I would say to the distinguished junior Senator from Washington that I have not only not heard of any intention to terminate these nonaggression pacts, but that I will, at a later time in my address, point out and submit for the RECORD trade treaties which have been made since the nonaggression treaties, which cover everything from, as I have formerly said, monkey wrenches and tool steel to locomotives, which they are fabricating from the steel and the aluminum and the materials we are sending under the Marshall plan. They are using our money to manufacture them and send them on to Russia and to her satellite countries. It is just a manufacturing-in-transit rate.

Mr. CAIN. Mr. President, will the Senator yield for one further question?

Mr. MALONE. I am happy to yield.

Mr. CAIN. Does the Senator from Nevada at a later stage in his observations intend to endeavor to reconcile what is, on the basis of what the Senator has just said in the statement to which I have referred, a vast contradiction?

Mr. MALONE. I would say to the Senator from Washington that to me such actions are irreconcilable.

Mr. DONNELL. Mr. President, will the Senator yield for a further inquiry?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Missouri?

Mr. MALONE. I am happy to yield to the Senator from Missouri.

Mr. DONNELL. I should like to ask the Senator from Nevada whether he intends to discuss in the course of his address and in connection with this matter of treaties between England and France and Russia, the affect, if any, of those treaties upon article 8 of the proposed North Atlantic Pact, which reads:

Each party declares that none of the international engagements now in force between it any other of the parties or any third state is in conflict with the provisions of this treaty, and undertakes not to enter into any international engagement in conflict with this treaty.

Mr. MALONE. I will say to the Senator from Missouri that article 8 conflicts directly, in my opinion, with article VII of the treaty between the United Kingdom and Russia, which is entitled:

The title of the nonaggression pact is: "Treaty of Alliance in the War Between Hitlerite Germany and Her Associates in Europe and of Collaboration and Mutual Assistance Thereafter Concluded Between the Union of Soviet Social Republics and the United Kingdom of Great Britain and Northern Ireland."

Because it goes further than that and provides in article VII that—

Each high contracting party undertakes not to conclude any alliance and not to take part in any coalition directed against the other high contracting party.

And since I conclude, from the newspapers and general interpretation of the North Atlantic Pact, that it is aimed directly at Russia, then there is a direct contradiction. The provision which I read is included in both pacts. Therefore I conclude that the nations of France and England have directly violated article VII of their pact with Russia, without any intention, or at least obvious intention, of canceling such contract or getting out of such contract.

Mr. DONNELL. Mr. President, will the Senator yield for a further inquiry?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Missouri for another question?

Mr. MALONE. Yes.

Mr. DONNELL. Am I correct in understanding, therefore, that the Senator from Nevada is of the opinion that the treaty now existing, from which he has just read, does conflict with the purpose and intent of article 8 of the proposed North Atlantic treaty, which article I have just read?

Mr. MALONE. I would say to the distinguished Senator from Missouri that obviously it is directly at variance with any agreement that they could possibly make in entering the North Atlantic Pact, because the headlines of the newspapers, the explanation of the Secretary of State, and all explanations we have heard on the floor of the Senate, as well as discussions, indicate that the North Atlantic Pact is for one purpose, and that is of continuing to contain Russia and to prevent any attack, or the culmination, one might say, of what has been



their obvious intention in exercising their veto, in dealing through the United Nations.

Mr. DONNELL. Will the Senator yield for one further question?

Mr. MALONE. I will yield.

Mr. DONNELL. Will the Senator be kind enough to give us the date of the instrument from which he just read, if he has it conveniently at hand?

Mr. MALONE. The pacts of the Soviet Union treaties printed in this document were made between the dates of 1942 and 1944. Number 1 is Anglo-Soviet Treaty, dated May 26, 1942.

Mr. DONNELL. I do not mean to interrupt the Senator unduly. If he prefers to present that information later I shall not insist on that date.

Mr. MALONE. No, I am happy to be interrupted.

(At this point Mr. MALONE yielded to Mr. WILLIAMS, who addressed the Senate on matters having to do with the books of the Commodity Credit Corporation. By unanimous consent the remarks of Mr. WILLIAMS were ordered transposed so as to follow Mr. MALONE's speech.)

Mr. MALONE. Mr. President, I intend to show that the United Nations is being bypassed in a series of administration moves and financial manipulations, and that the world is being swiftly divided into spheres of influence between the United States and Russia. Last year the Marshall plan, now known as ECA, was authorized and financed by the Congress for 1 year. At almost the same time the 1934 Trade Agreements Act was extended for 1 year—and there was considerable discussion of bringing to the Senate the Charter of the International Trade Organization Treaty, which originated several years ago shortly after the International Monetary Fund, but its consideration was postponed. It is duly signed by the 58 nations and has been signed for over 1 year, yet it is withheld from the Congress until such time as the first two parts of the program have been adopted by the Congress, because it is the final rivet in the free-trade program.

THREE-PART FREE-TRADE PROGRAM—CONSIDER TOGETHER

The fact that the 1934 Trade Agreements Act was extended for only 1 year, so its consideration would also coincide with the date when the ECA, the Marshall plan, would again be before this body, and the time of consideration of the International Trade Organization Treaty before the Senate, was not an accident. The State Department program had always encouraged bringing each of the three-part free-trade scheme before Congress—each as a great emergency in its own right.

They were, however, timed to come before the Senate at approximately the same date this year because the three are indelibly linked together.

The Marshall plan, now known as the ECA, the 1934 Trade Agreements Act, and the International Trade Organization treaty form a three-part economic legislative program designed to distribute the wealth and the markets of this Nation throughout the world, and to adopt the free-trade principle as the

definite and settled policy of this Nation. That is, put the low-cost Asiatic and European labor in direct competition with the American workers on an even basis.

This three-part free-trade program is designed to undermine the basic economic structure of this country, with the one objective of dividing our wealth and leveling our high-wage living standard with the low-wage living standards of such Asiatic and European nations.

The provisions of each part of the three-part free-trade program include:

First. The ECA appropriations are admittedly established to make up the trade-balance deficits of the European nations with hard-currency nations in cash each year. Our chief export is cash.

Second. Extend for 3 years the 1934 Trade Agreements Act, under which the State Department has adopted a selective free-trade principle, to divide the markets of this Nation with foreign nations, on the theory that, to the extent that we divide our markets with them, their trade-balance deficits will decrease.

Third. Adoption of the International Trade Organization Treaty, including ultimately 58 nations with 58 votes, in which we will have one vote—the same as Siam or Lithuania—and this organization is designed to meet once each year and add up the remaining production and markets of the world and divide them between the nations of the world eventually on a basis of population, thus making free trade the permanent and accepted policy of this Nation.

The first step of the three-part program, that of making up the trade-balance deficits of the European nations in cash each year through ECA, began rather modestly with scattered gift loans to the European nations, leading up to UNRRA—then to the gift loan of \$3,750,000,000 to England in 1946—and then to the \$17,000,000,000 program which is soon to be followed by the Truman global recovery program.

The second step inaugurated through the 1934 Trade Agreements Act, currently known as reciprocal trade, under which the State Department has adopted the selective free-trade principle, is to be extended for 3 years at this session of Congress and the principle later to be made permanent through the adoption of the International Trade Organization treaty.

The phrase "reciprocal trade" does not occur in the 1934 Trade Agreements Act—it is simply a catch phrase to sell free trade to the American people cloaked with the more involved and less understandable phraseology.

The third and final step of this very clever three-phase program—to divide the markets and to distribute the wealth of this Nation throughout the world—is the adoption of the presently proposed International Trade Organization under which the selective free-trade principle will be made permanent and become the settled policy of this Nation.

Mr. KEM. Mr. President, will the Senator from Nevada yield?

Mr. MALONE. I yield to the Senator from Missouri.

Mr. KEM. I am very much interested in what the Senator from Nevada is saying. I wonder just where the Bank for International Settlement, which was agreed on at Bretton Woods, fits into this picture. As I understand, the Government of the United States invested the sum of \$6,000,000,000 under the Bretton Woods agreement, and Bretton Woods seems to have been largely forgotten. Like most of the predecessors of the Marshall plan, it seems to be un-honored and unsung, and also forgotten. I ask the Senator just where Bretton Woods fits into this picture he is drawing for us.

Mr. MALONE. Mr. President, every one of these organizations—the International Fund, the Bretton Woods agreement, the organizations of different character each in its turn, UNRRA, the British loan—all have come along each to be a complete answer, "This is all we will ever have to do. This will put every nation on its feet." Each has faded out like the mist before the sun, and there is always another proposition to take its place—to gift-loan. I do not suppose anyone is naive enough, least of all a United States Senator, to believe that any of the money we have put out under any of these organizations and ideas will ever be returned to the United States Treasury. Yet we go for each in its turn, as a cure-all.

Now we have ECA, the Marshall plan, under which money is being furnished to the participating nations. As I said in the beginning of my address, I intend to prove we are arming Russia with this money and materials, just as we did Japan for 5 years prior to Pearl Harbor. In other words, it is just another matter of manufacturing and processing the raw materials purchased with money from the United States Treasury—everything from engines to locomotives, and sending them along to Russia, or her satellite nations.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. MALONE. I yield to the Senator from Nebraska.

Mr. WHERRY. The Senator has recently made a trip completely around the world, I believe, and particularly to the participating countries, has he not?

Mr. MALONE. Yes, I have inspected practically every country in Europe, the Mid East, Asia, the Near East, the South Seas and Africa.

Mr. WHERRY. They would come in among the participating countries?

Mr. MALONE. The European countries; the Senator is correct.

Mr. WHERRY. Does the distinguished Senator from Nevada, who has just barely started on his speech, intend to continue his address tomorrow, if he shall be recognized, and for the information of the Senate to give details relative to his findings of how ECA has been operating in those countries?

Mr. MALONE. Yes, I intend to go into considerable detail, and to show not only where the money went, but for what obvious purpose.

Mr. WHERRY. I think the Senate would be deeply appreciative if it could get that information, because it seems



to me that the one who has had firsthand information and can bring that to the attention of the Senate, will really render a great service. I hope the Senator, as he continues his speech, will make as many observations as he can, even if they are ad lib, off his prepared speech, so that he can bring to us his experience in the consideration of the program we are discussing.

The Senator has been very patient; I do not know of any one who has been interrupted more than he has been during the past hour.

It is now 6:10. I am not sure whether the acting majority leader, the Senator from Louisiana [Mr. ELLENDER], would consent to the Senate taking a recess at this time until tomorrow; but because of the fact that the speech of the Senator from Nevada is so important, it seems to me he ought to be given the opportunity of presenting his remarks and observations to the entire membership of the Senate. I wonder if the Senator would permit me to suggest to him that he might make a unanimous-consent request that he be permitted to continue his speech tomorrow, and that he may be recognized when the Senate convenes tomorrow in order that he may continue the speech he has already begun.

Mr. MALONE. Mr. President, I do make such a request. I have been very happy to yield for necessary interruptions, and I only regret, I wish to say for the RECORD, that I was not able to yield immediately to the Senator from North Dakota [Mr. LANGER] to answer the distinguished senior Senator from Texas. But I hope that the Senator from North Dakota may request the floor tomorrow for his answer to the Senator from Texas.

If the Senator from Louisiana will permit me, I should like to continue for 3 or 4 minutes in order to insert some data and information in the RECORD which I believe will be really important for the Senate to have before it tomorrow.

All of this division of the wealth of this Nation with the countries of the world through gift loans equal to the trade-balance deficits of the European countries and the division of the markets through the 1934 Trade Agreements Act and later to be adopted and made permanent through approval of the International Trade Organization is on the theory that the living standards of the remaining countries of the world will thereby be elevated to ours, and that in some mysterious way we will benefit by increased foreign trade.

As a matter of fact, with 7 percent of the population of the world, the actual effect will be a substantial reduction in our wage-living standards.

Mr. President, I now ask unanimous consent to have inserted in the RECORD the nonaggressions pacts between the Union of Soviet Socialist Republics and the United Kingdom of Great Britain and Northern Ireland, which is to be found in the Department of State's Documents and State Papers, Volume I, No. 1, July 1948, on pages 227 and 228, and the Treaty of Alliance and Mutual Assistance between the U. S. S. R. and the

French Republic, to be found on page 230.

In addition to that, I ask unanimous consent to insert in the RECORD at this point a table taken from the hearings before the Senate Finance Committee on the subject of extension of Reciprocal Agreements Act, the hearings being held on House bill 1211, between February 17 and February 23, 1949, the table appearing in part I. The table is to be found on pages 38 and 39 of that document, and purports to show the most recent commercial agreements between the OEEC countries, the European countries which we are helping through ECA, and the countries of eastern Europe.

There are 88 of these treaties, and 45 of them are designated. I have in my possession 45 of these trade treaties. Forty of the treaties were considered as restricted by the State Department, and I was allowed only to see them in the possession of a State Department official. However, I did peruse enough of the contents to know that they conform very closely to the ones I am going to put into the RECORD, and that they contain trade agreements covering almost every conceivable manufactured and fabricated article, including locomotives, engines, and electrical equipment, and tool steel. Almost everything that can be used in the event of war with the United States are included in these treaties which the ECA nations have agreed to send to Russia and the iron-curtain countries. Three of the treaties, which I do not have in my possession were called extremely confidential. In other words, the State Department official held the treaties in his hands, while I looked at them. I do have these 43 treaties or trade pacts—and I ask unanimous consent to have them printed in the RECORD at this point for the benefit of the Senate of the United States. I consider it extremely important that the Members of the Senate and the House—and the citizens of the United States of America know what is being accomplished through the use of the ECA—the Marshall-plan money.

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Without objection, the various insertions will be made according to the request of the Senator from Nevada.

The matters referred to are as follows:

TREATY OF ALLIANCE IN THE WAR AGAINST HITLERITE GERMANY AND HER ASSOCIATES IN EUROPE AND OF COLLABORATION AND MUTUAL ASSISTANCE THEREAFTER CONCLUDED BETWEEN THE UNION OF SOVIET SOCIALIST REPUBLICS AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

His majesty The King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India, and the Presidium of the Supreme Council of the Union of Soviet Socialist Republics;

Desiring to confirm the stipulations of the Agreement between His Majesty's Government in the United Kingdom and the Government of the Union of Soviet Socialist Republics for joint action in the war against Germany, signed at Moscow on the 12th July, 1941, and to replace them by a formal treaty;

Desiring to contribute after the war to the maintenance of peace and to the prevention of further aggression by Germany or

the States associated with her in acts of aggression in Europe;

Desiring moreover, to give expression to their intention to collaborate closely with one another as well as with the other United Nations at the peace settlement and during the ensuing period of reconstruction on the basis of the principles enunciated in the declaration made on the 14th August, 1941 by the President of the United States of America and the Prime Minister of Great Britain to which the Government of the Union of Soviet Socialist Republics has adhered;

Desiring, finally, to provide for mutual assistance in the event of an attack upon either High Contracting Party by Germany or any of the States associated with her in acts of aggression in Europe.

Have decided to conclude a treaty for that purpose and have appointed as their Plenipotentiaries:—

His Majesty The King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India,

For the United Kingdom of Great Britain and Northern Ireland: The Right Honourable Anthony Eden, M. P., His Majesty's Principal Secretary of State for Foreign Affairs;

The Presidium of the Supreme Council of the Union of Soviet Socialist Republics:

M. Vyacheslav Mikhailovich Molotov, People's Commissar for Foreign Affairs,

Who, having communicated their Full Powers, found in good and due form, have agreed as follows:—

#### PART I

##### Article I

In virtue of the alliance established between the United Kingdom and the Union of Soviet Socialist Republics the High Contracting Parties mutually undertake to afford one another military and other assistance and support of all kinds in the war against Germany and all those States which are associated with her in acts of aggression in Europe.

##### Article II

The High Contracting Parties undertake not to enter into any negotiations with the Hitlerite Government or any other Government in Germany that does not clearly renounce all aggressive intentions, and not to negotiate or conclude except by mutual consent any armistice or peace treaty with Germany or any other State associated with her in acts of aggression in Europe.

#### PART II

##### Article III

(1) The High Contracting Parties declare their desire to unite with other like-minded States in adopting proposals for common action to preserve peace and resist aggression in the post-war period.

(2) Pending the adoption of such proposals, they will after the termination of hostilities take all the measures in their power to render impossible a repetition of aggression and violation of the peace by Germany or any of the States associated with her in acts of aggression in Europe.

##### Article IV

Should one of the High Contracting Parties during the post-war period become involved in hostilities with Germany or any of the States mentioned in Article III (2) in consequence of an attack by that State against that Party, the other High Contracting Party will at once give to the Contracting Party so involved in hostilities all the military and other support and assistance in his power.

This Article shall remain in force until the High Contracting Parties, by mutual agreement, shall recognise that it is superseded by the adoption of the proposals contemplated in Article III (1). In default of the adoption of such proposals, it shall remain in force for a period of twenty years, and there-



after until terminated by either High Contracting Party, as provided in Article VIII.

#### Article V

The High Contracting Parties, having regard to the interests of the security of each of them, agree to work together in close and friendly collaboration after the reestablishment of peace for the organization of security and economic prosperity in Europe. They will take into account the interests of the United Nations in these objects, and they will act in accordance with the two principles of not seeking territorial aggrandisement for themselves and of non-interference in the internal affairs of other States.

#### Article VI

The High Contracting Parties agree to render one another all possible economic assistance after the war.

#### Article VII

Each High Contracting Party undertakes not to conclude any alliance and not to take part in any coalition directed against the other High Contracting Party.

#### Article VIII

The present Treaty is subject to ratification in the shortest possible time and the instruments of ratification shall be exchanged in Moscow as soon as possible.

It comes into force immediately on the exchange of the instruments of ratification and shall thereupon replace the Agreement between the Government of the Union of Soviet Socialist Republics and His Majesty's Government in the United Kingdom, signed at Moscow on the 12th July, 1941.

Part I of the present Treaty shall remain in force until the re-establishment of peace between the High Contracting Parties and Germany and the Powers associated with her in acts of aggression in Europe.

Part II of the present Treaty shall remain in force for a period of twenty years. Thereafter, unless twelve months' notice has been given by either Party to terminate the Treaty at the end of the said period of twenty years, it shall continue in force until twelve months after either High Contracting Party shall have given notice to the other in writing of his intention to terminate it.

IN WITNESS WHEREOF the above-named Plenipotentiaries have signed the present Treaty and have affixed thereto their seals.

DONE in duplicate in London on the 26th day of May, 1942, in the English and Russian languages, both texts being equally authentic.

ANTHONY EDEN.  
V. MOLOTOV.

### TREATY OF ALLIANCE AND MUTUAL ASSISTANCE BETWEEN THE USSR AND THE FRENCH REPUBLIC

The Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics and the Provisional Government of the French Republic, determined to prosecute jointly and to the end the war against Germany, convinced that once victory is achieved, the reestablishment of peace on a stable basis and its prolonged maintenance in the future will be conditioned upon the existence of close collaboration between them and with all the United Nations; having resolved to collaborate in the cause of the creation of an international system of security for the effective maintenance of general peace and for insuring the harmonious development of relations between nations; desirous of confirming the mutual obligations resulting from the exchange of letters of September 20, 1941, concerning joint actions in the war against Germany; convinced that the conclusion of an alliance between the USSR and France corresponds to the sentiments and interests of both peoples, the demands of war, and the requirements of peace and economic reconstruction in full conformity with the aims which the United Nations have set themselves, have decided to conclude a Treaty to this effect and appointed as their plenipotentiaries:

The Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics—Vyacheslav Mikhailovich Molotov, People's Commissar of Foreign Affairs of the USSR;

The Provisional Government of the French Republic—Georges Bidault, Minister of Foreign Affairs;

Who after exchange of their credentials, found in due form, agreed upon the following:

#### ARTICLE I

Each of the high contracting parties shall continue the struggle on the side of the other party and on the side of the United Nations until final victory over Germany. Each of the high contracting parties undertakes to render the other party aid and assistance in this struggle with all the means at its disposal.

#### ARTICLE II

The high contracting parties shall not agree to enter into separate negotiations with Germany or to conclude without mutual consent any armistice or peace treaty either with the Hitler government or with any other government or authority set up in Germany for the purpose of the continuation or support of the policy of German aggression.

#### ARTICLE III

The high contracting parties undertake also, after the termination of the present war with Germany, to take jointly all necessary measures for the elimination of any new threat coming from Germany, and to obstruct such actions as would make possible any new attempt at aggression on her part.

#### ARTICLE IV

In the event either of the high contracting parties finds itself involved in military operations against Germany, whether as a result of aggression committed by the latter or as a result of the operation of the above Article III, the other party shall at once render it every aid and assistance within its power.

#### ARTICLE V

The high contracting parties undertake not to conclude any alliance and not to take part in any coalition directed against either of the high contracting parties.

#### ARTICLE VI

The high contracting parties agree to render each other every possible economic assistance after the war, with a view to facilitating and accelerating reconstruction of both countries, and in order to contribute to the cause of world prosperity.

#### ARTICLE VII

The present treaty does not in any way affect obligations undertaken previously by the high contracting parties in regard to third states in virtue of published treaties.

#### ARTICLE VIII

The present treaty, whose Russian and French texts are equally valid, shall be ratified and ratification instruments shall be exchanged in Paris as early as possible. It comes into force from the moment of the exchange of ratification instruments and shall be valid for 20 years. If the treaty is not denounced by either of the high contracting parties at least one year before the expiration of this term, it shall remain valid for an unlimited time; each of the contracting parties will be able to terminate its operation by giving notice to that effect one year in advance.

In confirmation of which, the above plenipotentiaries signed the present treaty and affixed their seals to it.

DONE in Moscow in two copies, December 10, 1944.

On the authorization of the Presidium of the Supreme Soviet of the USSR.

MOLOTOV.

On the authorization of the Provisional Government of the French Republic.

BIDAULT.

### Most recent commercial agreements between OEEC countries and countries of eastern Europe

Partners	Period	Special provisions
France-Finland	May 1948-49, supplemented November 1948	
France-Czechoslovakia	August 1948-49	
France-Hungary	November 1947-48, extended to Apr. 30, 1949	
France-Rumania	July 1946 to completion	
France-Yugoslavia	May-December 1948	
France-Bulgaria	June 1947-48, presumably continued	
France-Poland	January-December 1949	
Belgium-Finland	November 1948-49	Investment agreement; March 1948-52.
Belgium-Czechoslovakia	March 1948-49	
Belgium-Hungary	April 1947-May 1948	
Belgium-Rumania	September 1948-49	
Belgium-Yugoslavia	do	
Belgium-Bulgaria	April 1947-48	
Belgium-Poland	Nov. 1, 1948-Dec. 31, 1949	
Belgium-U. S. S. R.	January-December 1948	(Some Belgian deliveries for 1949.)
Belgium-Soviet zone, Germany	November 1947-48	
Netherlands-Finland	June 1948-49, supplemented September 1948	
Netherlands-Czechoslovakia	January-December 1948, prolonged to March 1949	
Netherlands-Hungary	January-December 1949	
Netherlands-Rumania	February 1948	
Netherlands-Yugoslavia	February 1948-51; annual quotas supplemented November 1948	Preliminary agreement; Rumanian but not Netherlands deliveries specified.
Netherlands-Bulgaria	November 1948-49	Investment agreement.
Netherlands-Poland	January-December 1948	
Netherlands-U. S. S. R.	June 1948-53 (most items for 1 year delivery)	1947-49 investment agreement, revised March and July 1948. Investment agreement.



## Most recent commercial agreements between OEEC countries and countries of eastern Europe—Continued

Partners	Period	Special provisions
Netherlands-Soviet zone, Germany	June 1948-49	
Norway-Finland	November 1948-49	
Norway-Czechoslovakia	March 1948-49	
Norway-Hungary	November 1947-48	
Norway-Yugoslavia	April 1948-49	
Norway-Poland	January-December 1949	
Norway-U. S. S. R.	do.	
Norway-Soviet zone, Germany	do.	
Sweden-Finland	February 1948-49	
Sweden-Czechoslovakia	November 1947-48	
Sweden-Hungary	October 1948-49	
Sweden-Yugoslavia	April 1948-49	
Sweden-Bulgaria	October 1947-Dec. 31, 1948	April 1947-54 investment agreement.
Sweden-Poland	May 1948-49	
Sweden-U. S. S. R.	January-December 1948	March 1947-51 investment agreement.
Sweden-Soviet zone, Germany	July 1948-49, supplemented December 1948	October 1946-51 investment agreement.
Denmark-Finland	January-December 1948; November 1948 supplemented extends and expands agreement to May 1, 1949	
Denmark-Czechoslovakia	September 1948-49	
Denmark-Hungary	October 1947-48	
Denmark-Yugoslavia	July 1947-48	
Denmark-Bulgaria	May 1947-48	
Denmark-Poland	October 1948-49	
Denmark-U. S. S. R.	July 1948-Dec. 31, 1949	
Switzerland-Finland	September 1948-Feb. 28, 1950	
Switzerland-Czechoslovakia	October 1948-49	
Switzerland-Hungary	do.	
Switzerland-Rumania	March 1947-50; annual quotas	Investment agreement.
Switzerland-Yugoslavia	October 1948-53; annual quotas	
Switzerland-Bulgaria	January-December 1947	
Switzerland-Poland	January-December 1948; revised June 1948	Investment orders; delivery to 1952.
Switzerland-U. S. S. R.	April 1948-49	Investment orders; delivery to 1951.
Switzerland-Soviet zone, Germany	July 1947-48	
Austria-Czechoslovakia	August 1948-June 30, 1949	
Austria-Hungary	January-December 1948, supplemented September 1948	
Austria-Yugoslavia	September 1948-49	
Austria-Bulgaria	October 1948-49	
Austria-Poland	August 1948-49	
Italy-Czechoslovakia	September 1948-49	
Italy-Hungary	December 1948-49	
Italy-Yugoslavia	November 1947-48	1947-52 investment agreement.
Italy-Bulgaria	November 1948-49	Investment deliveries may be authorized.
Italy-Poland	January-December 1948, revised April 1948; extended to 2 months	October 1946-50 investment agreement.
Italy-U. S. S. R.	December 1948-49	December 1948-51 investment agreement.
Italy-Soviet zone, Germany	July-December 1947	
Greece-Czechoslovakia	August 1948-49	
Iceland-Finland	July 1948-49	
Iceland-Czechoslovakia	March-December 1948 extended to Feb. 28, 1949	
Iceland-Poland	July 1948-Dec. 31, 1949	
Iceland-U. S. S. R.	(May 1946-47 agreement not renewed in 1948)	
Western Germany-Finland	July-December 1948	
Western Germany-Czechoslovakia	October 1948-49	
Western Germany-Hungary	August 1948-49	
Western Germany-Yugoslavia	April-September 1948, automatically renewable	
Western Germany-Bulgaria	October-December 1947, automatically renewable	
Western Germany-Poland	January-December 1949	
Turkey-Finland	June 1948-49	No quotas scheduled.
Turkey-Czechoslovakia	December 1946-Apr. 1, 1948, automatically renewable to Mar. 31, 1949	Do.
Turkey-Yugoslavia	September 1947-48	Do.
Turkey-Poland	August 1948-49	Do.
United Kingdom-Finland	January-December 1949	
United Kingdom-Czechoslovakia	November 1945	Payments only.
United Kingdom-Hungary	August 1948-49	
United Kingdom-Yugoslavia	October 1948-49	
United Kingdom-Poland	January 1949-53, annual quotas	Investment agreement; not all goods have annual quotas.
United Kingdom-U. S. S. R.	December 1947-51; U. S. S. R. deliveries February-September 1948; United Kingdom deliveries 1948-51.	Investment agreement.
Total (88).		

## Most recent commercial agreements between OEEC countries and Spain

Partners	Period	Special provisions
France-Spain	May 1948-49 revised November 1948	
Netherlands-Spain	November 1948-May 1949	
Sweden-Spain	July 1948-49	
Denmark-Spain	March 1948-49	
Switzerland-Spain	December 1947-48, prolonged to Mar. 31, 1949	
Italy-Spain	July 1948-49	
Bizone-Spain	January-December 1949	
United Kingdom-Spain	June 1948-April 1949 revised December	No quotas.
Ireland-Spain	September 1947-48	
Total (9)		



## AMERICAN EMBASSY,

Stockholm, Sweden, February 6, 1948.

NEW SWEDISH-FINNISH COMMODITY EXCHANGE  
AGREEMENT FOR PERIOD FEBRUARY 1, 1948-  
JANUARY 31, 1949(Prepared by Frederick J. Cunningham,  
Assistant Commercial Attaché)

In a communiqué released to the local press<sup>1</sup> on February 4, 1948, the Swedish Royal Ministry for Foreign Affairs states that a new Swedish-Finnish commodity exchange agreement for the period February 1, 1948-January 31, 1949, was recently concluded in Stockholm. Total Swedish exports to Finland during this period are envisaged on the basis of this agreement to amount to approximately 53,000,000 crowns<sup>2</sup> and total imports from Finland to approximately 59,000,000 crowns. Total exchange of commodities between the two countries is thus anticipated to represent a value of approximately 112,000,000 crowns, or considerably more in comparison to the corresponding period of 1947-48.<sup>3</sup>

The communiqué states that the agreement is expected to be signed in the near future. Neither its full text, nor the commodity lists, appended thereto, have been released.

According to the communiqué, both the Swedish and Finnish Governments shall grant necessary export and import licenses for commodities included in the quota lists appended to the agreement. Swedish deliveries to Finland have been agreed to consist of iron ore, iron and steel, manufactures of iron and steel, and of other nonprecious metals, ball bearings, machinery and apparatus, telephone and telegraph material, omnibus and motor truck chassis, chemicals,

<sup>1</sup> As contained in the February 4, 1948, issue of Svenska Dagbladet, a Stockholm conservative daily.

<sup>2</sup> Current official exchange rate: 3.60 Swedish crowns equal \$1 U. S.

<sup>3</sup> See Embassy's report No. 88 of April 14, 1947, entitled "New Swedish-Finnish Trade and Payments Agreement, 1947."

certain food products, and other commodities. Swedish imports from Finland, on the basis of the agreement, shall include, among other things, cheese and certain other food products, sawn and planed lumber, birch plywood and lamella, certain kinds of paper, textiles, household and sanitary porcelain ware, pig iron, iron and metal manufactures, semimanufactures of copper and brass, and other commodities, unspecified.

According to Svenska Dagbladet, dated February 4, 1948, total value of Swedish-Finnish trade during the new agreement period, February 1, 1948-January 31, 1949, envisaged at 112,000,000 crowns, will represent substantial increases over previous figures. Thus, under the previous 12-month agreement which expired January 31, 1948, the value of total trade between the two countries was agreed upon in the amount of 75,000,000 crowns, while that for 1946 had been envisaged at only 59,000,000 crowns.

Svenska Dagbladet points out that actual figures relating to the Swedish-Finnish exchange of commodities during 1947 considerably exceeded the total anticipated on the basis of the agreement for that year, approximating the total which is now anticipated for 1948.

The paper further states that the agreement for 1948 contains no provisions for new Swedish state credits to Finland. The paper particularly notes inclusion of such important items as pig iron and other metal products in scheduled Finnish deliveries to Sweden.

In commenting on the new Swedish-Finnish trade agreement, the Finnish Minister of Commerce is reported by the Stockholm evening paper, Aftonbladet<sup>4</sup> of February 3, 1948, to have stated that Finland will import from Sweden iron and steel products and electrical and other machinery to the value of approximately 33,000,000 crowns. Among Finnish exports to Sweden, the Minister is said to have mentioned caramels to a total value of 200,000 crowns.

<sup>4</sup> Liberal.

Given below is a table showing Swedish-Finnish trade totals, by value, for the first 11 months of 1946 and 1947 and for the whole year 1945 and 1946. The table has been compiled on the basis of the Swedish Royal Board of Trade monthly foreign trade statistics.

## Swedish trade with Finland

	Imports (thousand crowns)	Percent of total from all countries	Exports (thousand crowns)	Percent of total to all countries	Balance to Sweden (thousand crowns)
First 11 months:					
1946....	48,618	1.61	60,113	2.61	+11,495
1947....	60,694	1.27	48,624	1.70	-12,070
Whole year:					
1946....	55,800	1.66	63,761	2.53	+7,961
1945....	37,838	3.50	149,745	8.53	+111,907

HELSINKI, FINLAND, February 16, 1948.

Subject: Transmitting lists covering exchange of goods during the 12 months ending January 31, 1949, as provided under the Finnish-Swedish trade agreement

The honorable the SECRETARY OF STATE,  
Washington.

SIR: I have the honor to refer to the Legation's telegram No. 37 of February 4, 1948, reporting a Finnish-Swedish agreement to provide for an exchange of goods between Finland and Sweden during the period February 1, 1948, to January 31, 1949.

Transmitted herewith is a translation of the lists of commodities from a copy of the Swedish text made available to this Legation on a confidential basis by the Ministry for Foreign Affairs.

For the Minister,

Respectfully yours,

ARCHIBALD R. RANDOLPH,  
Second Secretary of Legation.

ENCLOSURE No. 1 TO DESPATCH No. 78, DATED FEBRUARY 16, 1948, FROM THE AMERICAN LEGATION AT HELSINKI, FINLAND, ENTITLED "TRANSMITTING LISTS COVERING EXCHANGE OF GOODS DURING THE TWELVE MONTHS ENDING JANUARY 31, 1949, AS PROVIDED UNDER THE FINNISH-SWEDISH TRADE AGREEMENT"

## LIST I.—Sweden's exports to Finland, February 1, 1948 to January 31, 1949

Swedish statistical No. <sup>1</sup>	Commodity	Quantity (metric tons)	Value (1,000 crowns)	Remarks
I. FOODS, ETC.				
27-56, 315, 316, 317.....	Fish and fish products.....		100	
211.....	Timothy seeds.....	100	(225)	
213.....	Alsike clover seeds (central Sweden).....	35	(175)	
	Sundries.....		300	
	Total foods, etc.....		800	
II. CHEMICALS, ETC.				
471 m. fl.....	Glycols.....	10	(45)	Subject to supply of electric power.
478.....	Chrome alum.....	200	(150)	
ur 480.....	Special waterglass for manufacture of electrodes.....		60	
494.....	Lead oxide.....	75	(130)	
ur 515.....	Arsenic salts.....	50	(90)	
ur 521.....	Saccharine.....	5	(110)	
ur 531:2.....	Methyl acetone.....	30	(40)	
ur 536.....	Welding electrodes.....		300	
ur 538.....	Welding electrode powder.....		500	
539:1, 2.....	Drugstore articles, principally pharmaceutical specialties.....		400	
ur 540:2.....	Pentaerythrite.....	35	(300)	Cash portion. Not quebracho extract. Only minor quantities of mimosa and myrobalan extract.
544:1.....	Developed films.....		100	
547, 549:1, 2, ur 550.....	Tanning extracts and synthetic tanning materials.....		200	
662.....	Black gunpowder.....	50	(100)	
	Sundry chemicals.....		600	
	Total chemicals, etc.....		3,125	
III. IRON AND STEEL				
ur 1330.....	Charcoal pig iron.....	1,000	(320)	Only limited quantity of basic material.
ur 1333:1-1338:3.....	Ferro-alloys.....		50	
1370, 1375, 1376, 1378, 1380, ur 1405-1408, ur 1424.....	Hot-rolled and wrought iron and steel, including sawblade plate.....	1,800	(1,800)	
1371:2.....	High-speed steel.....	30	(400)	Only limited quantity of acidproof.
ur 1371:3-6.....	Rustproof and acidproof steel.....	200	(900)	

<sup>1</sup> ur=from.



## LIST I.—Sweden's exports to Finland, February 1, 1948 to January 31, 1949—Continued

Swedish statistical No.	Commodity	Quantity (metric tons)	Value (1,000 crowns)	Remarks
III. IRON AND STEEL—continued				
ur 1371:4	Electric resistance supplies	10	(230)	
1381-1386, 1390-1392	Cold-drawn and cold-drawn steel	500	(1,000)	
ur 1393-1395, ur 1397-1399, ur 1401-1403	Drawn wires and wire-ropes of acid quality	400	(550)	
1425-1432	Hot-rolled and cold-drawn high-quality pipes and tubes	250	(350)	
	Other iron and steel		400	
	Total iron and steel		6,000	
IV. IRON AND STEEL PRODUCTS				
ur 540:2, 1433, 1434	Cylinders for compressed gases, also if filled		250	
1435-1436, 1438	Chains		100	
ur 1450-1453	Agricultural hand implements		100	
1465-1467, 1469-1472	Plane knives for machine and other planes, etc.		150	
ur 1473:2	Raw blades for safety razor blades		75	
ur 1473:1, ur 1473:2, 1657	Razor blades, safety razor blades and safety blades		75	
1479-1484	Saws, saw blades		250	
1492-1494, 1501	Pliers, vises and file vises		40	Only limited quantity of pliers.
1495:1, ur 1496, 1497, ur 1499	Drills, reamers, milling cutters, and thread tools		400	
1502-1504	Files and rasps		10	
ur 1517-1518, ur 1520, ur 1522	Iron bolts and nuts		75	
1527-1529	Ball- and roller-bearings and parts		2,400	Comprises cash lot of 1948 shipments to a value of 4,000,000 crowns as per special agreement.
ur 1551-1554 m.f.	Sickroom equipment of rustproof steel		50	
ur 1554, ur 1570:3	Lock and oil packing rings		150	
1566:1, 1568:1, 1570:1	Annealed pipe sections		125	
	Other iron and steel products		800	
	Total iron and steel products		5,050	
V. PRODUCTS OF OTHER BASE METALS				
ur 1498, ur 1579:6, ur 1649:2, m.f.	Hard metals and products, including rock drills		400	
ur 1622, ur 1623:4	Phosphor bronze and tombac wire		200	Necessary raw material to be supplied by Finland.
ur 1626	Phosphor bronze and tombac wire cloth		300	
1643-1644:2	Kerosene cookers, blow-pipes, lamps		100	
	Others		200	
	Total products of other base metals		1,200	
VI. MACHINERY AND APPARATUSES (NOT ELECTRICAL)				
ur 1664-1667, ur 1804:2	Vaporers, heat exchangers and preheaters		750	
1672-1682	Combustion motors and parts		1,000	Include 50 automobile motors of Swedish manufacture, and outboard motors of Swedish manufacture to a value of about 20,000 crowns.
1685, 1688, 1691, 1692, 1694-1707:3	Machine tools for metals, and parts		750	
1708, ur 1709-1715	Woodworking machine tools and parts		1,300	
1724, 1726, ur 1728-1729	Sewing machines and parts		500	
1733-1749	Agricultural machines and parts		400	
1750-1753, 1788, 1789, 1793	Dairy machines, including milking machines and centrifuges, and parts		300	Including complete hand separators to a value of 50,000 crowns. Only of Swedish make.
1754	Tractors and parts		260	
ur 1766, ur 1767, 1798	Cog gears and clutches and parts		150	
1769, 1770, ur 1771, ur 1799	Machines and apparatuses for wood-pulp and paper industries, and parts		800	
1766, 1777	Knitting machines and parts		75	
1780, 1782, 1783	Steam and water turbines and parts		5,750	
1784	Pumps and parts		150	
ur 1785:1, 4	Compressors, fans and parts		200	
1797:1, 2	Pneumatic machinery and parts		400	
ur 1804:2, 1957, 1958, ur 1959	Office machines, including addressing machines and parts and cash register parts		400	
1807-1814	Fittings, including gas welding fittings		200	Only limited quantities of heating and water pipe fittings.
	Others		2,000	
	Total machinery and apparatuses (not electrical)		15,325	
VII. ELECTRICAL MACHINERY AND APPARATUSES				
1815:1-1825, 1831-1836	Electric motors, generators, transformers and parts		2,000	Including sewing machine motors to a value of 50,000 crowns.
1826-1830:4	Electromechanical combination units including electrical household pumps		60	
1837:1-1840:2	Storage batteries and parts		200	Mainly alkaline batteries.
ur 1847	Graphite electrodes		50	
1851:1-1852:2, 1855:2, ur 1800	Electrical switching apparatuses (connectors, relays, motor cases, etc.)		200	Not installation material.
ur 1883:2, 1889:1	Electrical ovens and parts		600	
1884, ur 1889:5	Telephone and telegraph supplies and parts		3,000	
1885:1, 2	Radio and parts		50	
1886:1, 2	X-ray equipment and parts		100	
1889:4	Welding equipment and parts		400	
ur 1889:5, ur 1963	Telesignal supplies, including centralographs, fire alarm switchboards, railway signal supplies and time control equipment		200	
	Other electrical machinery and electrical and apparatuses supplies, including electric bulbs		800	
	Total electrical machinery and apparatuses		7,660	
234	Shellac	15	(100)	
235:1, 2037:1, ur 2037:2	Synthetic resins, pulp and sheets of synthetic rosin (mainly on melamine basis)		300	
398-401	Kaolin and other clays, etc.		400	
405-407	Iron ore	75,000	(2,000)	
910	Flax tow		500	
ur 1018, 1073	Machine felts		400	
1187, 1188	Rubber shoes		250	
1219-1221, 1242	Grinder stones, grinding, abrasive and polishing discs, and abrasive paper		250	Not abrasive cloth.
1259-1263	Refractory and acidproof bricks		500	
ur 1911	Bus and truck chassis		3,000	Only of Swedish make.
1909-1910, 1912 m.f.	Automobile spare parts		1,200	Do.



## LIST I.—Sweden's exports to Finland, February 1, 1948 to January 31, 1949—Continued

Swedish statistical No.	Commodity	Quantity (metric tons)	Value (1,000 crowns)	Remarks
	VII. ELECTRICAL MACHINERY AND APPARATUSES—continued			
nr 1437, 1917, 1919 m.f.	Bicycles and parts		250	Only limited quantity of chains.
1960:1-1961	Electric meters and other measuring instruments		100	
nr 1966:1, 2	Other measuring instruments, and measuring tools		100	
	Other instruments		250	Should the quota provided for newspapers and trade journals as well as for scientific literature and textbooks not be used in full, the balance shall be made available for other periodicals, fiction, etc.
1945-1951, 1954-1956, 1962-1965	Newspapers and trade journals, also scientific literature and textbooks		500	
	Other periodicals and fiction		500	
	Total other commodities		10.600	
	IX. SUNDRY COMMODITIES		3.000	Cash lot.
	Grand total		52.760	

## LIST II.—Finland's exports to Sweden, February 1, 1948, to January 31, 1949

Swedish statistical No.	Commodity	Value (1,000 kronor)
18	Wild fowl meat	300
14	Farm fowl meat	200
ur 21, ur 22	Reindeer meat	500
30-45	Fresh fish	300
62	Crabs	200
69, 70	Cheese	1.000
133, 134	Fresh berries	500
ur 877	Parchment paper sausage casings	150
373, 1244, 1245	Asbestos and products	500
376	Feldspar	200
ur 408	Lead slime	50
500	Potassium chlorate	300
ur 616, 2	Cellulose sizing powder	500
660-665	Dressed pelts, other than fur pelts	300
718, 749	Aspen	600
722-741, ur 747, 776-782	Sawn and planed lumber, spruce and pine	10.000
751, 752	Firewood	1.000
ur 756	Metallurgical charcoal	1.200
759:1, ur 761	Birch plywood and birch veneer	5.000
767, 768, 771, 775, 789, 791, 793: 1, 793: 2, 795-972: 2, 2076, ur 2078	Wooden articles	600
ur 819-820, ur 822-823	Cellulose knotter pulp	1.000
853: 1	Parchment paper	1.500
853-4, 857: 2 m.f.	Cigarette and condenser papers, carbon paper backing, other special papers	3.150
838:1, ur 839, ur 840:1, ur 841, ur 847, ur 862, ur 863, ur 866, ur 874, ur 877, ur 890 m.f.	Converted paper and paper-board products	1.260
ur 865	Paperboard bobbins	200
ur group XI B, C	Yarns and fabrics	9.000
1108, ur 1110	Fishing nets (from Swedish raw materials) 4,000 kg.	(60)
ur group XI D, E	Other textile products	3.500
ur 1224	Defibrator stones	50
1282, 1284, 1286, 1288	Household chinaware	1.000
ur 1287	Sanitary chinaware	2.300
1330	Pig iron	4.000
ur group XV	Iron and metal products	700
ur group XV B	Copper and brass semi-manufactures	500
ur group XVI A	Machinery, apparatuses and parts	1.500
ur group XVI B	Electric bulbs, apparatuses and supplies	300
1873:3, 1874:2	Cables	560
1853-1855:1, 1855:5-1865, 1870	Electrotechnical porcelain, electric installation material	750
ur 2042	Brushes	100
ur 2068, ur 2071	Galalith and synthetic horn buttons	200
	Others	4.000
		59.190

<sup>1</sup> ur = from.AMERICAN EMBASSY,  
Stockholm, Sweden, November 18, 1948.COMMODITY LISTS UNDER SWEDISH-HUNGARIAN  
TRADE AGREEMENT FOR PERIOD OCTOBER 1,  
1948-SEPTEMBER 30, 1949

## (Supplementary report)

## SUMMARY

Trade between Sweden and Hungary during the current agreement period, in accordance with the protocol of October 15, 1948,<sup>1</sup> further extending the validity of the July 26, 1946, trade agreement between the two countries until September 30, 1949, is to take place on the basis of new commodity lists appended to the said protocol. These lists have now been published by the Swedish State Information Bureau (Statens Upplýsningsbyrå). They supersede the previous commodity lists relating to the preceding extension of the 1946 agreement.<sup>2</sup> The text of the protocol has not been released.

The State Information Bureau reports that the two governments have agreed to maintain, as closely as possible, equilibrium between exports to Hungary of the first 13 commodity items on the Swedish list, A-1, and imports from Hungary of the first 11 commodity items on the Hungarian list, B-1. Further, an endeavor will be made to achieve equilibrium insofar as possible in the imports of each country of the balance of each other's listed products. Translations of the commodity lists in question are enclosed herewith.

## SELECTED COMMODITIES

The selected 13 export items listed on the Swedish commodity schedule, A-1 (see enclosure No. 1), which are to balance against certain selected Hungarian deliveries, specified on list B-1 (enclosure No. 2), include products for manufacture of organic dye-stuffs, wood pulp, sulfate paper for bags, machine felt, charcoal pig iron, ferrotungsten, stainless and other quality steel, ball and roller bearing steel, ball and roller bearings, copper (specifically against deliveries of laquered copper wire from Hungary), hard metal, metal-working machines and parts thereof, machinery for manufacture of ball-bearing spheres.

<sup>1</sup> See: Embassy report No. 505 of October 22, 1948, "Swedish-Hungarian Trade Agreement Protocol for Period October 1, 1948-September 30, 1949."

<sup>2</sup> See: Embassy report No. 318 (confidential) of June 21, 1948.

The selected 11 commodity items which Hungary, in return, is scheduled to deliver to Sweden include corn, alfalfa seed, oilcake waste, paraffin, nicotine, rolled iron, band iron, galvanized-iron piping, semimanufactures of aluminum, metal-working machines and parts thereof, electric motors and transformers and parts thereof, and laquered copper wire (specifically against deliveries of copper from Sweden).

It will be noted from the enclosures that in these groups of commodities Sweden has agreed to export to Hungary, among others, such important products as ball and roller bearings to a value of 1,600,000 kronor, metal-working machinery and parts for 1,250,000 kronor, and stainless and other quality steel for 1,000,000 kronor; also 7,000 metric tons of wood pulp and 1,000 metric tons of charcoal pig iron. Among the agreed corresponding Hungarian deliveries those of metal-working machinery and parts represent a value of 1,000,000 kronor, while other important shipments to Sweden include 15,000 metric tons of corn and 6,150 metric tons of iron and iron products.

No limit as to value is indicated on the commodity lists, A-1 and B-1.

## OTHER COMMODITIES

On the basis of commodity list A-1, Sweden has agreed to export to Hungary during the current agreement period, in addition to the selected 13 items, over 47 different commodities to a total value of more than 14,200,000 kronor<sup>3</sup> including certain quantities of feldspar and electrocorundum for which, however, no value is given. At the same time, on the basis of commodity list B-1, Sweden will import from Hungary, besides the 11 selected items, over 46 different products for more than 16,600,000 kronor, including malt, bath tubs, and parts of railway cars for which no value is shown.

It may be recalled<sup>4</sup> that according to a previous official Swedish press release, total Swedish exports to Hungary, during the period October 1, 1948-September 30, 1949, have been projected at 25,000,000 kronor and total imports from Hungary, at 28,500,000 kronor.

Approved:

EDWARD HUNT,  
Clerk.  
JOHN A. BIRCH,  
Attaché.

<sup>3</sup> \$1 equals Swedish kronor 3.60.

<sup>4</sup> See: Embassy report No. 505 referred to previously.



ENCLOSURE NO. 1 TO REPORT NO. 543, DATED NOVEMBER 18, 1948, FROM THE AMERICAN EMBASSY, STOCKHOLM, SWEDEN, ON THE SUBJECT OF: COMMODITY LISTS UNDER SWEDISH-HUNGARIAN TRADE AGREEMENT FOR PERIOD OCTOBER 1, 1948-SEPTEMBER 30, 1949

(Source: "Från departement och nämnder" no. 18/19, dated October 26, 1948—a publication of the State Information Bureau (Statens Upplynningsbyrå))

(Full translation from Swedish)

LIST A-1.—Exports of Swedish commodities to Hungary during period Oct. 1, 1948-Sept. 30, 1949

Commodity	Quantity	Value, Sw. Kr. 1,000
1. Products for manufacture of organic dyestuffs.....		100
2. Wood pulp, metric tons.....	7,000	
3. Sulfate paper for bags.....		750
4. Machine felt.....		200
5. Charcoal pig iron, metric tons.....	1,000	
6. Ferro-tungsten, metric tons.....	20	
7. Quality steel, hot- and cold-rolled (stainless and heat-resisting steel).....		1,000
8. Steel for manufacture of ball and roller bearings.....		200
9. Ball and roller bearings.....		1,600
10. Copper (against Hungarian deliveries of lacquered copper wire).....	(1)	(1)
11. Hard metal.....		300
12. Metal-working machinery and parts thereof.....		1,250
13. Machinery for manufacture of ball-bearing spheres and parts thereof.....		350
14. Fish.....		300
15. Animal casings, bladders, etc.....		150
16. Shellac.....		50
17. Feldspar, metric tons.....	250	
18. Electrocorundum, metric tons.....	20	
19. Material for manufacture of matches.....		60
20. Hausmannite.....		100
21. Resin pitch.....		100
22. Material for manufacture of batteries.....		400
23. Potassium chlorate.....		150
24. Turpentine oil.....		50
25. Resin glue, liquid.....		50
26. Pharmaceutical products and specialties.....		150
27. Motion-picture feature films.....		80
28. Tanning extracts.....		300
29. Sundry chemical products.....		300
30. Furs, not sewn.....		500
31. Electric insulating paper.....		350
32. Sundry paper; printing, writing, and other fine paper qualities.....		250
33. Filter and condenser paper.....		100
34. Photographic paper, raw.....		50
35. Kraft paper bags.....		100
36. Woolen rags.....		2,500
37. Grinding disks and stones.....		50
38. Electric resistance material.....		400
39. Machine knives.....		150
40. Razor blades.....		100
41. Saws, saw blades, including those for metals.....		150
42. Spiral drills.....		150
43. Drill and oval chucks.....		150
44. Screw dies.....		150
45. Watch springs.....		150
46. Railway axle box guides.....		300
47. Oil-tightening rings.....		100
48. Blow-torches.....		50
49. Other products of iron and steel.....		700
50. Metalworking tools and parts thereof.....		300
51. Woodworking machinery and parts thereof.....		100
52. Machinery for shoe factories and parts thereof.....		100
53. Cream separators and parts thereof.....		200
54. Special centrifuges and parts thereof.....		50
55. Office machines and parts thereof.....		350
56. Sundry machinery, apparatus and parts thereof (including hydraulic jacks).....		1,000
57. X-ray tubes.....		300
58. Medical and surgical instruments.....		150
59. Polyvinylchloride.....		450
60. Other commodities.....		2,500

<sup>1</sup>Not stated.

ENCLOSURE NO. 2 TO REPORT NO. 543, DATED NOVEMBER 18, 1948, FROM THE AMERICAN EMBASSY, STOCKHOLM, SWEDEN, ON THE SUBJECT OF: COMMODITY LISTS UNDER SWEDISH-HUNGARIAN TRADE AGREEMENT FOR PERIOD OCTOBER 1, 1948-SEPTEMBER 30, 1949

(Source: "Från departement och nämnder" no. 18/19, dated October 26, 1948—a publication of the State Information Bureau (Statens Upplynningsbyrå))

(Full translation from Swedish)

LIST B-1.—Exports of Hungarian commodities to Sweden during period Oct. 1, 1948-Sept. 30, 1949

Commodity	Quantity	Value, Sw. Kr. 1,000
1. Corn, <sup>1</sup> metric tons.....	15,000	
2. Alfalfa seed.....		720
3. Oilcake waste.....		300
4. Paraffin.....		275
5. Nicotine.....		230
6a. Rolled iron, metric tons.....	4,850	
6b. Band iron, metric tons.....	500	
7. Galvanized iron piping, metric tons.....		800
8. Aluminum semimanufactures, metric tons.....	800	
9. Metal working machinery and parts thereof.....		1,000
10. Electric motors and transformers and parts thereof.....		2,500
11. Lacquered copper wire (against deliveries of copper from Sweden).....	(2)	(2)
12. Feathers.....		300
13. Animal casings and bladders.....		200
14. Tomato pulp.....		300
15. Onions.....		420
16. Paprika.....		70
17. Rose hips.....		200
18. Beans.....		400
19. Malt.....	(3)	(3)
20. Corn starch.....		200
21. Sundry foodstuffs.....		300
22. Wines and liquors.....		50
23. Vaseline.....		250
24. Opium alkaloids (including papaverine).....		400
25. Pharmaceutical products and specialties (including medicinal herbs).....		200
26. Photographic paper, sensitized.....		50
27. Motion-picture feature films.....		50
28. Earth and mineral colors.....		150
29. Sundry chemical products.....		500
30. Furs (thereof sewn furs for 250,000 Swedish kronor).....		500
31. Technical and other rubber ware (transport band).....		150
32. Sawn lumber of deciduous species.....		600
33. Linen fabrics (including towel and tarpaulin fabrics).....		100
34. Rayon fabrics (linings and satins).....		600
35. Woolen fabrics.....		500
36. Cotton fabrics (blue denims, etc.).....		850
37. Pressed felt.....		150
38. Dry goods (tape, etc.).....		100
39. Men's shirts, work clothes, etc.....		200
40. Hat shapes.....		50
41. Refractory and acid-proof brick.....		200
42. Household porcelain and glazed ware also fireproof glass.....		300
43. Thermos bottles.....		150
44. Optical goods, laboratory instruments, and apparatus, including thermometers, also physical instruments.....		500
45. Bathtubs.....	(3)	(3)
46. Locks and appurtenances (excluding padlocks).....		250
47. Machines, apparatus, tools, and parts thereof.....		500
48. Parts for milking machines.....		250
49. Material for manufacture of incandescent lamps.....		650
50. Electric installation material.....		300
51. Sundry electric material.....		150
52. Electronic tubes.....		800
53. Parts of radio sets.....		550
54. Incandescent lamps and lamps for special purpose.....		650
55. Parts of railway cars.....	(3)	(3)
56. Electric meters, electric instruments, and parts thereof.....		1,000
57. Other commodities.....		2,500

<sup>1</sup> Deliveries under this item in the amount of 750,000 Swedish kronor shall not be taken into consideration

for the purpose of estimating the equilibrium provided for in art. 1, point 3, of the protocol (text of the protocol continues unreleased).

<sup>2</sup> Deliveries under this item in the amount of 200,000 Swedish Kronor shall not be taken into consideration for the purpose of estimating the equilibrium provided for in paragraph 1, point 3, of the protocol (text of the protocol continues unreleased).

<sup>3</sup> Not stated.

AMERICAN EMBASSY,

Brussels, Belgium, November 24, 1947.

TRADE AGREEMENT BETWEEN BELGO-LUXEMBOURG ECONOMIC UNION AND SOVIET MILITARY GOVERNMENT IN GERMANY, OF NOVEMBER 10, 1947

On November 10, 1947 a Trade Agreement was concluded between the Soviet Military Government in Germany and the Belgo-Luxembourg Economic Union covering trade between the Soviet Zone of Occupation in Germany and the countries of the Economic Union.

The Agreement includes List A specifying the products which are to be exported from the Soviet Zone of Occupation in Germany List B which enumerates the products which will be authorized for export from the Belgo-Luxembourg Economic Union to the Soviet Zone of Occupation in Germany. Among the items to be furnished from the Soviet Zone of Occupation are sewing machines, textile machinery, typewriters, calculating machines and parts, optical and laboratory glassware, electrical equipment, wool products, etc. The Belgo-Luxembourg Economic Union is to furnish for the Soviet Zone of Occupation in Germany items such as super-phosphates and other fertilizers, sensitized photographic paper, rubber products, wool products, copper and zinc semi-manufactures, miscellaneous machinery, etc.

The Trade Agreement is to be in effect for a period of one year.

There are included as part of the Trade Agreement an exchange of letters between the heads of the two delegations, in which agreement is signified covering the supplying to the Belgo-Luxembourg Economic Union from the Soviet Zone of Occupation, of raw furs, potassium nitrate, textile machinery and parts, while the Belgo-Luxembourg Economic Union on its part is to export rabbit fur, horses, leather products, non-ferrous metals, semi-manufactures, etc.; an exchange of letters whereby the two parties authorize the conclusion of contracts between firms in the Soviet Zone of Occupation and firms in the Belgo-Luxembourg Economic Union on bases other than those referred to in the Commercial and Payments Agreements; and an exchange of letters agreeing upon the furnishing of transportation for heavy products by means other than railway, between the two areas.

The Agreement also includes a Payments Agreement specifying that payments in the Soviet Zone of Occupation will be made through the intermediary of the Garantie-und Kreditbank and in the Belgo-Luxembourg Economic Union through the intermediary of the National Bank of Belgium at Brussels or through other banks which may have been authorized by those competent in Belgo-Luxembourg exchange matters. For this purpose The Garantie-und Kreditbank at Berlin will open for the account of the Soviet Zone of Occupation an account in Belgian francs with The National Bank of Belgium acting in the name of the Belgian Government. The Garantie-und Kreditbank may also open a Belgian franc account in other approved banks and the latter may open accounts with The Garantie-und Kreditbank.

The Garantie-und Kreditbank of Berlin and the National Bank of Belgium at Brussels have the right to demand at all times payment in dollars of the United States, of the balance in their account in the National Bank of Belgium. Upon agreement of the two



banks such payment may be made in another currency. Nevertheless, neither of the two banks may demand payment of the balance above-mentioned, if this balance does not exceed 10,000,000 Belgian francs. If the balance exceeds 10,000,000 francs payment may be demanded only of the amount exceeding 10,000,000 Belgian francs. The payments agreement comes into force on the date the commercial agreement comes into effect and has the same duration as the latter.

There are attached a copy and translation of the commercial and payments agreements, copies of the letters referred to hereinabove, and lists A and B attached to the trade agreement.

CHARLES H. DUCOTÉ,  
Commercial Attaché.

ENCLOSURE TO REPORT NO. 617 DATED NOVEMBER 24, 1947, FROM THE AMERICAN EMBASSY, BRUSSELS, BELGIUM

AGREEMENT BETWEEN THE SOVIET MILITARY GOVERNMENT IN GERMANY AND THE BELGIAN GOVERNMENT REGARDING TRADE BETWEEN THE SOVIET ZONE OF OCCUPATION IN GERMANY AND AND THE BELGO-LUXEMBOURG ECONOMIC UNION

In order to develop commercial relations between the Soviet Zone of Occupation in Germany and the Belgo-Luxembourg Economic Union, the Soviet Military Government in Germany on the one hand and the Belgian Government acting in its own name and by virtue of existing agreements in the name of the Luxembourg Government on the other hand, have agreed upon the following:

#### Article 1

The Soviet Military Government in Germany will authorize the exportation of articles enumerated in List A attached hereto and the importation of the products enumerated in List B attached hereto, during a period of one year, beginning with November 10, 1947.

#### Article 2

The Belgian Government will authorize exportation of the articles enumerated in List B attached hereto and the importation of the products enumerated in List A attached hereto during a period of one year beginning with ----- (sic).

#### Article 3

The delivery of the articles specified in Lists A and B attached hereto, in conformity with Articles 1 and 2 of the present Agreement will be made on the basis of contracts entered into between the Department of Foreign Trade of the Soviet Military Government in Germany or of firms or organizations of the Soviet Zone of Occupation in Germany, authorized by said Department on one hand and Belgian or Luxembourg firms or organizations which may have received the necessary licenses for this purpose, on the other hand.

#### Article 4

The lists of articles A and B included in Articles 1 and 2 of the present agreement may be extended in common agreement to other products not mentioned in these lists.

#### Article 5

The parties will examine willingly and in conformity with the provisions of Article 3 hereinabove, the reciprocal offers of products produced with hand labor in the Soviet Zone of Occupation in Germany and in the Belgo-Luxembourg Economic Union.

#### Article 6

The two Parties will endeavor to provide the means of transportation required for the shipment of the products to be exchanged.

#### Article 7

For the supervision and control of the execution of the present agreement the Bel-

gian Government and the Soviet Military Government in Germany will appoint the authorized delegates who will meet when required and at the request of one or another of the Parties, in order to discuss the results of the execution of the Agreement and to draw up proposals with a view to development of commercial relations between the Soviet Zone of Occupation in Germany and the Belgo-Luxembourg Economic Union.

#### Article 8

All payments resulting from the present agreement will be made in conformity with the provisions of the payments agreement concluded on this day between the two Parties.

#### Article 9

The present Agreement will come into force on November 10, 1947 and will be valid until ----- (sic) ----- 1948, inclusive.

In the event that the Agreement should not be prorogued its terms will remain applicable until the definitive settlement of all of the obligations resulting from the transactions carried out and authorized at the time it was in force, and conformity with Article 3 of the present Agreement.

Given at Berlin, November 11, 1947, each in French and Russian. In duplicate. These two versions are valid.

FOR THE SOVIET MILITARY GOVERNMENT.

FOR THE BELGO-LUXEMBOURG ECONOMIC UNION.

ENCLOSURE NO. 3 TO REPORT NO. 617 DATED NOVEMBER 24, 1947 FROM THE AMERICAN EMBASSY, BRUSSELS, BELGIUM

LIST A. MERCHANDISE FROM THE SOVIET ZONE OF OCCUPATION IN GERMANY TO BE EXPORTED TO THE BELGO-LUXEMBOURG ECONOMIC UNION

1. Scrap. The delivery of scrap by the Soviet Zone in a quantity not to exceed 100,000 tons will be possible only on the condition that the Belgo-Luxembourg Economic Union furnishes steel in an equivalent amount. The matter of delivery of scrap against steel will be examined by the Belgo-Luxembourg Economic Union at Brussels.
2. Wood:
  - (a) Oak wood, 5,000 cubic meters.
  - (b) Sawn lumber, 1,500 cubic meters.
  - (c) Mine lumber, 60,000 cubic meters.
3. Potash (40 percent K<sub>2</sub>O), 30,000 tons.
4. Domestic sewing machines and parts, 3,000,000 Belgian francs.
5. Machinery for the manufacture of clothing and parts, 3,000,000 Belgian francs.
6. Typewriters and calculating machines, printing shop machinery and parts, 5,000,000 Belgian francs.
7. Glass products: (a) neutral glass tubing and ampoules, (b) pharmaceutical ampoules in neutral glass, (c) laboratory glassware, (d) thermometers, (e) colored glass, (f) optical glass, 5,000,000 Belgian francs.
8. Agricultural products (solely on an exchange basis).
9. Electrical apparatus and equipment, 5,000,000 Belgian francs.
10. Crude phenol. Not yet available.
11. Miscellaneous products, 20,000,000 Belgian francs.

LIST B. MERCHANDISE OF THE BELGO-LUXEMBOURG ECONOMIC UNION TO BE EXPORTED TO THE SOVIET ZONE OF OCCUPATION IN GERMANY

1. Semimanufactures and alloys of copper especially tubes, sheets, and wire, 300 tons.
2. Tin oxide, 25 tons.
3. Miscellaneous machines, 10,000,000 Belgian francs.
4. Zinc powder, 400 tons.
5. Stripped flax, 200 tons.
6. Asbestos, 300 tons.
7. Wool rags for unravelling, 1,000 tons.
8. Wool (for handwork into yarn), 5,000 tons.
9. Rubber, 500 tons.
10. Stearic acid, 20 tons.

11. Sensitized products for photography, 100,000 Belgian francs.
12. Paper binding twine, 1,000 tons.
13. Superphosphate, 40,000 tons.
14. Phosphate fertilizer (60,000 tons). Not yet available.
15. Herring, fish. Not yet available.
16. Tanners bark (2,000 tons). Not yet available.
17. Agricultural products (solely on an exchange basis).
18. Miscellaneous products, 4,000,000 Belgian francs.

NOTE.—The Soviet Military Government in Germany has expressed the desire of obtaining nonferrous metals: tin, zinc, antimony, copper, nickel, cobalt, cadmium. The Belgo-Luxembourg delegation has taken due note of this desire which will be examined with care.

ENCLOSURE TO REPORT NO. 617 DATED NOVEMBER 24, 1947 FROM THE AMERICAN EMBASSY, BRUSSELS, BELGIUM

AGREEMENT BETWEEN THE SOVIET MILITARY GOVERNMENT IN GERMANY AND THE BELGO-LUXEMBOURG ECONOMIC UNION CONCERNING THE PAYMENTS RESULTING FROM THE COMMERCIAL AGREEMENT CONCLUDED BETWEEN THE SAME PARTIES ON NOVEMBER 10, 1947

With a view to settling the payments resulting from the Commercial Agreement signed between the two Parties, the Soviet Military Government in Germany and the Belgian Government, acting in its own name as well as in the name of the Luxembourg Government by virtue of existing agreements, are agreed upon the following:

#### Article 1

All payments between the Soviet Zone of Occupation in Germany on the one hand and Belgium and the Grand Duchy of Luxembourg on the other, resulting from the Commercial Agreement will be carried out in Belgian francs.

#### Article 2

All payments will be carried out in the Soviet Zone of Occupation in Germany through the intermediary of the Garantie-und Kreditbank (Garkrebo), Berlin, Jaegerstrasse, 49/50 and in the Belgo-Luxembourg Economic Union by the intermediary of the National Bank of Belgium at Brussels or of other banks which may have been authorized for the purpose by the competent authorities in exchange matters in the Belgo-Luxembourg Economic Union.

To this end, the Garantie-und Kreditbank at Berlin will open for the account of the Soviet Military Government in Germany an account in Belgian francs in the National Bank of Belgium at Brussels, acting on behalf of the Belgian Government. The Garantie-und Kreditbank may also open an account in Belgian francs in the other banks referred to in the first part of the present article and the latter may open accounts with the Garantie-und Kreditbank.

#### Article 3

The Garantie-und Kreditbank at Berlin and the National Bank of Belgium at Brussels have the right to demand at all times the payment in dollars of the United States of the balance in their favor of the account with the National Bank of Belgium, referred to in Article 2. This payment may be made by means of transfers outside of the Belgo-Luxembourg Economic Union. By means of the agreement of the two banks, this payment may be made in another currency.

Nevertheless, each of the two banks may not demand reimbursement of the balance of the aforementioned account unless the balance exceeds 10 million Belgian francs.

In the event that the balance should exceed 10 million Belgian francs reimbursement may not be demanded except in the amount exceeding 10 million Belgian francs.



## Article 4

If the parity of the Belgian franc, that is to say, forty nine thousand three hundred eighteen Belgian francs eight hundred twenty two ten-thousands (49,318.0822) per kilogram of fine gold should be modified as regards gold value, the debit or credit balance of the account of GARKREBO with the National Bank of Belgium referred to in Article 3 of the present agreement will be adjusted by the National Bank of Belgium on the date of the modification and in the proportion of the latter.

## Article 5

The provisions of the present Agreement will apply to the following payments;

(a) Payment for merchandise exchanged between the Parties in conformity with the Commercial Agreement of (sic) 1947.

(b) Payment of transportation, insurance, maritime freight and other charges of the same nature.

(c) Payment of the special charges inherent to commercial operations such as costs of hand labor, of transformation, of manufacture, repair, etc.

(d) To all other categories of operations which may be agreed upon in common agreement by the contracting Parties.

## Article 6

The National Bank of Belgium and the Garantie-und Kreditbank will together establish the technical regulations for the execution of the reciprocal payments resulting from the present Agreement.

The present Agreement will be put into application from the date of entry into force of the Commercial Agreement signed today and will have the same duration as the latter.

## Article 8

Upon the expiration of the present Agreement the balance of the account referred to in Article 2 will bear interest at 3 percent per year. The balance and interest due will be reimbursed in dollars of the United States within a period of six months.

By means of the agreement of the Garantie-und Kreditbank and of the National Bank of Belgium, this reimbursement, nevertheless may be carried out in another currency.

## Article 9

Settlements referred to in articles 3 and 8 above, will be made on the basis of the average rate, or in default of the latter on the basis of the average between the official buying and selling rates established by the National Bank of Belgium, for the currency under consideration, on the date of liquidation.

Given at Berlin, November 10, 1947.

The present Agreement is prepared in duplicate, each in Russian and in French, the two texts being valid.

For the Soviet Military Government in Germany

For the Belgo-Luxembourg Economic Union.

ANKARA, August 27, 1948.

Subject: Turkish-Polish Trade and Payments Agreements.

The Honorable

THE SECRETARY OF STATE,

Washington.

SIR: I have the honor to refer to the Embassy's airgram No. 231 of July 23, 1948, in connection with the Turkish-Polish Trade and Payments Agreements of July 18, 1948, and to enclose herewith unofficial translations of the agreements under reference together with unofficial translations of letters exchanged between the presidents of the two trade delegations which negotiated the agreements.

In connection with the payments agreement, it is understood that when payments by the Turkish Central Bank for Turkish Imports reach \$500,000, no further payments will be made by the Turkish Central Bank by

debiting account established by article 2 of the payments agreement unless the Polish National Bank deposits to the credit of the Central Bank, in dollars in the United States of America or in sterling in London, additional amounts which are to be transferred finally to the Central Bank at the end of three months unless payments made by the Central Bank against such deposits have in the meanwhile been liquidated by Polish exports to Turkey.

It should be noted that from 1936 to 1939 annual exports of Turkey to Poland varied from T£924,836 to T£2,260,533, while imports from Poland to Turkey varied from T£361,094 to T£3,003,855.<sup>1</sup> (See restricted enclosure No. 5.) Turkish exports during this period consisted chiefly of tobacco, dried fruits, and cotton. Polish exports consisted principally of paper products, chemicals, wood, woollens, machinery, and steel. There is enclosed herewith tables setting forth the statistics on foreign trade between Poland and Turkey for 1936 to 1939. Since the war trade between the two countries has been at a virtual standstill, official foreign trade statistics show no trade between the two countries for 1946 and 1947. Turkish exports to Poland during the first five months of 1948 are shown in foreign trade statistics as amounting to T£212,155 and imports amounting to T£616,830.

Respectfully yours,

EDWARD B. LAWSON,

Counselor of Embassy for Economic Affairs.

(For the Chargé d'Affaires ad interim.)

ENCLOSURE NO. 1 TO DESPATCH NO. 332 DATED AUGUST 27, 1948, FROM THE AMERICAN EMBASSY, ANKARA, ENTITLED "TURKISH-POLISH TRADE AND PAYMENTS AGREEMENTS."

(Unofficial translation of the French text of the Turkish-Polish trade agreement of July 18, 1948)

# TRADE AGREEMENT BETWEEN TURKEY AND POLAND

The Turkish Government and the Polish Government, desiring to develop their commercial exchanges and taking into consideration the stipulations of the Convention on Commerce and Navigation between Turkey and Poland, dated August 29, 1931, are agreed upon the following terms:

## Article 1

Within the scope of their general import and export system in force, the Turkish and Polish governments will accord one another reciprocally as favorable as possible a treatment in granting import and export permits and licenses, so as to facilitate the development of commerce between the two countries.

## Article 2

The payments relative to the commercial exchanges which will be made in accordance with the terms of the present Agreement will be governed by the terms of the Payments Agreement signed today between Turkey and Poland.

## Article 3

The commercial transactions approved by the proper authorities of the two countries before this agreement goes into effect will be liquidated according to the terms of the general system in force in each one of the two countries at the time of their approval by the respective competent authorities.

## Article 4

The transactions approved and started during the period of validity of this Agreement and not completed upon the expiration of the latter will be liquidated in accordance with the terms of this Agreement.

## Article 5

Merchandise shipped on both sides, after this Agreement goes into effect, must be ac-

<sup>1</sup> Official exchange rate 1936-1939, T£1.00 = \$0.77; 1948, T£1.00 = \$0.357.

companied by a certificate of origin, following the sample attached hereto, issued by the proper authorities of the exporting country.

For shipments the countervalue of which does not exceed 100 Turkish liras or 35 U. S. dollars or the equivalent in another currency, certificates of origin are not required.

## Article 6

A mixed committee composed of Turkish and Polish official representatives will be constituted for the purpose of facilitating commercial exchanges between the two countries.

This committee will be authorized to superintend the application of this Agreement and to submit to the two governments any proposal tending to ameliorate commercial relations between Turkey and Poland.

## Article 7

This Agreement will become effective as of August 1, 1948, and will have a one-year period of validity.

If it is not denounced by two months' notice before the date of its expiration, it will be considered renewed under the same conditions for annual periods.

Done at Ankara July 18, 1948, in two copies, in French.

For the Turkish Government:

FUAD CARIM.

For the Polish Government:

J. DRUTO.

ANTONI ROMAN.

## PROTOCOL

In the application of Article 1 of the Trade Agreement signed today between Turkey and Poland, the two contracting parties are in agreement on the following:

1. During the first year of the validity of the Trade Agreement mentioned above, commercial exchanges between Turkey and Poland will be made according to the Turkish and Polish lists of merchandise, called respectively List "A" and List "B", attached to this Protocol.

2. It is understood that the lists thus established will carry no prejudice against the exchange of merchandise other than that mentioned on these lists.

This Protocol is an integral part of the Trade Agreement signed today between Turkey and Poland.

Done at Ankara July 18, 1948, in two copies, in French.

For the Turkish Government:

FUAD CARIM.

For the Polish Government:

J. DRUTO,

ANTONI ROMAN.

## LIST A. MERCHANDISE TO BE EXPORTED FROM TURKEY INTO POLAND

Opium, sponges, skins of small animals and half-opened skins, game-animal skins, beeswax, lard, ground-nuts, tobacco, dried fruits (almonds, pistachios, walnuts, hazelnuts, raisins, figs, etc.).

Asbestos, antimony, copper, mercury, magnesite, emery, mohair, hemp thread, flax fiber, cotton, wool in grease, flaxseed oil, hazelnut oil, laurel (bay) oil, rape-seed oil, styrax oil, flaxseed, hempseed, blue poppyseed, rape-seed, castor-oil seed, oil-cake, valonia, valex, pine bark, extract of pine bark, licorice root, licorice extract, madder-root, gum tragacanth, madder, gall-nuts, sumac, medicinal plants, Spanish licorice.

## LIST B. MERCHANDISE TO BE EXPORTED FROM POLAND INTO TURKEY

Sugar, window glass, cast glass, crockery and china, sanitary porcelain, slabs of baked clay, varnished tiles for bathrooms, newsprint, wrapping paper, cigarette paper, typewriters, oil-cans keys (type 0.25, 0.35, 0.75), various lubricators, Stauffer system grease cups, garage levers, lead tubes, outboard motors, geodetic instruments, different ele-



ments for lighting installation, dressmaking and tailoring articles in metal (zippers, snap fasteners, iron fasteners).

Burners for kerosene lamps, alum of chrome-ammonium, arsenic, antichlor, zinc white, sodium bichromate, carbon electrodes, nitric acid, ammonium carbonate, aluminum sulphate, anticorrosive products, pharmaceutical products, agricultural machinery (plows, harrows, cultivators, plowshares), galvanized pails and enameled household articles, ground and telephone electric cables, agricultural tools (shovels, spades, pickaxes, scythes, and sickles), transformers and electric machines, small pumps with flanges, electro-technical materials, Bergman tubes, water meters, rolling stock for railroads, zinc alloys, and zinc sheets, cast-iron sanitary installations, "Szwabe" semiautomatic weaving looms, cast-iron sewer pipes, steel castings, iron castings, bicycles and spare parts, shutters and roller blinds in metal, combed-wool thread, artificial-silk thread, linen thread, wool felt, cotton goods, woolen goods, tomo-fan (cellophane), rails, bakers' ovens, cement, dextrin, locks and hinges for doors and windows.

ENCLOSURE NO. 2 TO DESPATCH NO. 332 DATED AUGUST 27, 1948, FROM THE AMERICAN EMBASSY, ANKARA, ENTITLED "TURKISH-POLISH TRADE AND PAYMENTS AGREEMENTS."

UNOFFICIAL TRANSLATION OF THE FRENCH TEXT OF THE PAYMENTS AGREEMENT BETWEEN TURKEY AND POLAND

In order to settle payments resulting from commercial exchange which will be made in accordance with the Trade Agreement signed today between Turkey and Poland, as well as those mentioned in this Agreement, the Turkish and Polish governments are agreed on the following:

#### Article 1

The payments of the countervalue of Polish goods imported or to be imported into Turkey in accordance with the terms of the Trade Agreement signed today, as well as any other payment by Turkey to Poland authorized by Turkish legislation in force on exchange control, will be made by deposits to a non-interest bearing account, expressed in U. S. dollars and exempt from charges of all kinds, opened at the Central Bank of the Republic of Turkey in the name of the Polish National Bank.

#### Article 2

The payments of the countervalue of Turkish merchandise imported or to be imported into Poland in accordance with the terms of the Trade Agreement signed today, as well as any other payment by Poland to Turkey authorized by Polish legislation in force on exchange control, will be made by deposits to a non-interest bearing account, expressed in U. S. dollars and exempt from charges of all kinds, opened at the Polish National Bank in the name of the Central Bank of the Republic of Turkey.

#### Article 3

In order to permit payments to the rightful parties, in accordance with the terms of the preceding articles, the Central Bank of the Republic of Turkey and the Polish National Bank will inform one another reciprocally from day to day of the payment orders with all the necessary details.

#### Article 4

The deposits and the payments will be made in each country in the national currency of such country.

#### Article 5

The payments to the rightful parties will be made by the two aforementioned Banks following the chronological order of the deposits made to the accounts mentioned in Articles 1 and 2 of this Agreement.

#### Article 6

In case the credit balance of the account mentioned in Article 1 of this Agreement should be insufficient to cover the payments of the Polish National Bank in Turkey, the Central Bank of the Republic of Turkey will continue to make payments by debiting this account up to the amount of 500,000 U. S. dollars, in accordance with the payment orders of the Polish National Bank.

If the payment orders of the Polish National Bank should exceed the debit balance mentioned in the preceding paragraph, this institution can build up its account with the Central Bank of the Republic of Turkey through carrying-forward operations by the transfer to the latter of U. S. dollars or sight sterling repurchasable at the end of three months, up to the amount of 500,000 U. S. dollars or its equivalent in pounds Sterling.

#### Article 7

In case the credit balance of the account mentioned in Article 2 of this Agreement should be insufficient to cover the payments of the Central Bank of the Republic of Turkey in Poland, the Polish National Bank will continue to make payments by debits to this account to the extent of 500,000 U. S. dollars, in accordance with the payment orders of the Central Bank of the Republic of Turkey.

If the Central Bank of the Republic of Turkey's payment orders should exceed the debit balance mentioned in the preceding paragraph, this institution can build up its account with the Polish National Bank through carrying-forward operations by the transfer to the latter of U. S. dollars or sight sterling repurchasable at the end of three months, up to the amount of 500,000 U. S. dollars or its equivalent in pounds Sterling.

#### Article 8

The two above mentioned central banks shall agree upon the technical methods to be applied for the proper functioning of this Agreement.

#### Article 9

The Turkish and Polish Governments will take, in accordance with their legislation, the necessary measures to ensure the proper functioning of this Agreement.

#### Article 10

Payments relative to commercial transactions begun during the period of validity of this Agreement and not completed at the expiration of the latter, will continue to be made in accordance with the terms of this Agreement.

#### Article 11

If at the expiration of this Agreement a balance exists in the accounts mentioned in Articles 1 and 2 in favor of one or the other of the contracting parties, this balance will be liquidated by the debtor party by the exportation of merchandise within a period of six months from the date of expiration.

The balance that exists at the end of this six-months' period must be liquidated by a settlement in free foreign exchange.

#### Article 12

This Agreement will go into effect on the same day and will have the same period of validity as the Trade Agreement signed today.

Done at Ankara July 18, 1948, in two copies, in French.

For the Turkish Government:

FUAD GARIM.

For the Polish Government:

J. DRUTO.

ANTONI ROMAN.

#### LIQUIDATION PROTOCOL

In order to liquidate the old Turkish and Polish credits, the Turkish Government and

the Polish Government are agreed on the following:

#### ARTICLE 1

The balance of the special account opened at the Central Bank of the Republic of Turkey in the name of the Polski Instytut Rozrachunkowy, in accordance with the terms of the Protocol of October 12, 1940, which will be established by the Central Bank of the Republic of Turkey under date of August 1, 1948, will be liquidated by a deposit to the credit of the account of the Narodowy Bank Polski opened at the Central Bank of the Republic of Turkey in accordance with the terms of Article 1 of the Payments Agreement signed today between Turkey and Poland.

#### ARTICLE 2

All other Turkish and Polish credits existing in the former Turco-Polish clearing account and which should be established by common agreement between the two Banks, after this Protocol goes into force, will be settled according to the stipulations of the abovementioned Payments Agreement.

Done at Ankara on July 18, 1948, in two copies in French.

For the Turkish Government:

FUAD GARIM.

For the Polish Government:

J. DRUTO.

ANTONIO ROMAN.

ENCLOSURE NO. 3 TO DESPATCH NO. 332 DATED AUGUST 27, 1948, FROM THE AMERICAN EMBASSY, ANKARA, ENTITLED "TURKISH-POLISH TRADE AND PAYMENTS AGREEMENTS."

UNOFFICIAL TRANSLATIONS OF LETTERS ANNEXED TO THE TURKISH-POLISH TRADE AND PAYMENTS AGREEMENTS OF JULY 18, 1948

ANKARA, July 18, 1948.

His Excellency Mr. FUAD GARIM,

Ambassador of Turkey,

Secretary General of the Ministry of Foreign Affairs, Ankara.

MR. AMBASSADOR: Referring to the Payments Agreement signed today between Turkey and Poland, I have the honor to inform you that the payments mentioned in Articles 1 and 2 of this Agreement are those which result principally:

(a) from the delivery of merchandise from Turkey to Poland and from Poland to Turkey;

(b) from the Turco-Polish finishing trade as well as repair and construction work;

(c) expenses of all kinds pertaining to transportation by sea, by river, by land and by air between Turkey and Poland;

(d) additional expenses pertaining to the exchange of merchandise, such as port expenses, storage fees, customs duties and maritime agencies' fees, etc.;

(e) insurance on merchandise in Turco-Polish trade mentioned in paragraph (a), such as premiums, indemnities, etc.;

(f) interests to be paid resulting from commercial traffic, commissions, supplies, brokerage, representation expenses, etc.;

(g) payments for services (fees, remunerations, stipends, salaries) resulting from work contracts, etc.;

(h) acquisitions of the rights of intellectual, industrial and commercial property (author's rights, licenses, patents, trade marks, etc.);

(i) expenses of trips, studies and schooling, subsidies, rents and food allowances;

(j) of all other transactions and obligations approved by the proper authorities of the two governments.

Please accept, Mr. Ambassador, the assurances of my highest consideration.

ANTONI ROMAN,

President of the Polish Trade Delegation.



ANKARA, July 18, 1948.

His Excellency Mr. ANTONI ROMAN,  
President of the Polish Trade Delegation,  
Ankara.

Mr. PRESIDENT: I have the honor to acknowledge receipt of your letter dated today as follows:

"Referring to the payments agreement signed today between Turkey and Poland, I have the honor to inform you that the payments mentioned in articles 1 and 2 of this agreement are those which result principally:

"(a) From the delivery of merchandise from Turkey to Poland and from Poland to Turkey;

"(b) From the Turco-Polish finishing trade as well as repair and construction work;

"(c) Expenses of all kinds pertaining to transportation by sea, by river, by land, and by air between Turkey and Poland;

"(d) Additional expenses pertaining to the exchange of merchandise, such as port expenses, storage fees, customs duties, and maritime agencies' fees, etc.;

"(e) Insurance on merchandise in Turco-Polish trade mentioned in paragraph (a), such as premiums, indemnities, etc.;

"(f) Interests to be paid resulting from commercial traffic, commissions, supplies, brokerage, representation expenses, etc.;

"(g) Payments for services (fees, remunerations, stipends, salaries) resulting from work contracts, etc.;

"(h) Acquisitions of the rights of intellectual, industrial, and commercial property

(author's rights, licenses, patents, trademarks, etc.);

"(i) Expenses of trips, studies and schooling, subsidies, rents and food allowances;

"(j) Of all other transactions and obligations approved by the proper authorities of the two Governments."

Please accept, Mr. President, the assurances of my highest consideration.

FUAD CARIM.

ANKARA, July 18, 1948.

His Excellency Mr. FUAD CARIM,  
Ambassador of Turkey, Secretary General  
of the Ministry of Foreign Affairs,  
Ankara.

MR. AMBASSADOR: I have the honor to inform you that my government is in agreement as follows:

If, at the end of the first year of validity of the payments agreement signed today between Turkey and Poland, a balance exists in favor of one of the parties, after compensation of the accounts mentioned in articles 1 and 2 of the above-mentioned agreement, the mixed committee mentioned in article 6 of the trade agreement signed today, will be charged with proposing a solution with a view to liquidating this balance.

In case the mixed committee should not be able to propose a solution as of September 1, 1949, the balance in question must be liquidated in free foreign exchange on January 31, 1950, at the latest.

Please confirm for me the agreement of the Turkish Government on the preceding.

Please accept, Mr. Ambassador, the assurances of my highest consideration.

ANTONI ROMAN,  
President, Polish Trade Delegation.

ANKARA, July 18, 1948.

His Excellency Mr. ANTONI ROMAN,  
President of the Polish Trade Delegation,  
Ankara.

Mr. PRESIDENT: I have the honor to acknowledge receipt of your letter of today as follows:

"I have the honor to inform you that my Government is in agreement as follows:

"If, at the end of the first year of validity of the payments agreement signed today between Turkey and Poland, a balance exists in favor of one of the parties, after compensation of the accounts mentioned in articles 1 and 2 of the above-mentioned agreement, the mixed committee mentioned in article 6 of the trade agreement, signed today, will be charged with proposing a solution with a view to liquidating this balance.

"In case the mixed committee should not be able to propose a solution as of September 1, 1949, the balance in question must be liquidated in free foreign exchange on January 31, 1950, at the latest.

"Please confirm for me the agreement of the Turkish Government on the preceding."

I should like to inform you that my Government is in agreement with the preceding.

Please accept, Mr. President, the assurances of my highest consideration.

FUAD CARIM,  
President of the Turkish Trade Delegation.

ENCLOSURE 4 TO DESPATCH No. 332, DATED AUGUST 27, 1948, FROM THE AMERICAN EMBASSY, ANKARA, ENTITLED: "TURKISH-POLISH TRADE AND PAYMENTS AGREEMENT"

*Turkish imports from Poland, 1936-1939*

Commodities	1936		1937		1938		1939	
	Kilos	Turkish pounds	Kilos	Turkish pounds	Kilos	Turkish pounds	Kilos	Turkish pounds
Wools, silks and their threads.....			6,244	14,511	205,688	543,496	18,255	45,562
Wood, etc.....	10,781	1,353	122,504	17,827	4,534,849	264,145	10,343,777	238,413
Paper and its applications.....	350,371	140,921	99,401	50,011	279,553	185,728	268,204	174,068
Steel.....	197,258	16,114	777,269	72,208	16,654,663	1,280,567	24,923,770	1,766,842
Zinc and zinc alloys.....	391,914	49,324	558,002	105,491	1,063,900	143,512	2,080,581	254,950
Machines.....	8,653	1,739	524	643	16,316	15,163	522,394	120,089
Chemical products.....	51,861	4,850	92,613	11,072	203,696	34,739	280,258	66,968
Miscellaneous.....	896,275	217,457	318,196	89,331	1,713,416	192,214	767,650	336,963
Total.....	1,907,113	431,758	1,975,001	361,094	24,672,081	2,659,564	39,204,889	3,003,855

Source: Statistique Annuelle du Commerce Extérieur, 1939, Ankara 1940, published by the Turkish Central Office of Statistics.

*Turkish exports to Poland, 1936-1939*

Commodities	1936		1937		1938		1939	
	Kilos	Turkish pounds	Kilos	Turkish pounds	Kilos	Turkish pounds	Kilos	Turkish pounds
Grains, grasses and their products.....	202,288	37,111	512,266	99,032	684,185	125,980	296,516	62,209
Fruits.....	1,328,218	319,764	1,146,877	327,490	2,518,446	605,729	653,793	258,308
Tobacco.....	57,021	71,755	1,103,368	1,313,000	805,352	1,265,402	693,890	1,206,052
Cotton.....	834,573	424,387	810,678	379,131	186,317	69,140	10,920	4,315
Other metals.....	864,000	17,680	475,000	10,450	1,000,000	22,000	1,885,000	41,470
Miscellaneous.....	573,778	54,139	1,762,463	131,430	1,090,100	114,142	797,953	93,055
Total.....	3,859,878	924,836	5,810,592	2,260,533	6,284,400	2,202,395	4,338,072	1,663,409

Source: Statistique Annuelle du Commerce Extérieur, 1939, Ankara, 1940, published by the Turkish Central Office of Statistics.

Mr. MALONE. Now with the understanding that I may have the floor at the beginning of the session tomorrow, I yield.

Mr. ELLENDER. Mr. President, how much time will the Senator require tomorrow?

Mr. MALONE. I would estimate perhaps 45 minutes, in addition to the time that might be required for debate.

Mr. ELLENDER. I have no objection. The PRESIDING OFFICER. Without objection, it is so ordered.

WARTIME RECORDS OF COMMODITY CREDIT CORPORATION

During the delivery of Mr. MALONE's speech,

Mr. WILLIAMS. Mr. President, I ask unanimous consent that the Senator from Nevada may be permitted to yield

to me for 15 minutes, without prejudicing his rights to the floor.

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). The Senator from Delaware has asked unanimous consent that the Senator from Nevada be permitted to yield to him for the purpose of making a statement, and without prejudicing the rights of the Senator from Nevada to the floor. Is there ob-



jection? The Chair hears none and it is so ordered.

Mr. MALONE. I am glad to yield with the understanding that the remarks of the Senator from Delaware shall appear at the end of my address.

Mr. WILLIAMS. Mr. President, I ask unanimous consent that my remarks may appear at the end of the discussion by the Senator from Nevada.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS. Mr. President, last Friday I called to the attention of the Senate a certain matter regarding the Commodity Credit Corporation. At this time I want to read for the RECORD a review of the statement which I made on the floor at that time regarding the Corporation. My remarks are to be found on page 3254 of the CONGRESSIONAL RECORD. I read as follows:

It has been reported to me, from sources which I consider very reliable, that over \$350,000,000 of receivables in the general commodities purchase program could not be supported or verified because of faulty accounting policies and poorly devised procedures.

In the case of certain other programs it was also impossible to support the recorded balances of receivables, particularly in the case of claims in the case of cotton loans held by the Corporation. It had made no effort to prove the accuracy of the total amount of loans and, therefore, I understand that the total amount of loans reported by the Federal Reserve banks, as custodians, could not be reconciled with the records of the Corporation. At least one duplication of over \$2,000,000 has been reported to me.

I also understand that the wheat loans are overstated by about \$4,000,000 with the corresponding overstatement in accounts payable.

The book value of the inventories held by the Corporation as of June 30, 1945, was in excess of \$1,000,000,000, but it has been reported to me that it was not possible to verify this amount physically.

After making that statement, which I had received from a source which I considered reliable, I sent to the desk a resolution on behalf of myself and five of my colleagues, the Senator from Pennsylvania [Mr. MARTIN], the Senator from Missouri [Mr. KEM], the Senator from Indiana [Mr. JENNER], the Senator from Utah [Mr. WATKINS], the Senator from Indiana [Mr. CAPEHART], and asked that the General Accounting Office be required, on or before April, to present the audits of this Corporation for the years 1943, 1944, and 1945.

I notice that the Senator from Illinois [Mr. LUCAS] is absent from the Chamber at this time. I am sorry. He objected to the consideration of the resolution at that time. On Monday, after a conference with the General Accounting Office officials, I was promised that those records would be submitted to the Congress during this week, and that it would not be necessary to have the resolution passed. Therefore, on Monday I withdrew the resolution, and at that time stated that the General Accounting Office had substantially confirmed my position.

Today, Mr. President, the audits for those years by the General Accounting Office are in the possession of the Senate, having been delivered this afternoon

to the Senator from Oklahoma [Mr. THOMAS], chairman of the Committee on Agriculture and Forestry. I have those records in my hand at this time.

It might interest Members of the Senate to know that the one error which I made in my statement last Friday was that I was \$16,000,000 short in stating the amount by which the accounts were out of line. When I said they were \$350,000,000 of unreconciled accounts, I was \$16,000,000 short.

The report from which I shall read was submitted to the Congress today on behalf of the Comptroller General of the United States, the Honorable Lindsay C. Warren. I read first from page 51 of that report:

The amount of \$366,643,129 recorded as due from sales made in the general commodities purchase program could not be supported nor verified.

Thus when I stated on the Senate floor last Friday that I had been informed that over \$350,000,000 of receivables in the general commodity purchase program could not be supported or verified I was making an understatement by more than \$16,000,000. The information which I shall quote from this report is so astounding that I shall let it speak for itself.

I shall read for the RECORD a few brief excerpts from this report for the information of the Senate.

On pages 5 and 6 of the report we find the following statements:

Operating responsibilities within the corporation at times were not apportioned among the officials to any great extent according to the normal functional characteristics of their office, and broad delegations of responsibility and authority were not made. As a result, the internal operation has been organized less effectively than would have been desirable. This is particularly true of the War Foods Administration era (1943-45). During much of that period there was poor organization, lack of coordination, uncertainty of policies, constant confusion from frequent reorganizations, and extremely high turn-over in executive personnel.

Weakness in management, and operations, or accounting were attributed in large part by the corporation to the stresses and exigencies occasioned by the war. We believe that, while this is true to a certain extent, the effect would have been less if a more sound managerial control had existed at the time.

Turning to pages 31 and 32 of this report, we find this statement:

"Our examination of the affairs of the Commodity Credit Corporation was seriously impeded by major deficiencies in accounting policies and procedures and methods of financial recording. \* \* \* The primary causes of the failure of the accounting function were found in the manner in which the functions of the Corporation were intermingled with others of the Department of Agriculture, the apparent lack of appreciation by the management of the necessity for accurate financial reporting.

Turning to page 32, section B, we find this statement:

The Corporation did not maintain adequate control over amounts recorded as being receivable or payable. It was not possible in many instances to determine who owed amounts purporting to be receivable or to whom amounts recorded as owing were

due. It also was not possible to determine that all amounts owed to or by the Corporation were reflected in the accounts.

On page 33 of the report, section 12, subsection (f), we find this statement:

The Corporation did not exercise satisfactory control over its investments in fixed assets particularly grain bins and related equipment. Records were not maintained in such a way as enabled the Corporation (or us) to know the location or condition of such assets, whether, in fact, they were still owned by the Corporation, or whether all income resulting from rental or sales had been received.

I invite particular attention to that statement, because the Comptroller General says that the records were kept in such a manner that neither the Corporation nor the General Accounting Office could determine the location or condition of the grain bins, or whether or not the grain bins were still owned by the Corporation. In other words, they did not know what they owned or what they were doing, which partly may explain the Administrator's confusion regarding their grain-storage facilities during the recent political campaign.

On pages 34 and 35 of the report we find the following statement:

To some extent the Corporation's financial statements were on a cash basis, transactions having been recognized in the underlying accounts only at the point in time when they resulted in the receipt or disbursement of cash. In addition, there were delays in the reporting of transactions, including cash transactions and further delays in disposing of accounting data. The amount of assets, liabilities, revenues, and expenses which were omitted from, or improperly classified in, the Corporation's financial statements as a result of these circumstances were not determinable. Unrecorded liabilities are known to have existed, but no representations can be made concerning either their aggregate amount, which we believe was substantial, or their effect upon the financial statements.

On pages 51 and 52 of the report we find the following statement:

The segregation of receivables between those due from Government agencies and others was made by the use of data presented by the Corporation as a basis. The accounts maintained did not provide an adequate medium for such a segregation, and the segregation made by the Corporation could not be supported in full by analysis.

The amount of \$366,643,129 recorded as due from sales made in the general commodities purchase program could not be supported nor verified. The recorded balances of individual accounts are subject to qualification as a result of faulty application of accounting policies and poorly devised procedures.

\* \* \* In the case of certain other programs, it was also impossible to support or verify recorded balances of receivables, particularly in the case of claims and miscellaneous receivables.

Mr. WHERRY. Mr. President, will the Senator yield for a question? I do not wish to delay the Senator.

Mr. MALONE. Mr. President, I have the floor. I am glad to yield to the Senator from Nebraska so that he may ask the Senator from Delaware a question.

Mr. WHERRY. Mr. President, I have heard this subject batted back and forth between the Senator from Delaware [Mr. WILLIAMS] and the Senator from



# S. 1209

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IN THE SENATE OF THE UNITED STATES

MARCH 30 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. WHERRY to the bill (S. 1209)  
to amend the Economic Cooperation Act of 1948, viz:

- 1       On page 6, line 2, beginning with the words "To
- 2   enable" strike out down through line 9.

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## AMENDMENT

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Intended to be proposed by Mr. WHEERRY to  
the bill (S. 1209) to amend the Economic  
Cooperation Act of 1948.

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MARCH 30 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 30 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENTS

Intended to be proposed by Mr. WHERRY to the bill (S. 1209)  
to amend the Economic Cooperation Act of 1948, viz:

1       On page 5, beginning with the dollar sign in line 14  
2       strike out down through the date "1950" in line 17 and  
3       insert in lieu thereof the following: "\$3,638,000,000 for  
4       the period April 3, 1949, through April 2, 1950".

5       On page 5, lines 18 and 19, strike out "June 30, 1949",  
6       and insert in lieu thereof "April 2, 1949", in line 23 strike  
7       out "the fiscal year ending June 30, 1950" and insert in  
8       lieu thereof "the period ending April 2, 1950", and on page  
9       6, line 2, strike out "fiscal year" and insert in lieu thereof  
10      "period".

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## AMENDMENTS

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Intended to be proposed by Mr. W<sup>HERRY</sup> to  
the bill (S. 1209) to amend the Economic  
Cooperation Act of 1948.

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MARCH 30 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed



81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 30 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. MALONE to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz: At the end of the bill insert the following new section:

1        SEC. . (a) Notwithstanding any other provision of  
2 the Economic Cooperation Act of 1948, as amended, as-  
3 sistance rendered under such Act to any participating country  
4 after the date of enactment of this Act shall be on the basis  
5 of loans only; except that this subsection shall not apply  
6 to assistance rendered in the form of food or medicines for  
7 the relief of human suffering in a participating country if the  
8 Administrator finds, and the President approves such find-  
9 ing, that due to temporary conditions an emergency exists  
10 in such country which the government thereof is unable to  
11 meet.

1       (b) All such loans shall be fully and adequately se-  
2   cured. The Administrator, under such terms and conditions  
3   as he shall prescribe, may take over or provide for the  
4   administration and liquidation of any collateral accepted  
5   by him as security for such loans. Such loans may be made  
6   directly upon promissory notes or by way of discount or  
7   rediscount of obligations tendered for the purpose, or other-  
8   wise, in such form and in such amount and at such interest  
9   or discount rates as the Administrator may approve. Each  
10   such loan may be made for a period not exceeding three  
11   years, and the Administrator may from time to time extend  
12   the time of payment of any such loan, through renewal,  
13   substitution of new obligations, or otherwise, but the time  
14   for such payment shall not be extended beyond ten years  
15   from the date upon which such loan was made originally.  
16   Such loans may be made either directly or in cooperation  
17   with banks or other lending institutions through agreements  
18   to participate or by the purchase of participations, or  
19   otherwise.





81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

## S. 1209

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### AMENDMENT

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Intended to be proposed by Mr. MALONE to  
the bill (S. 1209) to amend the Economic  
Cooperation Act of 1948.

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MARCH 30 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed



81<sup>ST</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1209

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## IN THE SENATE OF THE UNITED STATES

MARCH 30 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. McCARRAN to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz: On page 11, line 5, insert the following:

1       (c) That section 112 is hereby amended by adding at  
2 the end thereof the following new subsection:

3       “(j) The Administrator shall, in providing assistance  
4 in the procurement of commodities in the United States,  
5 make available United States dollars for marine insurance  
6 on such commodities where such insurance is placed on a  
7 competitive basis in accordance with normal trade practices  
8 prevailing prior to the outbreak of World War II. In the  
9 event any participating country directly or indirectly pre-  
10 vents United States companies from competing for marine

1 insurance on commodities procured in the United States  
 2 with funds from the Economic Cooperation Administration,  
 3 the Administrator shall require that all marine insurance  
 4 on such commodities procured with such funds and shipped  
 5 to such countries shall be insured with companies author-  
 6 ized to do a marine insurance business in the United States.”

81ST CONGRESS  
 1ST Session

S. 1209

## AMENDMENT

Intended to be proposed by Mr. McCARRAN to  
 the bill (S. 1209) to amend the Economic  
 Cooperation Act of 1948.

MARCH 30 (legislative day, MARCH 18), 1949  
 Ordered to lie on the table and to be printed









itled "Mission Accomplished," published in the Memphis Commercial Appeal of March 27, 1949, which appears in the Appendix.]

**MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED**

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

H. R. 3910. An act to extend for a temporary period the provisions of the District of Columbia Emergency Rent Act; and

H. J. Res. 203. Joint resolution to maintain the status quo with respect to the exemption, from the tax on transportation of persons, of foreign travel via Newfoundland.

**EXTENSION OF EUROPEAN RECOVERY PROGRAM**

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. MALONE. Mr. President, yesterday when I delayed completing my statement in order that the Senate might recess until today I had submitted an amendment, which the Senators will find in the RECORD.

At this time I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement which I made a year ago, on March 4, 1948, in regard to what was then known as the Marshall plan, now known as ECA.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

**PEACE AND SAFETY OF THE UNITED STATES**

The peace and safety of this Nation is seriously threatened, through the complete absence of a definite foreign policy, telling our own people and the nations of the world what we consider will threaten our ultimate peace and safety, and the complete absence of a military organization spearheaded by an air corps to enforce our pronouncement.

The basic subject of foreign policy has never been discussed with the American people, through two world wars, and now the Marshall plan is in the same category. The basic subject at issue (as it was in 1823 when the Monroe Doctrine was established to protect South America and the Western Hemisphere from encroachment from the European empire-minded nations) is what areas—and naming the nations in the Europeans and Middle East countries, including Asia and the South Seas—is it necessary for us to currently protect for our own ultimate safety? Until this decision is made no plan to make it effective can be intelligently discussed.

**HUNGRY PEOPLE—COMMUNISM—REHABILITATION OF INDUSTRY**

It is impossible to consider the feeding of hungry people—the stopping of communism—and the rehabilitation of industry as one subject. We only confuse ourselves.

As a result we mix our emotions with the facts and become unwilling victims of the greatest propaganda machine ever established in Washington; let us take them one at a time:

**FEEDING HUNGRY PEOPLE**

Feeding emergency hungry people of Europe or of any other area is a matter of charity and must be so considered apart from other considerations. The Congress of the United States has appropriated nearly \$1,500,000,000 during the last 12 months for that

purpose alone, and has appropriated \$24,000,000,000 and handed it to the nations of the world without hope of repayment since the close of World War II in 1945.

**INDUSTRIAL REHABILITATION**

The rehabilitation of the industries of the 16 Marshall plan European countries, entirely separate from feeding hungry people, can then be accomplished as a purely business transaction in the same manner as such industrial plants were financed in this country by the Reconstruction Finance Corporation during depression and World War II years.

A reasonable amount of money, say \$1,000,000,000 could be appropriated and made available to the RFC or to the World Bank for that specific purpose, simply providing that the RFC rules and regulations be applied to any foreign-business loans.

Their rules provide for an investigation of the feasibility of such an industry by an experienced investigator in the respective field, with an estimate of cost, together with a list of the needed machinery and supplies. They further provide for a lien or mortgage to be taken on such equipment—the stock or shares of the existing organization to be hypothecated as additional security for such loan, and then the signature of the applicant is required.

It will prove a pleasant surprise to both the Congress and to the State Department the relatively small amount of funds that the European nations will require for industrial plant refinancing, if such loans must be secured on a business basis.

The entire thesis and point of my argument is that the feeding of hungry people, whether located in this or any other nation—the international policy of protecting the integrity of foreign areas in the interest of our own ultimate safety—and the rehabilitation of industrial plants in such foreign nations, must be considered separately to make sense and to be understood by our own people.

The extent that we can and should feed the hungry people of the world—and the amount of money we may loan for rehabilitation of industrial plants on a business basis throughout the world—is the particular business and responsibility of the Congress of the United States—while the international policy, the determination of the areas and nations of the world that we must currently protect for our own ultimate safety is a State Department matter.

**COMMUNISM—INTEGRITY OF NATIONS**

Stopping communism through protecting the integrity of the nations of the world that we decide, after full discussion and study, we must currently protect for our own ultimate safety, is a matter of our own integrity and frankness with our own citizens—and with the nations of the world.

If we should decide, after full consideration of our experience through two world wars—and our improved methods of defense and offense—that a threat to the integrity of any member nation of the United Nations Organization, by any other nation would constitute a threat to our ultimate safety—then President Monroe's exact words could be utilized in announcing an extension of the established Monroe Doctrine, leaving out any reference to the Western Hemisphere, and say, in effect, to the world and to the American people that:

"We owe it therefore to candor, and to the amicable relations existing between the United States and those powers, to declare that we should consider any attempt on their part to extend their system, as dangerous to our peace and safety."

We should then build at once a military force, spearheaded by an air corps that would bear silent evidence to all concerned

that we were ready and able to enforce the extended doctrine, just as we have enforced the original Monroe Doctrine covering the Western Hemisphere for more than 125 years, and which kept us out of a major war for more than 75 years.

The Congressional Air Policy Board has recommended a long-range military plane purchase program, which would provide a 35,000-plane striking force costing \$16,800,000,000 over a 5-year program. The President's air policy board's recent report closely parallels this document.

The Armed Service Committees of Congress should immediately check these reports and if found correct recommend their adoption and the appropriation of the necessary funds by the Congress of the United States for the entire 5-year program.

Congress could apply the Marshall plan 4-year funds of \$17,000,000,000 to the \$16,800,000,000 5-year plane purchase program and have approximately enough left to continue the necessary European nations' feeding program until they raise a third crop and to furnish the necessary funds to the RFC or the World Bank for the rehabilitation of the European nations' industry under the Reconstruction Finance Corporation rules, as applied to American citizens.

Under the 125-year-old Monroe Doctrine we would only declare war when we judged that our own ultimate safety was threatened, and we were the sole judge in that event.

Mr. MALONE. Mr. President, the amendment which I submitted yesterday was to bring about the lending of money to rehabilitate the industries of Europe; to rehabilitate industries in those areas on the same basis as industry in the United States is rehabilitated. In other words, we would lend money to private industry in any nation in Europe on the same basis as it is loaned to private industry in this country; to Europeans on the same basis as to Americans. That is the purport of the amendment. Then, instead of the 3-phase free-trade program of the administration, I suggested a flexible import fee to put a floor under wages.

I stated further that I proposed to show that we were arming Russia for World War III, through the 16 Marshall plan or ECA countries, since they had made 88 trade treaties, practically all of them since World War II had ended, with Russia and other nations behind the iron curtain. Yesterday I asked that those treaties which I was allowed to keep, 45 of them, be printed in the RECORD. Upon consultation with the Public Printer, it was found to be a considerable job. Four of those treaties will be found in the RECORD of yesterday. Forty of the treaties were considered restricted. I was not allowed to keep the restricted treaties. I was allowed only to inspect them. Three of such treaties were held to be very confidential. The representative of the State Department practically held them in his hands in my office while I was allowed casually to examine them.

Yesterday I asked that a complete list of those treaties be printed in the RECORD, and also a list of treaties made by the 16 Marshall plan nations with Spain, to show that normal trade with Spain is going on in the case of everyone except us, including the ECA European nations. Four of the 45 treaties on the



list will be found starting on page 3546 of the CONGRESSIONAL RECORD of March 30 (yesterday).

I stated at that time that I would attempt to show that this administration is giving lip-service to labor through proposed legislation while pulling the jobs out from under their feet through this 3-phase, free-trade program. That program consists—first, of making up the trade balance deficits of the ECA or Marshall plan nations with hard-currency nations in cash each year. Our chief export is cash.

Second, the extension for 3 years of the 1934 Trade Agreements Act, which is erroneously referred to as the Reciprocal Trade Agreements Act. There is, of course, nothing reciprocal included in the 1934 Trade Agreements Act. It does not operate that way, and that is not the effect. The phrase does not occur in the act itself, but it was a trick phrase invented to sell free trade to the American people, and on that basis the State Department has adopted a selective free-trade policy, beginning 10 years or more ago, selecting a few industries at a time in the beginning. Now, however, nearly all the industries have come under the hammer, and practically all the import fees or tariffs are below the critical point representing the differential in cost of production of an article in this country and the cost of production in the country where the chief competition is located.

There are very few, if any, products that cannot be produced at a lower cost in some foreign nation and shipped into this country, as compared with the cost of the same article produced here without any protection.

The third part of the three-phase free-trade program is the International Trade Organization, which will come along later. Heretofore it has been soft-pedaled so far, waiting for the passage of the first two parts of the program. It is the third part of the three-phase program, and the most dangerous part of all since the ECA Act, including the appropriation, and the extension for 3 years of the 1934 Trade Agreements Act can be terminated. But when the International Trade Organization Act is adopted to make permanent the free-trade policy of this Nation, there is no retreat.

What is the International Trade Organization Treaty? It includes 58 nations. Fifty-four have already signed, and the others will sign, as they have nothing to lose. They can only gain. There will be 58 nations, with 58 votes; we shall have exactly the same vote as Lithuania or Siam. The representatives of those nations are supposed to meet once each year in conference and add up the remaining production and markets of the world and divide them between the nations of the world eventually on the basis of population, thus making free trade the permanent and accepted policy of this Nation. That, Mr. President, will be the last of the workingman of America, as we know the standard of living of this country.

#### THE WORKERS AND FREE TRADE

Mr. President, maybe the workers do not know it, but while labor legislation is being promised them the three part

free-trade program which will flood this Nation with cheap labor products is being promoted by the same administration. I recommend that they take a careful look into this matter and decide how look into this matter and decide how far they are willing to go in letting the goods produced by low-cost foreign labor come into this country.

It is a long range program dominated by low-living standard foreign nations to divide the American market. Doctrinaire tariff cutting, if persisted in, will swell the flood of incoming cheap labor goods and the standard of living here will go down just as certainly as night follows day.

In connection with that statement, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article by George Rothwell Brown, published in the New York Journal-American of March 1, 1949.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### THE POLITICAL PARADE

(By George Rothwell Brown)

WASHINGTON, March 2.—The embarrassing impetuosity of Mr. Christopher P. Mayhew, in blurring out the truth about Britain's economic recovery being virtually complete, presents two pertinent issues to the serious attention of Congress.

While Marshall plan dollars have been building up not merely British industries but those also of western Europe, all of which are necessarily to be dangerously competitive with the United States, we are on the verge of throwing down the last remaining American tariff barriers to floods of foreign-made goods.

If the indiscreet remarks of the British Under Secretary of State, at Lake Success, were poorly timed, in view of the fact that \$5,580,000,000 bill for another year of ECA is on the Senate agenda, they were no more so than the coincidental revelation in London of the British Labor Government's program for a vast extension of the nationalization of basic industries.

On the same day on which Mr. Paul Hoffman, ECA Administrator, appeared before the Senate Foreign Relations Committee, to head off, as possible, and now very probable cut in the \$940,000,000 earmarked for Great Britain under the program, the Associated Press reported in a London cable some interesting disclosures concerning the steady onward march of state socialism in the United Kingdom.

The Labor Party is branching out with a vengeance. Sugar refining and water supply industries are marked for the hungry maw that has already swallowed transportation, the Bank of England, communications, coal mines, and electrical supply. Nationalized steel is in the parliamentary stages.

According to the Associated Press report the Labor Party has been examining 20 or 30 industries which are the most suitable, meaning for the extension of socialism.

Senators and Representatives in Congress have no constitutional authority to play Santa Claus to the whole world.

They must now decide whether to impose further strains upon the American economy, in order to expand state socialism in Great Britain.

They must decide whether the United States should be placed on an all-out free trade basis, by the mere say-so of the President, thus throwing open the great American home market to industrial rivals abroad financed, sustained, and developed with American dollars.

Winston Churchill has repeatedly declared that dollars alone are keeping socialism in power in United Kingdom. As recently as February 12, he again said, that the Labor Government continues in existence only because of gifts from free-enterprise, capitalistic America, whose economic system they deride and revile.

The United States—meaning the men and women who pay taxes to this Government—are building up the industrialization of countries of western Europe, including Great Britain, beyond their prewar capacity.

Where will they find markets for their increased production?

If in the United States, what then will happen to American employment. American labor, and the American way of life?

Mr. MALONE. While our dollars are helping to build up the competitive industries of western Europe, we are blithely going ahead and increasing their chance to invade the United States market by further reducing our tariff structure. Mayhew, from England, let the cat out of the bag when he said that Britain's economic recovery is virtually complete. That is the purport of this article. Yet, Mr. President, we are talking about appropriating another \$5,000,000,000 to increase their productive capacity. In the meantime socialization is going ahead at a rapid pace in the ECA countries. The Bank of England, transportation, communication, the coal mines, the electrical industry, and steel production are now being nationalized, and 20 or more industries are being examined as to their suitability for nationalization.

Churchill has claimed that the United States dollars are keeping the labor movement in power in England. That is the same Mr. Churchill who is in our town today, and is almost at this moment making one of his very excellent speeches. I am very fond of him—and only wish he were taking care of our best interests, as he is trying to care for the best interests of his homeland. While on this side we are doing everything possible, by reducing tariffs and import fees, to increase the competitive advantage enjoyed by the low-labor-cost countries in our markets, and to displace the American worker through the importation of the products of European and Asiatic cheap labor.

But that is not all, Mr. President. Many years ago American manufacturers began to migrate, so as to get around the trade restrictions in foreign countries. The purpose then was to enable American manufacturers to get inside an otherwise forbidden market. Now the migration has recommenced, but this time with a very different motive. Today the migration of American manufacturers to foreign countries is for the purpose of taking advantage of the lower-paid foreign labor and the lowered American import fees and tariffs. In other words, American manufacturers are establishing themselves abroad, where they use cheap labor to make goods to ship back into the United States. Not only is it their purpose to be able to sell their goods in the foreign markets, as was formerly their intention; but they also intend to ship their foreign-made goods into our country, and that is possible because of the lowering of United States tariffs and import duties, which



now constitute no protection whatever to American workers. In fact, they now have been lowered below the critical point of making up the differential of cost between the cost of production by American labor and the cost of production by the low-wage foreign labor.

The result has been that American manufacturers are using the goods they manufacture in foreign countries with the aid of foreign labor, to supply the market in the United States, just as formerly they sent their goods from the United States into the markets of foreign countries.

Mr. CAIN. Mr. President, will the Senator yield for a question?

Mr. MALONE. I am happy to yield to the Senator from Washington.

Mr. CAIN. With reference to the comments being made by the Senator from Nevada, I wonder whether he has any further information concerning the number and character of American manufacturers who apparently or seemingly, from the Senator's viewpoint, have recently gone abroad to establish factories from which to ship goods back to the United States.

Mr. MALONE. Yes; I have. A little later in my remarks I intend to name a number of those firms. Twenty or 30 very prominent firms were listed a short time ago. Among them was the Remington-Rand typewriter Co., which is laying off several thousand employees in New York, and is going to Scotland, where labor is much lower in cost, but is also very efficient and willing to work; and that company will take highly efficient, up-to-date American machinery to Scotland, and will establish there a factory for the manufacture of typewriters, not only to be sold in the European markets, but also to be imported into the United States and sold in this country to displace American production.

Mr. CAIN. Mr. President, will the Senator yield once more?

Mr. MALONE. Yes.

Mr. CAIN. Will the Senator from Nevada at his convenience discuss the situation prior to the war, with reference to the establishment of factories abroad by American firms, for the purpose of being able to ship goods back to this country; and will he also discuss the situation as of today, so that we can more nearly determine what is the trend in terms of volume, let us say.

Mr. MALONE. Yes; I intend to do so. I shall reach that point a little later in my discussion.

Let me say now that before the war, we had an average duty or import fee or tariff of 45 percent on goods coming into the United States. At the present time, the tariff has been lowered to approximately 12 percent, on an average of the dutiable products. On the average, over-all, it is approximately 6 or 7 percent, or a great deal lower than it has ever been. Before the war, American firms such as automobile manufacturers had established factories abroad, but in very limited number, for the purpose of supplying the foreign market, generally speaking. But now in establishing factories abroad they have the additional

purpose of sending goods from their foreign factories into the American market.

Let me say here and now that I see no difference in effect between allowing such foreign-made products to come into the United States free of duty or import fee, or under a duty lower than the critical point which makes up for the difference between the cost of production in the United States and the cost of foreign manufacture—in short, allowing the products of foreign labor to come into the United States and displace the products of American labor—and allowing free immigration of such low-cost labor—the effect upon American labor is exactly the same—idle men.

Mr. KEM. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. KEM. I was very much interested in the Senator's remarks about the construction of plants by foreign firms. In doing so, I assume that they use considerable amounts of American machinery and equipment. Is that so?

Mr. MALONE. That is entirely true. Today we are encouraging the use of our up-to-date machinery by sending between five and six billion dollars a year to those countries, to enable their people to purchase such equipment and supplies.

Mr. KEM. That equipment is paid for in dollars by the foreign subsidiaries in America; is it not?

Mr. MALONE. Yes; unless they are able to have apportioned to them some of the material for which the United States Treasury pays the bill.

Mr. KEM. Of course, what they want is the improved American techniques and technology and the latest American machinery; is it not?

Mr. MALONE. I am very glad the Senator has brought up that particular point, because the stereotyped answer for 40 years, of all economic theorists, has been, "Of course, with our improved methods and techniques and know-how, we have nothing to fear from foreign cheap labor." But, Mr. President, today I want to inform the Senate of the United States that the very latest machinery and technical know-how and assembly-line methods are available to Mr. Jim Rand, in Scotland, where he is manufacturing typewriters; and to Mr. Ford, in England, where he is manufacturing automobiles; and, similarly, the latest American methods and techniques will be available to any other foreign factories. So as of today, the only differences in costs between United States manufacture and foreign manufacture are the differences in wage-living standards and in efficiency.

Mr. KEM. I wish to ask the Senator if the requisite dollars for that purpose are made available now because the Marshall-aid plan is furnishing wheat and other commodities customarily imported by those countries. In other words, under these circumstances they do not have to pay in dollars for the wheat and the other imports they are receiving under the Marshall-aid plan, so they have dollars available for the purpose of purchasing the latest Ameri-

can machinery and technical equipment, and thus will be able to compete with American manufacturers and workmen. Is that correct?

Mr. MALONE. I think that is entirely true. In fact, the situation is practically reversed from what it formerly was. In other words, in former times because of the protection we provided, our high-wage-living-standard labor was producing in the United States commodities for both the United States market and the foreign markets, for the foreign nations were buying from us what they needed to buy. It is well understood that no nation or individual ever purchases anything from any particular nation or person if he can get it somewhere else cheaper. Consequently, so long as we protected our workers and were able to produce commodities which they needed, and which they themselves were not then able to produce, we are selling those commodities abroad. But now not only are we ruining our market abroad, but we are taking jobs away from labor in the United States, by permitting such importations from abroad; for instance, the importation by the Ford automobile company of English-made Fords, to be sold in the United States; and also the importation of chinaware, watch movements, and other commodities made by American manufacturers in foreign factories or by foreign manufacturers with our machinery and technique.

Mr. President, the time will come when the jobless auto worker in Detroit will begin asking questions about British-made Ford cars rolling through Grand Circus Park, with its owner wearing a suit of clothes made of foreign cloth.

The time will come soon when unemployed American workers will ask questions about washing machines and vacuum cleaners made by manufacturers abroad. I suggest that the workers of this country take this unpleasant prospect under consideration right now.

#### REASONS FOR TRADE AGREEMENTS

Periodically over the years since 1934 several reasons for the trade-agreements program, one part of the three-part free-trade program, has been advanced to the Congress. In 1934, it was to cure the depression. In 1937, it was to obtain world peace through increased trade. Through increased world trade, since we were going to have world peace. We all remember how that turned out. In 1943, the plea was "Don't rock the boat." In 1948, it was to permit the United States to dump its surpluses abroad. In 1949, it is to permit foreign countries to dump in the United States the surpluses they do not yet have.

But we are preparing their machinery and their labor to send their surpluses back to the United States without any import fee or protection for the worker of any kind necessary to make up the differential in the cost of production. That is the latest reason why we must extend the 1934 Trade Agreements Act for an additional 3 years.

The State Department itself has recently admitted the interrelationship of its three-part economic program. Willard L. Thorp, Assistant Secretary of



State, in his testimony before the Ways and Means Committee on extension of Trade Agreements Act, January 24, 1949, said—I quote:

The trade-agreements program is an integral part of our over-all program for world economic recovery.

The European recovery program extends immediate assistance on a short-term basis to put the European countries back on their feet. As a part of this program we have asked them, and they have agreed, to follow certain fundamental policies. The basic principle of the European recovery program, as stated in the OEEC—

That is the organization of the 16 Marshall-plan or ECA countries—

As stated in the OEEC programs and as reaffirmed in the bilateral agreements between the participating countries and ourselves, they will increase production, put their financial houses in order, and expand their trade with each other and with the rest of the world.

So far as the United States has it in its power to do so, it must support and encourage these three objectives. They are fundamentals of economic recovery.

Obviously we cannot urge countries to adopt policies directed toward economic health if we do not pursue the same objectives ourselves.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Missouri for a question?

Mr. MALONE. I am happy to yield to the Senator from Missouri.

Mr. DONNELL. Does the Senator think that what he has read from Mr. Thorp's observations fits in with that sentence of the proposed North Atlantic Pact which reads:

The signatories to the pact will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

Mr. MALONE. I may say in answer to the question of the Senator from Missouri, I think the actions of the European countries in entirely forgetting a plan for a United States of Europe, entirely forgetting all cooperation among themselves, and now reaching out for our markets and our money, constitute in effect a very great deviation from the spirit not only of the North Atlantic Pact but of all other agreements they have made with us.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. MALONE. I am happy to yield.

Mr. DONNELL. Am I correct in my view that in the opinion of the Senator the expression made by Mr. Thorp in regard to the reaffirmation of bilateral agreements between participating countries and ourselves, that, quoting Mr. Thorp, "they will increase production, put their financial houses in order, and expand their trade with each other and with the rest of the world," is designed along the same line, as the sentence I have quoted from the proposed North Atlantic Pact, namely, "They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them"?

Mr. MALONE. It no doubt was designed to fit in with and to coordinate

the two. However, in the light of their actual performances, it leaves considerable to be desired.

I continue the quotation from Mr. Thorp:

The International Trade Organization, upon which Congress will soon be asked to take favorable action—

Mr. President, I had just mentioned that that will be forthcoming, just as soon as the other two parts, the first and second parts, of the free-trade program pass the Congress.

The International Trade Organization, upon which Congress will soon be asked to take favorable action, provides a long-term mechanism by which all countries' commercial policies, in the broadest sense of the term, may be tested and guided into conformity with a pattern which will maximize trade and minimize political friction arising out of national trade measures which may be harmful to other countries' legitimate expectations.

Each part of this program is important. Each contributes to an effective and consistent whole.

Viewed in that perspective, it is perfectly clear to me that the Trade Agreements Program must continue in the form which will render it most effective; namely, the form introduced in H. R. 1211, the form of which has stood the test of experience for 14 years.

In other words, the short-term program is to make up the trade balance deficits of the 16 Marshall-plan countries each year, in cash, until the State Department, under its selective free-trade policy adopted on a basis of the 1934 trade agreements act, can divide the markets of this country with the Marshall-plan countries and the other nations of the world. The theory that the more we divide our markets with them, the less their trade balance deficits will be, goes along in a temporary fashion year by year. Then along comes the International Trade Organization with the 58 nations, as I have already explained, with 58 votes. We shall have the same vote as Lithuania, Siam, and the smallest nations of the world, so that we shall have one vote to their 57. At the same time, we have 64 percent of the market to divide, and ours is the only nation in the world today where you can sell anything and get money for it unless we have previously loaned money to the interested nations with which to buy it.

So there is only one market in the world to be divided today, and that is the market of the United States. We therefore have the three steps to be taken, one by one, representing a very patient operation, I may say. Free-trade proposals have been made to this country heretofore by various people. I shall discuss that matter later in my address. But when it is called free trade, the American people recognize it for what it is and would never accept it. It is only when wrapped up in packages, each one labeled an "immediate emergency" on its own account, that the American people do not understand it, and the Congress of the United States can pass a measure embodying such a program, which the President will sign.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Sena-

tor from Missouri for a further question?

Mr. MALONE. I am happy to yield.

Mr. DONNELL. I am not certain I made clear to the Senator from Nevada the point that was in my mind a moment ago, and I should like to rephrase the question, if I may. In the letter from Mr. Thorp, from which the Senator has read, he is talking about the basic principle of the European recovery program as being an agreement between the participating countries and ourselves, "that they will increase production, put their financial houses in order, and expand their trade with each other and with the rest of the world." I gathered the impression from the reply of the Senator that he thinks the policy as outlined by Mr. Thorp ultimately leads to a general free-trade situation. Am I correct in that?

Mr. MALONE. That is correct.

Mr. DONNELL. That leads me to this question, which is what was in my mind a few moments ago: Is not that precisely what the framers of the North Atlantic Pact, which will soon be before the Senate for ratification, had in mind in this very sentence in the treaty:

They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

In other words, is it not the idea of Mr. Thorp and also the idea of the framers of the treaty precisely to bring into effect some general economic collaboration, some general expansion of trade between the participating countries and ourselves, which would ultimately work out exactly as the Senator from Nevada is indicating, as a free-trade policy in which our Nation and the interest of our employees would not be properly safeguarded? Am I not correct in that interpretation of the two observations, that of Mr. Thorp and that embodied in the proposed treaty by its framers?

Mr. MALONE. I may say to the Senator I think he is entirely correct. I may say further I think the Senator could go further with respect to the North Atlantic pact, in connection with that point. I had not intended to discuss it at length today, except that at the present time it has come into the discussion logically, through questions, but under the North Atlantic pact we do something else: We guarantee in effect the protection of the colonial system throughout Asia, the South Seas, and Africa, where the natives are farmed, as was so ably said day before yesterday by the able Senator from Maine [Mr. BREWSTER]. In other words, we are guaranteeing to maintain the colonial status quo in Asia, in Europe, and in Africa, a status quo which is much to the advantage of certain of the participating nations, since they realized a century before we did that the countries of the Far East, of Asia, the South Seas, and Africa form an almost perfect complement to the production of the United States. In other words, the manganese, chrome, tungsten, copra, spices, hemp, and the 35 or 40 other products which we either do not produce at all or in only small quantities, and which are very important in our everyday peace-



time existence and vitally necessary in war, are produced in those countries. We are natural traders and could not be prevented from trading with those areas of course, but we are forced to pay anywhere from 10 to 60 percent tithings for the privilege—to the empire-minded nations for the privilege. Approximately 100 to 350 years ago import-minded nations realized this fact, and they now hold certain nations in virtual slavery. In Indonesia approximately 80 percent of the profit goes into the Dutch coffers; it does not go to the Indonesian producers. The people there have been kept bare-legged and hungry for 350 years; and now we are asked to protect and to finance the continuance of that system.

Mr. DONNELL. Mr. President, will the Senator yield for one question?

Mr. MALONE. I am happy to yield to the Senator from Missouri.

Mr. DONNELL. Will the Senator object at this moment if I read one sentence from article 4 of the North Atlantic treaty into the RECORD?

Mr. MALONE. I shall be very happy if the Senator will do that.

Mr. DONNELL. The sentence is as follows:

The parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the parties is threatened.

Does the Senator recall that provision of the proposed treaty?

Mr. MALONE. I have that in mind. If we ratify the treaty as it is now written we shall be guaranteeing protection of maintaining the status quo and the integrity of the possessions of the various signatories as they now stand.

#### ENGLAND VERSUS UNITED STATES TARIFFS OR IMPORT FEES

When I visited the various Marshall plan countries in the late Autumn of 1947, shortly before the Marshall plan aid program was launched, the political leaders, as well as the American Ambassadors stationed in these countries, told me that the financial aid was designed not only to bring about economic recovery in these countries, but that it was essential to the maintenance of American prosperity and to keeping our exports to these countries high.

Mr. President, at this time I ask unanimous consent to have printed in the RECORD as a part of my remarks two articles dated March 16, 1949, which appeared in the New York Journal of Commerce on that date, one of which is entitled "World Trade—United States Import Statistics Held No Index of Foreign Dollar Earnings" The other one is entitled "Reserve Halts Belgian Franc Certifications."

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Journal of Commerce of March 16, 1949]

#### WORLD TRADE—UNITED STATES STATISTICS HELD NO INDEX OF FOREIGN DOLLAR EARNINGS

How many dollars are foreign countries earning from their exports to the United States?

The answer to this question is of paramount importance to foreign traders, principally to exporters who would like to know

what their chances are of selling goods abroad and getting paid for them in dollars.

Ordinarily it would not be difficult to ascertain what the dollar earnings of foreign countries are. United States import figures would give at least part of the answer.

Recently these figures have shown a steady increase in our imports. They amounted to \$7,038,344,000 for 1948 and there has been considerable satisfaction expressed in some quarters concerning what some chose to consider as a tendency of the trade gap to achieve something nearer to a balance.

But today the dollar value of imports gives no exact indication of the amount of dollars earned by foreigners by their shipment of goods to this country.

#### VALUATION PRACTICES

The reason why import statistics do not give a true picture of foreign dollar earnings today is that they are based on the valuation of imports for customs purposes, not on what importers actually pay for them.

Under the law customs appraisers must value imports on the basis of official rates of exchange as certified daily by the Federal Reserve Bank of New York.

But to a certain extent importers are paying for their purchases abroad in foreign currencies which they have obtained at a discount.

The recent disclosure that Belgium is accepting payment for her exports in bank notes which have sold here at from 16 to 6 percent below the official rate is only one example of how importers can obtain foreign currencies at less than official rates.

#### THIRD COUNTRY IMPORTS

Imports paid for in foreign currencies obtained at discounts below the official rate are frequently effected by transactions involving third countries.

Sometimes these triangular transactions involve actual physical transshipments of the merchandise through a port in the intermediary country.

Even though the mark-of-origin rule may actually indicate from where the goods were actually shipped in the first place, there is some question as to which country has actually obtained possession of the dollars that were paid for these imports.

The statistics, for instance, might show certain imports from Iran valued at so many dollars for which the original Iranian shipper may have received only Dutch guilders or Belgian francs and either of these two countries may have dollars to their credit that do not show up in their export statistics.

#### SMALL EXPORTS IGNORED

There is, on the other hand, a factor which probably results in United States export statistics not showing fully the amount of trade with a given country in a given commodity. That is the practice of the Census Bureau in including in its figures only exports valued at more than \$100.

Census officials assert that a 2 percent allowance for an over-all error in their figures is probably sufficient to take care of these discrepancies but some traders point out that the discrepancies may be considerably larger than 2 percent in the case of certain foreign markets.

It is pointed out that recent export control regulations have tended to increase the number of shipments of small consignments of limited value since such shipments could be made without a license even in the case of commodities under export controls.

#### POSSIBLE SOLUTION

There are good reasons why imports should be valued at official rates of exchange and there are also good reasons why Census Bureau figures cannot be broken down more finely.

But exporters do need more accurate figures on the actual dollar holdings of the foreign countries where they are doing business.

It is for this reason that discussions between some trade groups, local bankers, and representatives of the International Monetary Fund, looking forward to the possibility of making available to the export-trade statistics of this character, are being watched with considerable interest by foreign traders.

[From the New York Journal of Commerce of March 16, 1949]

#### RESERVE HALTS BELGIAN FRANC CERTIFICATIONS

The Federal Reserve Bank of New York yesterday temporarily ceased certification of a customs rate for the Belgian franc, thus introducing the possibility that it may soon certify two rates for the currency.

Such a development would mean official recognition of a cheaper rate for Belgian goods imported to this country and would pass on to the importer (in addition to the saving obtained on cut-rate banknotes) the savings arising through calculation of customs duties on the lower rate.

#### AWAIT OFFICIAL WORD

The Reserve bank, it is understood, dropped the Belgian rate from its certified list pending receipt of official clarification from that country's central bank. Meanwhile, it is becoming clear that business is being done at the lower rate. Banking circles reported yesterday that funds in bank accounts opened with banknotes purchased outside of Belgium were being sold in New York at a rate of 2.10 a franc, compared with the official rate of 2.28c.

At that price there is a saving of almost 9 percent on the currency bought to pay for Belgian goods and a proportionate saving on customs duties levied on such goods.

#### MYSTERY DISTURBS BANKERS

In all the confusion that has reigned in the foreign exchange market since Belgium announced a week ago that it would permit payments to be made in Belgian banknotes repatriated from abroad, the most distressing factor to bankers here has been the mystery that surrounded the mechanics of the measure and the reason for it.

There have been conflicting advices that only 50 percent of payments may be made in the banknotes and that 100 percent may be used. The latter currently seems more accurate.

There has been a virtual cessation of demand for normal banking cable transfer funds at the official rate, and a growing interest among imports in the use of the cut-rate banknotes. The use of a multiple rate, if that should develop, as now seems likely, would be disliked intensely by commercial bankers and, it is presumed, the International Monetary Fund.

Mr. MALONE. Mr. President, figures showing the earnings for foreign countries on exports to the United States are entirely misleading. The United States customs officials appraise imports on the basis of the official rate in the foreign currencies. There has recently been a move to place a lower value on the Belgian franc used to purchase Belgian goods for import into this country. This would permit easier calculation of customs duties and would effect a substantial saving to American importers dealing in Belgian goods. In practically all those countries, when they want to undersell an article in another country, all they have to do is to lower the official rate, which automatically lowers the cost, and the official rate, as compared with the dollar value, takes care of the rest of it. In other words, they can come in under a fixed tariff or import fee through such



manipulation. That is the reason why I suggest a flexible import fee.

We have had the Marshall plan for 1 year, but what has happened to our exports. For 1948, the first year of the ECA aid program, our total exports fell off by about \$3,000,000,000. Our exports to England, the nation receiving the largest amount of aid—well over \$1,000,000,000—fell off heavily in 1948 compared with the preceding year. The decline was 41.6 percent—from \$1,103,000,000 in 1947 to \$644,000,000 in 1948.

If we look at England's tariff policy and tax policy, we can understand why our exports to England are rapidly falling off. England charges custom duties and purchase taxes on American automobiles which in some cases exceed 100 percent of the value of the cars.

According to an AP dispatch from Liverpool, England, dated March 12, 1949, Sir Robert and Lady Craigie recently imported an American Cadillac valued at \$4,000. The British Government levied an import duty of 40 percent—\$1,600—and a purchase tax of \$3,200, making total duties and taxes of \$4,800 on the import costs of this one car. The United States, on the other hand, charges a tariff of only 10 percent ad valorem on imports of automobiles.

I am showing that they do not live up to their agreements; that through subterfuges, embargoes, and taxes, or in some other manner, such as a purchase tax, they get around the agreements they have made with this Nation.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. MALONE. I shall be happy to yield to the Senator from Missouri for a question.

Mr. KEM. I wonder if the Senator noticed, at the hearings last year before the Senate Foreign Relations Committee, that the Detroit Board of Commerce, the official organization of manufacturers and businessmen of that city, appeared, through their representatives, and supported the Marshall plan very enthusiastically.

Did the Senator notice that at recent hearings, a few weeks ago, the Board of Commerce of Detroit was much less enthusiastic? In fact, they suggested, I think, serious defects in the plan. I think, in view of what the Senator has said, their change in attitude is quite interesting.

Mr. MALONE. I will say to the Senator from Missouri, right in line with his statement, that in 1947 there were 48 automobiles imported from Europe. In 1948 there were 25,000 automobiles imported; and that business is just getting started. The workers in Detroit are the ones who will become very agitated as soon as they understand the situation.

It is obvious from the facts that the ECA aid program—the trade-agreements program—and the International Trade Organization are all part and parcel of one scheme to open the American market to a flood of lower cost foreign imports at the same time that other nations shut out American exports from their markets. At the end of the first year of the ECA aid program our imports had increased by 1.7 billion dollars over

1947, while, as already stated, our exports had decreased by nearly \$3,000,000,000.

#### AFFECT THE WORKERS FIRST

This long-range, three-phase, free-trade program will affect alike farming, manufacturing, mining, lumber, textiles, and labor.

The millions of our country's workers will be the first to feel the effect of the three-part, free-trade program, since unemployment is the first symbol of the jobs displaced through the imported products of the low-wage living standard and slave-labor countries of Europe, Africa, and Asia.

Mr. CAIN. Mr. President, will the Senator yield for a question?

Mr. MALONE. I shall be happy to yield to the Senator from Washington.

Mr. CAIN. Several minutes ago the Senator from Nevada was making some very interesting and enlightening remarks concerning tariffs and import fees. Will the Senator permit me to go back to that subject in order to ask him a question?

Mr. MALONE. Certainly.

Mr. CAIN. In the first paragraph of the Senator's statement on that subject he indicated that during a visit abroad American ambassadors generally, and some political leaders, said that the Marshall aid program had been designed to bring about recovery in those countries, in addition to which it was intended to maintain American prosperity and to keep our exports to foreign countries on a high level.

Does the Senator recall—and I may say I have no recollection of it—that during any of the long hours of debate on this subject on the floor of the Senate it was ever mentioned by any Senator that one of the reasons why we must pass the Marshall plan was to keep our exports to Europe on a high level?

Mr. MALONE. I think a consideration of the Marshall plan itself makes it plain enough, I would say in answer to the Senator from Washington, that it is to make up a trade balance deficit which comes about from the fact that the Marshall-plan countries are importing more than they export and are trying to become more self-sufficient in their production, and they plan to compete with us with our own machinery, the assembly-line methods, and the technical know-how exported from this country through the Marshall plan, and now soon to be augmented by the great global recovery program of President Truman. The President plans to export the technical know-how and pay for it through additional appropriations made by the United States Congress. This will accentuate the very situation to which I have referred, about which our workers are already starting to complain.

We are willing and anxious to help raise the living standard of the peoples of other nations, but not with the accompanying ruination of our own workers.

The people do not realize the deadly serious long-range effect on the workers, the farmers, the merchants, the manufacturers, and the industrialists of this

Nation of the permanent free-trade plan of the economic one-worlders included in this three-phase program, of which the 1934 Trade Agreements Act is but one part, and the ECA or Marshall plan extension is the first part only of the three-prong plan to fasten free trade upon the American people.

#### RESULT OF AVERAGING LIVING STANDARDS OF THE WORLD

Let us see what it means to lower the level of our living standards to that of the remainder of the world, which is exactly what free trade would mean. It is exactly like taking the partition out of a sink: The water will find its own level. There is nothing else for it to do. Roughly speaking, the population of the United States is approximately 7 percent of all the people in the world, and this 7 percent has developed approximately 36 percent of the world's income.

That leaves 93 percent of the people having 64 percent of the world's income in the remainder of the world. If the 140,000,000 American people agree to divide their wealth with the world, and the 2,000,000,000 people in the remainder of the world agree to share their poverty with us, the standard of living of the average American citizen could be one-sixth of what it is today when the final leveling takes place.

I wish to say at this point, Mr. President, having visited most of the nations of Asia, the Near East, the south seas, and Africa since World War II, that conditions in many of those places are pitiful. We do want to help the people of those areas to the best of our ability, without lowering the standard of living of our own people or injuring unduly our economic situation.

We are about the only nation in the world today which can have a decent depression. I visited China, India, Siam, Burma, Indonesia, and others, and went into the small houses of the inhabitants, saw how they lived, and how they worked in their little workshops, where, with their hands; they whittle things out of ivory and various other materials they are able to get. Their situation is pitiful. They are on the ground economically already; they could not have a depression. The next step is starving to death.

Mr. WHERRY. Mr. President, will the Senator from Nevada yield for a question?

Mr. MALONE. I am very happy to yield.

Mr. WHERRY. The Senator has just stated that we should help all these countries to the best of our ability, yet preserving our own economic stability, of course. I am sure that necessity is in the minds of all Senators, and that they would all like to do what the Senator has suggested.

Did the Senator hear the statement made by the distinguished senior Senator from Georgia [Mr. GEORGE] day before yesterday? I shall not attempt to quote him exactly, but summing it up, the Senator said that if our appropriations were increased to around \$46,000,000,000 or \$47,000,000,000 this year, there would inevitably be an increase in taxes, to be collected from the American tax-



payers, to the extent of about \$5,000,000,000.

Mr. MALONE. Unfortunately, I did not hear the statement of the Senator from Georgia, but I heard the distinguished Senator say, I think in the latter part of the last session, at least not later than the beginning of this session, that if we kept on as we were going our budget would run to about the point the distinguished Senator from Nebraska has mentioned. I venture to say that that is a dangerous situation.

Mr. WHERRY. I should like to ask the Senator's opinion as to what would happen if taxes were increased by \$5,000,000,000, if that should become necessary. I am of the opinion that if we are to do the things contemplated we should pay for them, and I think the only way to pay for them is to increase taxes. I should like to ask the Senator, if, in view of his experience as an engineer, and his investigations as he made a trip clear around the world, he thinks that our economy can stand at this time a \$5,000,000,000 increase of taxes without causing a recession in this country, or a depression, if the Senator wishes to define it in that way?

Mr. MALONE. The situation is very grave and very dangerous, because at this moment, as I shall show later in my address, there are nearly 4,000,000 men wholly unemployed in this country. There are nearly 9,500,000 partially employed, and that does not take into account the many millions engaged in employments about which we are unable to get statistics.

Therefore, I think that the present is the time to take stock of ourselves, and determine on an economic policy at this time which will fit the United States, and then assist other nations all we can in recovery, without unduly injuring our economy.

Mr. WHERRY. One of the reasons why I asked the distinguished Senator the question I propounded was that I am of the same opinion the Senator from Nevada entertains, and certainly I agree with the Senator from Georgia completely in his statement. But a few moments ago there came over the news ticker a statement from the President of the United States that he totally disagreed with the statement of the Senator from Georgia, and that if a depression came about in this country, it would be the result of deficit spending. I ask the distinguished Senator if it is not elementary in economics that deficit spending is engaged in to prime the pump. Is not that the force and effect of deficit spending? Is it not done for the purpose of creating business activity rather than a depression? Is not that fundamental?

Mr. MALONE. I think all deficit spending for the purpose of priming the pump should be resorted to only as a last resort—the old pump is pretty well battered as it is.

Mr. WHERRY. We have attempted to increase business rather than decrease it, so as to eliminate the possibility of depression in this country.

Mr. MALONE. The Senator is entirely correct. I wish to say at this point

that I have the highest regard for the Senator from Georgia, whose statement has just been quoted. He has had long experience, and his insight into these matters is backed by good, sound judgment. He is chairman of the powerful finance committee of the Senate. I believe there is no other man in the United States whom I could follow with more confidence.

Mr. WHERRY. Deficit spending is the equivalent of pump priming, is it not? Are not all those things parts of the same pattern? I hope that as the Senator goes through his address he will emphasize that what we must remember now is that if we increase the tax burden to the extent of the figure suggested by the Senator from Georgia, in whom I have the utmost confidence, it might result in an economic depression or a business depression which would be seriously felt before the year ended. For that reason, on the theory that we should pay as we go, that we should not tolerate deficit spending, I think it behooves every Member of the Senate to justify the figures we write in the economic recovery bill, and if we are to start to cut 15 percent across the board in all our future appropriations we should give serious thought to the ECA appropriations we are about to authorize.

Mr. MALONE. Mr. President, the Senator from Nebraska has injected a very serious situation into this debate. There is only one thing the matter with us, the same thing that is wrong with every other nation in the world I have visited. I can say, Mr. President, that in all the nations of Asia, the South Seas, the Near East, the Middle East, and of Europe, which it was my privilege to visit during the last year and a half, only two questions were seriously asked of me. First, they asked about your welfare, rather impatiently, it seemed at times. The second question was, "How much can we get, and when?" Every nation in the world today is living over its head. Waiting for what? Waiting for the United States of America to bail it out before the crash comes. I think we can name the nations right down the line, alphabetically and never miss one. The people of the various countries will say, "We will have to go Communist unless you Americans keep us from going broke." But what do those in power in the various countries do? Campaigns conducted in South Africa, in England, and in other nations are based on promises that the Governments cannot fulfill through their own production. Therefore, they must obtain the money somewhere else. Where else, but from the United States, will it come? I say to the Senator from Nebraska that our country itself can easily get into the same condition. Every Member of the Senate on this floor remembers the crash of 1929. The night before it occurred, when we went to bed, everyone had money—everyone was planning to get rich. The next morning no one wanted to buy anything. That was the only difference. And the way we are going now we may be headed toward a terrible depression.

It is my humble opinion—if I may mention one other thing—that while we

are at the present time appropriating money for the Federal Reserve bank to provide support for low-interest bonds at 100 percent, there is not one person with whom I am acquainted who believes that, if we withdraw that support, within 30 or 60 days those bonds would be worth 75 to 80 cents on the dollar. Some think they would be worth not more than 60 cents on the dollar. If they were to go down to 90, the result would be that in 3 months every bank in the country would be broke.

Mr. DONNELL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Missouri?

Mr. MALONE. I yield.

Mr. DONNELL. Does the Senator agree with the remarks which the distinguished Senator from Georgia [Mr. GEORGE] made day before yesterday, as they appear at page 3457 of the CONGRESSIONAL RECORD:

This year we are collecting at the rate of only \$44,000,000,000 from our taxpayers. About \$2,000,000,000 goes back by way of tax refunds, but it does not go back automatically except in cases of overwithholding on the wage and salary accounts of our people. If we increase the budget for the fiscal year 1951 to a level of at least \$48,000,000,000, and as a consequence put \$5,000,000,000 more on the taxpayers of the United States, we shall have something which will strongly resemble a depression in these United States.

Does the Senator agree with that observation of the distinguished Senator from Georgia?

Mr. MALONE. I not only agree with every word the Senator from Georgia uttered, but I say that if we go along at the rate we are now going, and with reckless abandon spend the money of the taxpayers of this country, and increase taxes beyond what the people can pay, in my opinion, the Truman depression will make the country forget Mr. Hoover.

Mr. HENDRICKSON. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from New Jersey?

Mr. MALONE. I yield.

Mr. HENDRICKSON. In the Senator's extensive tours throughout the world has he not found it to be true that in the poorer areas of the world to which the Senator has referred, the "natives," as the Senator expresses it, the poorer people, are being exploited by the wealthier people by the use of Marshall aid money?

Mr. MALONE. I would say in answer to the Senator from New Jersey that his statement is exactly correct. The Indonesian question has been debated here. Every Senator is familiar with the condition of the people of Indonesia. They are being farmed just as though they were slaves. I will give one example at this point.

Mr. HENDRICKSON. I am referring to the poorer sections of the Middle East and the Mediterranean area.

Mr. MALONE. Yes. What the Senator says is true of the Malayan States, of Indochina, and of Siam to a degree. Perhaps I should say it is not so much true of Siam now, because the people of



Siam have greater control over their own actions. Burma is trying to get out from under the yoke, but is not succeeding very well in doing so. The people of those countries are being farmed through the empire preferential rate system, the sterling bloc, the French franc bloc, and the Netherlands' or guilder bloc. So in some mysterious manner, mysterious to the native himself, he ends up with anywhere from approximately 15 to 50 percent of what he produces.

As an example, I will say that in Indonesia the Dutch have a central money exchange control. The Dutch also control the police power of the Indonesian people—73,000,000 of them—and all imports through what was referred to here a day or two ago as "the favored five." That is substantially correct—they are known as the "favored five" in that section of the world. When an Indonesian sells a dollar's worth of material, whatever it may be—tin, rubber, copra—he does not receive the dollar in his little hot hands. That dollar goes into the money exchange and belongs to the Dutch. The Indonesian is then paid, the number of Indonesian guilders the Dutch say the dollar is currently worth. At the time of my inspection of the area the Dutch had placed a value of 2.63 guilders to the dollar, which amount had little resemblance to the real value. That was the official rate. On the street one could get 13½ or 14 guilders for a dollar. So the Indonesian was receiving approximately 20 percent of his production in the first instance. That was the way he was paid off. And he could spend only the Indonesian guilder in Indonesia. The same thing is true in many of the countries to which the Senator from New Jersey has referred in varying degree.

Mr. HENDRICKSON. That, however, does not apply so much to western Europe as it does to the middle eastern areas or the far eastern areas?

Mr. MALONE. No; it does not apply so much to the European areas. I was speaking particularly of the Asiatic areas, the South Sea areas, the Near East, and Africa. In western Europe the four empire-minded nations, England, France, Belgium, and the Netherlands, control the situation in those areas to a great extent.

Mr. HENDRICKSON. In other words, there has been better administration in the European area than in the other areas?

Mr. MALONE. The people of the empire nations are clever. Long years ago Spain used to be in the category of the empire-minded nations. Spain has now reached the point where she has few, if any, foreign possessions. But the other nations of Europe, the smaller nations, are still largely in the throes of knuckling under to, or being under the influence of, the monetary systems, such as the sterling bloc and other monetary blocs. Only the large nations can take care of themselves.

Anywhere from 125 years to 350 years ago those nations realized that the large area made up of Africa, Asia, and the South Seas, to which I have already referred, was productive territory to control and to farm for the benefit of the

mother countries. The way that is done, of course, is through empire preferential rates slanted toward the mother country; that is, the rates are fixed by the controlling country to make it practically impossible to trade with any nation other than the mother country. They do not permit industries to develop in the areas they control, so manufactured products could be produced in those areas, but the manufactured products must be purchased by the people of the controlled areas from the mother country. It is a two-way profit, and there is little future for a country or a citizen living under such control.

Mr. HENDRICKSON. So I take it the Senator does not contend that the ECA is all wrong.

Mr. MALONE. I will say to the Senator from New Jersey that I have offered an amendment on the subject. All I ask, and all I asked last year, was that we separate the subjects. Last year we said we wanted to feed hungry people, that we wanted to rehabilitate industry, that we wanted to stop communism. I addressed the Senate on March 4 and 5 last year on this subject, in which I suggested that I was unable to understand the three subjects all in one paragraph, feeding hungry people, rehabilitating industry and stopping communism. I simply could not connect the three diverse subjects. I suggested that we break it down; separate the three items. I said that we should separate them and deal with them individually. I suggested that, to the extent of our ability, we feed emergency-hungry people anywhere in the world, but not to try to feed a chronically hungry people, because in most of Asia and in some other areas the people have been hungry for 2,000 years, it is just a matter of degree. They live up to the food supply and die off to it. That has been a well-known fact for 2,000 years of recorded history. So we should not try to feed the people who are perpetually hungry. We could, however, offer long-term assistance to them on a business basis to develop their resources. My proposal was to feed emergency-hungry people, as we would feed the people of Chicago if another catastrophic fire should occur there, or in New Jersey, if some great calamity should occur, and do so to the extent of our ability, without unduly injuring our economy.

I also suggested that we should not ask for the return of our money. I suggested that we should not embarrass those to whom we gave the money by asking to return it or embarrass ourselves by trying to collect it. I said we should not lie to the American people by calling it a loan or a gift-loan. Let us simply feed them to the extent of our ability. Then we come to the rehabilitation of industry. Feeding hungry people and rehabilitating industry is the job of Congress.

I suggested last year—and this amendment again suggests it this year—that we lend money through the ECA—I suggested the World Bank last year; we had plenty of machinery—to private industry in England, France, Belgium, the Netherlands, or any nation in Europe, or

in any area where we consider the integrity of the countries important to our ultimate safety. Let us lend the money on a business basis, exactly as we would lend money through the RFC to private industry in New Jersey, Missouri, or any other State. Let us do that to the extent of our ability, and on a business basis, under RFC rules.

What are those rules? As an example, take an industry in Birmingham, England. I was in Birmingham last year. I went into the steel mills and coal mines, and examined them very closely. I talked with the owners of the steel mills. Most of them said to me, when I talked about money, that they just wanted us to keep out of their hair. I can see why they said that. Under the plan of lending money to the governments of these nations, the industries are being nationalized. Otherwise it could not be done. Let us lend money to private industry.

If one of those steel industries applied for a \$10,000,000 loan, what would it get? We would not send a check for \$10,000,000 to an industry in the United States, so we should not to a foreign industry without an investigation. We would first send a cold-eyed engineer or economist, or someone who understood the business. He would first determine whether there should be an industry in that location. Perhaps the factors affecting the feasibility of the industry have changed. This expert would study the transportation, the location of the raw materials, markets, etc. If after such investigation he determined that the industry should be in that location, the next question would be, What is the economic size? It may be too big or too small for the area. He would determine the economic size and then go through the plant and determine the machinery and equipment necessary to put it on a competitive basis. He would determine the cost of the machinery and equipment installed.

Then he would add it up from the bottom. He would not grab an estimate out of thin air. He would then send his recommendation to the ECA, under the terms of my amendment.

The money would not be given outright to the industry. Equipment would be made available, and money would be made available to pay the labor to install the new equipment. The ECA would then take a lien on all the new machinery and equipment put into the plant, and the shares of stock, or whatever represented ownership of the company, would be hypothecated for further security, and the chairman of the board himself would sign the note. That is the purport of the amendment which I submitted.

I still say that we should feed hungry people wherever it is necessary in an emergency, to the extent of our ability, without unduly injuring our economy. Then we should lend money, as I have outlined, for the rehabilitation of industry only on the same terms as accorded our own American citizens.

That is the job of the Congress of the United States.

The job of outlining an international policy is the job of the State Department and the President. My suggestion is



that we take the old 125-year-old Monroe Doctrine which stopped encroachment in South America and the Western Hemisphere by the same empire-minded nations we have just been discussing.

How did we stop it? About 1822 or 1823 the empire-minded nations of Europe were looking longingly at the little South American countries. It seemed and would have been very easy for them to go over there and take over one or two of the countries each, exactly as was done in Indonesia, the Malay States, and in other areas. The more I read the Monroe Doctrine, the more respect I have for President Monroe. He must have given considerable thought to this subject. He realized that if the empire-minded nations once established themselves in South America they would be only a short distance from the Isthmus, and that if trouble started we would have plenty of trouble stopping them.

What did he say? He said, in effect, that any nation which sought to extend its system of government into the Western Hemisphere would be considered dangerous to the peace and safety of the United States. That was the international policy which he laid down. As a matter of fact, no one wanted to fight the United States. So the Monroe Doctrine kept us out of war for more than 75 years, and the nations in the Western Hemisphere are still free.

Mr. Monroe said at that time that if conditions changed the authorities in Washington could extend the policy. It is now time for us to take stock of that policy and see how it should be extended.

If the President of the United States, the State Department, and the Secretary of National Defense should determine—and they are the only ones who can determine it; this body cannot do it—that the encroachment or the extension of their system of Government by any nation in the world over any other nation would be dangerous to our peace and safety, they can say exactly the same thing as Monroe said in 1823, leaving out reference to the Western Hemisphere. In other words, if the extension of their system of government over another nation by any nation would be considered dangerous to the peace and safety of the United States, let us name the areas and the nations in those areas whose integrity is important to our ultimate safety, and then build a national defense system, spearheaded by an air corps that can keep any such nation on the ground. That is the job of the State Department and the President of the United States.

Does that answer the question of the Senator from New Jersey?

Mr. HENDRICKSON. I thank the Senator.

Mr. MALONE. Let us see what it means, then, to lower the level of our living standards to that of the remainder of the world. Roughly speaking, the population of the United States is approximately 7 percent of all the people of the world, and this 7 percent has developed approximately 36 percent of the world's economy. That leaves 93 percent of the people of the world having 64 percent of the world's economy. If

the 140,000,000 American people agree to divide their wealth with the world, and the 2,000,000,000 people in the remainder of the world agree to share their poverty with us, the standard of living of the average American citizen could be one-sixth of what it is today when the final leveling takes place.

That is the broad picture of the situation which faces the average American working man if the State Department's three-part program is adopted.

#### GROUP LEGISLATION AND THE ECONOMIC FOUNDATION OF THE NATION

Group legislation, including farmers, manufacturers, veterans, labor, and other organizations, has been claiming the full time and attention of Members of Congress while the economic rug is being pulled out from under the Nation's feet through this three-part free-trade program. The labor legislation, the farmers' legislation, the veterans' pension legislation, or any other group legislation will have little significance or effect if the administration's three-part free-trade program is enacted by this Congress.

#### CAPITAL CAN GO ANYWHERE—WORKERS CANNOT

Capital is fluid. It can be invested in the competitive countries where the lowering of the import fee placed the industry, but American labor does not want to follow capital to the low-wage countries and does not want such low-wage labor coming here.

This is not a new proposal. The same principle was suggested 50 years ago when our Nation started to rise above the living standards of the world through the use of our import fees and protection. It was at that time that the international European bankers began to try to divide our markets through the free-trade principle. It was simply a proposal to divide our markets.

The Trade Agreements Act was suggested by Mr. Hull, the then Secretary of State, after being worked out by his department to supplant his direct suggestion of free trade. I have a high regard for the integrity of the former Secretary, but he first made the mistake of asking for free trade directly, and the people of the United States understood it and would not take it.

#### EACH PART OF THE THREE-PART PROGRAM CONSIDERED EMERGENCY

Now, however, we have it bundled up in three parts, a three-part program that is just as plain as the suggested free trade when considered together. But when considered separately, each as an immediate emergency in its own right—and rushed through without a full understanding of its collective effect, the workers do not have the time to digest the full significance of importing the products of the competitive low-cost labor.

#### INDUSTRY IS ON THE MOVE

Every day we read in the newspapers of more workmen losing their jobs—through what is currently called being furloughed from their regular employment. That is a much nicer term than simply calling it losing their jobs through importing the

products of low-wage foreign labor into this country.

American industry even now is on the move. Henry Ford has established plants in England—they do not call the automobiles manufactured there Fords, but 25,000 cars made in England came into the United States during 1948 as compared with 48 cars in 1947.

In the past few days the press has carried accounts of the action of Remington Rand in closing down or curtailing its operations at its plants at Syracuse, Elmira, Tonawanda, and North Tonawanda, in New York State; and at Middletown, Conn.; and transferring these operations to Hillington, Scotland; Weybridge, England; Calcutta, India; and Hamilton, Ontario. A similar situation exists with respect to the operations of the Burroughs Adding Machine Co., E. W. Bliss Co., Apex Electrical Products, Inc., and the Easy Washer Corp. In all cases, cheap labor made it impossible to maintain domestic operations on a competitive basis.

Mr. President, at this time I ask unanimous consent to place in the RECORD an article entitled "Scotland Draws More and More United States Companies," appearing in the New York Herald Tribune of March 20, 1949. The article outlines in greater detail some of the movements I have just described.

The PRESIDING OFFICER (Mr. HUNT in the chair). Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### SCOTLAND DRAWS MORE AND MORE UNITED STATES COMPANIES—SKILLED WORK IS CHEAPER, LABOR TROUBLES RARE

GLASGOW, SCOTLAND, March 19.—More than a dozen American companies are expanding in the European field and have set up factories in Scotland since the war.

The factories were established on sites developed by the Scottish Government as nurseries of fresh enterprise, and American industry now holds a big stake in Scotland's economic recovery drive.

Among the factors figuring in the trend is skilled labor, which is a third cheaper here than in the United States. Scotland has had no major labor-management trouble for years.

American experts say, however, the influx is due even more to government help making it relatively easy and inexpensive for an approved concern to open a plant, and also to a highly favorable position for exports, especially to the sterling areas. Elsewhere in the British Isles other American companies, most of them long resident, have begun extensions for similar reasons.

The principal American companies in Scotland employ thousands of persons and last year produced for home and export goods valued at an estimated \$5,500,000.

#### VARIETY OF ITEMS PRODUCED

They are making now, or will soon, typewriters, adding machines, and other office equipment, electric razors, safety-razor blades, paring knives, mining machinery, clocks and watches, dress patterns, electronic pyrometers, pumps, dehydrating machinery, high-vacuum apparatus used in atomic research, farm machinery, and soft drinks.

"It will be a long time before the foreign exchange situation is cleared up," one industrialist said, "and the companies naturally find it easier, meanwhile, to sell their prod-



ucts in the sterling area for pounds sterling rather than for dollars."

The government, industrial organizations, and businessmen welcome this American invasion. It fits in with the campaign for more production, and in some instances it may help in the drive to get more dollars.

A big attraction to American concerns is the Government's "industrial estates," which afford the outsider and, in many instances, local companies with the simplest means for starting a factory. Here modern machinery with light, heat, power, water and transportation are leased to approved tenants without any capital expenditure.

Companies must show they have an export potential or are making essential goods for the home market, and they must show they are likely to employ additional labor. They often get priority for materials.

#### COOPERATION IS PRAISED

Sir Steven Bilsland, chairman of Scottish Industrial Estates, Ltd., the government's agent, said:

"We are delighted to have these American interests here. They are a vital part of our big postwar effort in industry. There can be no doubt that the Americans, on their part, are gratified by the results of their ventures, and there is a fine spirit of cooperation between the Americans and ourselves.

"Certainly Scotland has great advantages to offer. There is a large pool of high-quality labor, a considerable home market, and our export facilities, greatly expanded during the war, provide a service for world markets at rates as favorable as those of any area."

The estates project was started in the late thirties to help correct maldistribution of industry throughout Britain. There now are 23 in Scotland.

Representatives of most American companies were not inclined to say to what extent operations in Scotland were prompted by strikes or other difficulties in the United States.

Strictly unofficially, some observers in and out of the industry said they believed in some instances labor in the United States probably influenced the decisions of some of the firms.

Newest American entry in the field is Burroughs Adding Machine Co., which, however, has had a plant at Nottingham, England, since 1898. Its Scottish plant, on an estate near Loch Lomond, will cover 150,000 square feet and employ between 800 and 1,000. American personnel will be limited.

#### NOT DRIVEN BY LABOR

W. J. Arris, new general manager of European operations, said: "We were not driven to this by any labor or currency situation."

One complication would be customs duties charged on goods exported to the United States. Some believe, however, American tariffs might be reduced. This they regarded as something new—American manufacturers lobbying to cut American tariffs.

Another large American undertaking in the Scottish development is that of Remington-Rand, Ltd. Its plant in the Glasgow area will employ more than 1,000 when full production is reached on electric razors, typewriters and other office machines.

A. W. Murrell, sales promotion manager, said the company was attracted to Scotland by a "very favorable labor situation" and good exporting facilities.

Some other plants either operating here or planning to start or to expand are National Cash Register Co., of Dayton, Ohio; Veeder-Root, of Hartford, Conn.; United States Time Co., of Waterbury, Conn.; Thomas A. Edison Co., of West Orange, N. J.; General Time Instruments, of New York; Coca-Cola, Singer Manufacturing Co., Monsanto Chemical Co., and Armstrong Cork Co.

Mr. MALONE. Mr. President, it is not a matter of greater efficiency abroad, but merely that our high-wage standard of living is unable to compete with the low-cost foreign labor.

The selective free-trade policy adopted by the State Department, based on the 1934 Trade Agreements Act, has lowered so many of the import fees—the average is now only about 12 percent on all dutiable imports—that today it is possible to establish industries abroad and to sell the products of their cheap labor in the United States. This encourages the erection of foreign plants, as it creates a broader market than would exist if the plants were entirely dependent on the markets of areas suffering from the so-called dollar shortage. As was made clear here a while ago, it not only will furnish the foreign markets, but will encroach upon the markets in the United States.

The loss of the foreign market through the movement of these industries to the lower-wage, lower-standard-of-living countries will be the least of our troubles. The real victims of the policy are and will be the working people of the United States who have permanently lost their jobs.

Not only will these concerns furnish the foreign market, but they will import their products into this Nation and will undersell the same products manufactured by the high-wage American labor.

And now we have the administration's proposal to guarantee the foreign investments of these companies and organizations which will manufacture their products with the low-cost foreign labor and will bring them into this country, to lower the living standard of the American high-wage, high-living-standard workers. That is the serious proposal by the President of the United States.

#### THE RESULTING UNEMPLOYMENT

There now are nearly 4,000,000 men in our country who have no work, and more than nine and one-half million part-time unemployed, and the trend has just started. The railroad "extra boards" will be crowded with railroad workers waiting for the call boy to knock on the door. We may partially recover, at the moment; but if this three-phase free-trade program is adopted it will continue later with renewed force.

#### THIS NATION WOULD GUARANTEE SUCH FOREIGN INVESTMENTS

The crowning insult of all time to the intelligence of the working men and women of this Nation is that after advocating the three-part free-trade program—under which not only the foreign factories and foreign fabricating plants owned by our own nationals, but the European countries under the Marshall plan may send the products of their low-wage, low-living-standard labor into this country—it is now contemplated and advocated that the United States Government, through its Congress, shall guarantee the investments of our own firms that move to these countries with the announced purpose not only of furnishing the foreign market which was supposed to be available to us, but of import-

ing the products of their low-wage-labor factories on foreign soil into this country, to cause further displacement of our own workmen.

Such is the only conclusion that can be drawn from the President's inaugural address. So I do not see at this time how a person could vote for free trade and then vote against free immigration.

Our trite answer over the years to all threatened foreign competition has been that with our more efficient and improved machinery—including our assembly-line methods—no low-cost foreign labor could threaten to approach our efficiency in production.

Of course, engineers and industrialists know that all such assumptions are outmoded. They know that the latest improvements in equipment and machinery and the technical know-how are available to producers throughout the world; and they know that foreign labor, for the most part working on the assembly lines, but having lower pay and lower standards of living and, in many cases, longer hours, can produce the same materials and products at a much lower cost.

In this connection I shall take time to refer to a statement made by Mr. Walter J. Mason, national legislative representative of the American Federation of Labor, before the Senate Finance Committee. Mr. President, his testimony will be found at page 675, of part I of the hearings on House bill 1211. I shall read only a portion of his statement, because it is available to all Senators, as printed in the RECORD. He said:

The reciprocal-trade agreements program offers a method looking toward the further freeing of international trade from restrictive barriers.

Then he said:

However, in some instances the duty reductions already made have reached the point where further reductions would endanger the employment in particular industries exposed to competition from abroad.

Mr. President, I have heard it said many times that the American Federation of Labor is behind the 1934 Trade Agreements Act; but that statement, as presented by Mr. Mason, does not support that theory.

He further said:

In supporting the trade-agreements program, we recognize the need of safeguarding American labor in some industries, especially where wages are a relatively heavy factor in the cost of production, against competition that threatens to undermine our labor standards.

#### NOT FIRST TIME FREE TRADE SUGGESTED

Mr. President, this is not the first time that this suggestion has been made. Forty or fifty years ago the international bankers of Europe suggested this same thing, except they simply proposed a free-trade policy, as did Mr. Hull, when he was Secretary of State.

They did not have the involved language and the three-phase part of it.

#### THE FLEXIBLE IMPORT FEE VERSUS FREE TRADE

Sometimes these theorists ask, "What do you offer if you do not want the free-trade policy based on the 1934 Trade



Agreements Act"? which is erroneously referred to as "reciprocal trade."

Under the proposal of the flexible import-fee adjustment of rates, a definite market basis is established in the United States for the goods of all foreign nations, but they are the judges of their own living standards.

However, under such a provision they would be encouraged to raise their wage and living standards, because they would immediately get credit for any raise in their wage and living standards, through a lowering of the import fee; and when their standards of living approximated our own, then the objective of free trade would be the automatic and immediate result. But in the meantime, while we were assisting them to improve their own wage scales and standard of living, our wage scales and our standard of living would be protected, for the flexible import-fee method would place a floor under wages.

#### INDUSTRIAL RECOVERY—ECA NATIONS

I shall now submit summarized figures showing the degree of industrial recovery since the war, as compared with a pre-war year, for 12 of the 16 Marshall plan countries. Figures are not available for the remaining four countries.

It will be noted that 7 of the 12 countries had achieved prewar levels or even higher levels of industrial production by the end of 1947, before the ECA or Marshall plan was enacted; and 2 other countries, France and the Netherlands, were back to 95 percent of their prewar levels of production.

For the latest year, 1948, it will be observed that the only countries still below prewar levels of production were Germany, Austria, and Greece, and perhaps Italy. Germany shows the least amount of recovery, having reached only 60 percent of her prewar, 1939, level of production. But after the currency reform in June 1948 recovery took place at a rapid rate, reaching 78 percent of the 1936 monthly level in December of 1948.

Mr. President, I ask unanimous consent to insert in the RECORD at this point a press account of British recovery, published in the Journal of Commerce, March 16, 1949, entitled "A British Recovery Substantial but Not Complete, Study Shows."

The PRESIDING OFFICER (Mr. JOHNSON of Texas in the chair). Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### BRITISH RECOVERY SUBSTANTIAL BUT NOT COMPLETE, STUDY SHOWS

LONDON, March 15.—Britain has made substantial progress toward recovery and is past its period of recurring economic crises, a government economic survey for 1949 reported today.

The report said, however, the dollar shortage still is crucial.

The progress is due both to the work of the British people and the generous assistance we are being given by the American and Canadian people, said the report, prepared by Sir Stafford Cripps, boss of Britain's economics and finances.

#### HIGH TARGETS SET

It laid out higher production goals for this year and said their fulfillment would

go a long way toward solving some of the nation's most crucial recovery problems.

But there was nothing in the 20,000-word survey to show that Britain has yet achieved complete recovery, as suggested by Christopher Mayhew, Foreign Under Secretary, at a recent United Nations meeting. Mayhew's statement was later repudiated by the government.

Sir Stafford's survey warned instead:

"The position is still dangerous in a number of critical sections \* \* \* in terms of dollars we are still not paying our way. Sustained efforts to solve the hard core of our economic difficulties are still required."

The entire program was built in the belief that Congress will approve \$940,000,000 worth of American aid for the coming year. This is the full amount recommended by Paul G. Hoffman, head of the Economic Cooperation Administration (ECA).

If the fund is cut many plans may need yet to be revised, said a footnote to the survey.

#### FOUR MAIN TASKS

To tug Britain further out of the morass, the survey set out four main tasks:

1. A bigger effort to sell more goods to the United States and Canada, and so earn dollars.

2. Harder work and more production, especially in steel, coal, and textile industries and on the farms.

3. Cut the cost and boost the quality of British-made goods. Exporters already are having trouble finding customers at present prices.

4. Hold down wages, prices and dividends to keep inflation under continued control.

As a reward for more self-discipline and hard work, the survey promised the people their diet would come back almost to prewar levels this year, although each person will get 4 pounds less meat.

In recent months Britain has achieved a near balance in trade with all the rest of the world. In 1947, its trading accounts fell into a debt of £630,000,000 (\$2,520,000,000).

But, the survey warned, this "does not represent a financial equilibrium since it conceals a large and continuing dollar deficit."

Balance with the whole world means a surplus in trading with the Commonwealth, Europe, Asia, and Africa in contrast to continuing debts to the Western Hemisphere.

With the Western Hemisphere, particularly the dollar area, we are, and are likely to remain, substantially in deficit, even though the deficit is steadily diminishing \* \* \* The dollar deficit remains the crucial problem, the survey reported.

Much of Britain's food and vital raw materials for her industries can be bought only for dollars.

The net deficit in dollar trading for the first six months of 1948 was \$1,016,000,000. In the last half of the year it was trimmed \$676,000,000. For the first half of 1949, however, it will rise to \$780,000,000 as Britain buys materials and machinery to expand output.

Consequently, the government said it is planning practical assistance for exporters seeking to sell in the North American market.

Mr. MALONE. I shall read merely an excerpt from that article:

Mr. Mayhew's statement was later repudiated by the Government, even though Britain's index of industrial production for 1948 was 121 percent of the prewar level.

Noteworthy is the increase in production in French Morocco, which is receiving Marshall plan aid at the rate of \$36,000,000 a year. Industrial production in French Morocco in 1947, the year before the Marshall plan began, was 170 per-

cent of 1938, and in 1948 it reached 190 percent of the 1938 industrial index. How long and how much should the American taxpayer be squeezed to finance, free of charge, such a boom as has been under way in Morocco since the war?

I ask unanimous consent to have inserted at this point in the RECORD, as part of my address, the table to which I referred a moment ago.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE I.—Trend of industrial production<sup>1</sup> in 12 Marshall plan countries since the war, based on index numbers for a given prewar year

	Base year=100	1946	1947	1948
Austria.....	1937	-----	48	<sup>2</sup> 72
Belgium.....	1939	83	100	108
Denmark.....	1937	101	116	129
France.....	1938	79	95	108
French Morocco.....	1938	152	170	<sup>3</sup> 190
Germany.....	1936	34	40	60
Greece.....	1939	53	67	73
Ireland.....	1937	107	113	<sup>3</sup> 129
Italy.....	1947	-----	100	107
Netherlands.....	1937	75	95	113
Norway.....	1937	100	115	125
Sweden.....	1937	137	139	144
United Kingdom.....	1935	100	109	121

<sup>1</sup> Monthly Bulletin of Statistics, Statistical Office of United Nations, March 1949.

<sup>2</sup> First 10 months.

<sup>3</sup> First 8 months.

<sup>4</sup> London and Cambridge Economic Service, bull. II, vol. XXVI, p. 51, and bull. I, vol. XXVII, p. 12, May 19, 1948.

Mr. MALONE. The table shows, for example, that in 1947 Belgium was 100-percent recovered. For 1948, it was 108-percent recovered. In 1946, it was 83 percent. In other words, from 1946 to 1947 it moved up 17 percent, and in the next year, under the Marshall-plan operation, it moved up 8 percent.

Mr. CAIN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Washington for a question?

Mr. MALONE. I am happy to yield to the Senator from Washington.

Mr. CAIN. The distinguished Senator from Nevada has just stated the average percentage increase in Belgium. Does he have an average-increase figure that he may give us, covering the months since we first began furnishing assistance in the reconstruction programs abroad?

Mr. MALONE. Unfortunately, I do not have the detailed figures, because, if they are available, I have been unable to locate them. I have other figures, separately, that are very significant. France had recovered from 79 percent in 1946, the first year after the war, to 95 percent in 1947, an increase of 16 percent. In 1948, at the close of the year, representing only about 9 months' operation of ECA, it was 108-percent recovered. In other words, its recovery had slowed down by the difference between 16 percent and 13 percent.

Mr. CAIN. Mr. President, will the Senator yield for a further question?

Mr. MALONE. I am very happy to yield to the Senator from Washington.



Mr. CAIN. Using Belgium as an example, if the Senator's statement is correct that Belgium has fully recovered, my first question is, does the Senator know how much of the proposed grants for the ensuing year are to be made available to Belgium?

Mr. MALONE. So far as we could ascertain, the figures are not available to us at this time. We were informed they were, in the main, secret figures.

Mr. CAIN. May we safely conclude that Belgium is to benefit from certain of the credits to be allocated to ECA in the course of the next year?

Mr. MALONE. In answer to the Senator from Washington, I should assume that, since the amount that we are attempting to appropriate for the ensuing year, is practically the same as was appropriated last year, the amounts allocated to the various nations will not vary greatly.

Mr. CAIN. Will the Senator from Nevada then help me along my way in thinking through this matter by saying what we should call the credits which are to go to Belgium, if Belgium has fully recovered? What should we call the extension of the forthcoming credits? As I understand the Senator's presentation, they are no longer to be used in the name of recovery.

Mr. MALONE. It is impossible to use them in the name of recovery. Furthermore, with respect to seven of the nations, Belgium had recovered 100 percent in 1947, prior to the use of any of the money; Denmark, 116 percent; France, 95 percent, a gain of 16 percent over the preceding year, with a continuing acceleration still in effect; French Morocco, 170 percent; Ireland, 113 percent; the Netherlands, 95 percent; Norway, 115 percent; Sweden, 139 percent; and the United Kingdom, 109 percent—and all this, in 1947, before the first ECA bill was passed.

Mr. CAIN. The point the Senator from Washington is seriously pressing is that it was certainly his individual hope, and as he thought, the hope and determination of every other Member of the Senate, to help the nations particularly of Europe on the road to recovery; but the converse likewise is true, that so soon as that objective had been accomplished, it would no longer be a requirement to be imposed on the backs of American taxpayers, to continue credits beyond the fulfillment of the desire and objective of European recovery.

Mr. MALONE. I may say in answer to the Senator from Washington, it is very clear that mere recovery was never contemplated, it was never actually meant to apply only to recovery. The great factor in proving what we are actually doing is simply making up the trade-balance deficits of all these nations in cash, and that it was planned to develop some of them to as high as 170 or 175 percent from the beginning. I think Mr. Cripps, of England, has made it clear that their goal is 175 percent. Therefore we are furnishing money with which to purchase goods in this country and elsewhere, and we now see, inasmuch as our economy seems to be taking a dip, that

there is more pressure from our people at home to force all the money given to the beneficiary countries to be spent in this country for our products. It would attempt for another year to continue the same kind of prosperity as last year or at least prevent a depression. But it is merely another means of nailing down the fact that recovery was not the objective. The objective was the making up of trade-balance deficits—and then dividing our markets with the nations of the world through the selective free-trade policy, based on the 1934 Trade Agreements Act, upon the theory that the deficits would become progressively less as we continued to divide our markets with the European countries and the nations of the world—and that there would then be an International Trade Organization treaty which would in effect rule all economic relationships of the 58 nations comprising the United Nations. In other words, the object is a gradual averaging of all of the living standards throughout the nations of the world. And of course we are the first to be affected.

Mr. CAIN. The Senator from Nevada may very well be correct in his present feeling that recovery was not the fundamental reason for the adoption by Congress of the Marshall plan in the first place, but my memory tells me that the fundamental idea of recovery was what very largely motivated most of us certainly in the Senate, to approve and appropriate money for the ECA a year ago.

May I ask the Senator from Nevada if the feeling which I have, which is a very strong one, namely, that we were almost solely concerned with the recovery of Europe, is the feeling the Senator from Nevada had at the time the proposal was being debated on the floor of the Senate a year ago? We were not talking at that time about long-range participating programs of the United States in the economic affairs of the rest of the world, were we?

Mr. MALONE. In answer to the Senator from Washington, I will say that, unfortunately for my feeling in the matter, I had visited most of the nations of Europe in October and November of 1947, and had taken what can be called, I think, a very good look. I inspected the steel mills and coal mines in the Ruhr in Germany; I inspected the industries of France, the steel mills and coal mines of Birmingham, England, and also the Middle East where 50,000,000,000 barrels of oil are blocked out. If I may, I should like to read at this point, for the benefit of the Senator, an excerpt from what Sir Stafford Cripps had to say in that regard: In any case, while I am locating the excerpt, I will say that I visited with Sir Stafford Cripps at some length, and also with Mr. Bevin and with Mr. Anthony Eden. Unfortunately for me, Mr. Churchill was ill at the time and did not come to London. I wanted very much to see him. Sir Stafford Cripps was very clear as to what they wanted the money for.

I finally said to him:

I am informed that England is now more than 100 percent recovered. What would you use the money for?

We were very friendly and he was very cooperative; and I will say that, so far as I know from subsequent events, he never misrepresented anything—he told the truth about what they intended to do with the money.

He said they did not need the money so badly for development in England; what they needed it for was to develop their colonies, in Africa and elsewhere, and to establish new industries; not to rehabilitate old industries, but to build new ones, and to start new farming areas. I said:

Do you mean to say that you want our Government to give your Government money so that you can expend in the construction of new industries, that your Nation will own and operate?

He said that was correct. As a matter of fact, he said that they wanted the money not for recovery, but for the building up of industries in their colonies, notably in Africa. I asked him why they did not establish the integrity of investments so that the citizens of other nations could invest their own money in Africa, since they were willing to invest anywhere in the world where capital is safe from confiscation, where they only take the business risk. There is more private capital for such investment in the United States now than at any other time in the history of the world. Why not let private capital go in and do these things? He said:

Oh, no; that will not do. We need the Marshall-plan money so that the Government of the United States will give the Government of Great Britain the money to build up industry, not to rehabilitate it to the point at which it was prior to the war, not 25 percent above that, but practically double it.

That is where Great Britain intends to come into market domination again. That is what this money is going for really, and it is, of course, in the British Empire where most of the strategic and critical materials are found. That is what Sir Stafford Cripps told me.

Mr. CAIN. Mr. President, will the Senator yield for another question?

Mr. MALONE. I shall be happy to yield.

Mr. CAIN. If, by way of argument, we assume that Sir Stafford Cripps gets what he desires, according to the language which the Senator has just related, how many years would it be necessary for America to continue to provide aid, through a program which the Senator is trying to prove is no longer concerned with recovery, but with furthering permanently the industrial progress of England, in this case, and I take for granted, likewise other nations of the world? We are talking today about credits to be advanced for a temporary period of a few months. I think the Senator is speaking—I do not know whether his premise is correct—concerning a long-range program to be extended for years into the future.

Mr. MALONE. The Senator is entirely correct. I think if the matter were thoroughly investigated by the Senate of the United States, through committees that would go on the ground, as I did, not only into the European countries, but throughout Asia and the



Middle East, such investigating committees would return to the United States and make an entirely different recommendation, because the aid has nothing to do with recovery. It has to do with the growth of those nations and with the strengthening of their competitive world position, to the detriment of the workmen in the United States.

Mr. ECTON. Mr. President, will the Senator yield for a question?

Mr. MALONE. I am happy to yield to the Senator from Montana.

Mr. ECTON. I should like to pursue the question asked by the distinguished Senator from Washington. How much longer did Sir Stafford Cripps say he wanted loans in order to do the things which the Senator has mentioned?

Mr. MALONE. I would say, in answer to the question of the Senator from Montana, that what Great Britain wanted to do, in the first instance, was to get her foot in the door. Not much was said by Sir Stafford Cripps at that time, but since then I think it has been made very clear. Through the tons of propaganda put out by the State Department the people are being sold first, and the Senate second. The people of this Nation have been subjected to the propaganda that the Marshall plan would end all aid for Europe—in the same manner that they were told that UNRRA and then the British gift loan of \$3,750,000,000 would complete the recovery of Europe. I think the Senator from Montana is familiar with the picture, and that the President has already outlined his global program to go on from 1952—the scheduled end of the ECA program.

Mr. ECTON. Does the Senator believe that the people in the foreign countries expect the United States to lend this very extraordinary and substantial assistance to them indefinitely?

Mr. MALONE. That is my humble opinion, and that is why I am tying the three-part free-trade program together. I think it is obvious that once they are tied together it will be seen that it is a program to level our living standard with that of the rest of the world. It is simply designed to bring about a world federation so that low-cost European and Asiatic products can come into our market unchecked as one big world market. When we are all living alike, according to the theory of the one-world theorists, everything will be all sweetness and light throughout the world.

Mr. ECTON. Does not the Senator feel that the people of Europe know that the only source to which this Government must resort in order to get any money is the taxpayers of our country?

Mr. MALONE. I wish the Senator could have been with me on both the inspection trips throughout Europe and Asia. The people of all of the nations of the world think everybody in the United States is rich. We spend our money in a way to encourage that belief everywhere we go, and the Nation spends it even more lavishly than individuals do. Therefore, for example, when I visited with Mr. Nehru, of India, and General Smuts, of South Africa, and many other leaders throughout the countries I

visited, they were very emphatic that I was the first representative of the American people who ever told them that we were in a dangerous economic situation at home. They said they thought there was unlimited wealth in the United States, unlimited credit, and unlimited production. They were not even embarrassed about it.

Mr. ECTON. Do they not realize that this country is already carrying an indebtedness of around \$260,000,000,000? Do they appreciate that?

Mr. MALONE. Most of them do not know it and would not understand it if they did.

Mr. ECTON. Does not the Senator think it is time someone was letting them know about it, and that money does not grow on bushes in this country?

Mr. MALONE. I did my best in every instance. I found them very friendly and cooperative, and I would give them such information. Again speaking of Mr. Nehru, he is a kindly gentleman, quiet, unassuming. He has great power over his people. He was amazed when I told him we were two hundred and fifty or two hundred and sixty billion dollars in debt, and about how much money that was for each of the citizens of the United States; what a great burden it was to carry the debt, and that we had to pay it; when I told him we were appropriating money for the Federal Reserve Board in our own country to furnish a ready market for 100 percent purchase of low-interest bonds, and that if we stopped those appropriations most of our experts felt that the bonds would go down to 80 or 85 cents on the dollar or even lower, and break every bank in America; when I told him we were siphoning money from the wages and income of the people now to such an extent that we were cutting dangerously into the money normally available for new capital investment; that the curve—the chart of capital investment now was on the down grade, that it would very soon reach the point that it reached in England, where the only available money for capital investment was to appropriate funds by the Government; and that very soon the only available money here for such investment would be out of the Treasury of the United States, and that then we would go into public ownership. He was amazed to learn of this situation. He said I was the only American who ever told him such things. Yet he wants to borrow money, as everyone else abroad does, and he is getting ready to ask for it.

Mr. ECTON. Did the Senator learn that the people over there realized that the only bulwark for world safety left anywhere in the face of the earth is in the solidarity and in the solvency of the United States of America? Do they realize that? Do they understand that? That is what I should like to know.

Mr. MALONE. I believe they do realize that, but what they do not realize is, as the Senator has so ably explained it, that the source of the money is the American taxpayer, and the sources of his money is what money he can earn as a profit above what it costs him for his living quarters and groceries; that by taxation we have now cut into his income

and wages to such an extent that many of our people are not living well, but are having a terrific time right now paying taxes and keeping the children in school; and that we are not in a healthy condition. Those are things they do not realize, because we sit here on the Senate floor day after day and talk about \$4,000,000,000 for this, \$6,000,000,000 for that, \$2,000,000,000 for something else. They think, how could we do that and be in bad shape?

Mr. ECTON. Mr. President—

The PRESIDING OFFICER (Mr. MAGNUSON in the chair). Does the Senator from Nevada yield to the Senator from Montana?

Mr. MALONE. I am happy to yield.

Mr. ECTON. Did the Senator ascertain whether the people in Europe realize that we are having to deny our own people in this country many things for which they are asking, and which we would like to give them, in order to send \$4,500,000,000 each and every year to Europe? Do the people in Europe realize that?

Mr. MALONE. They positively do not. They think we have a bottomless pit of wealth. They have been taught that. All we have to do to verify that is to read the CONGRESSIONAL RECORD. One can pick up any issue of the RECORD for the past 15 years, and from reading it he would not think the United States ever could run out of money or wealth. Today 4,000,000 people are roaming the streets in the United States without jobs, full grown men out of employment, and 9,500,000 are on part-time work; and that does not include the railroad men on the extra board waiting for the call boy.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. ECTON. I should like to ask one further question.

Mr. MALONE. I yield to the Senator from Montana.

Mr. ECTON. Do the people in Europe also understand that the President of United States is asking the Congress to raise taxes to the tune of about \$4,000,000,000?

Mr. MALONE. They most certainly do not understand it, because no one has ever attempted to explain it to them. While they believed I might be a normally truthful person, I am sure they thought I was exaggerating when I said that many people in our country were having a tough time to make a living now; that the prospect was not good for an increase in opportunities to make a better living, and that the prospect in the United States was that there would be a lowering of living standards if we kept on the course we had started.

Mr. ECTON. We owe the very able Senator from Nevada a debt of gratitude for the time and the energy he has expended in visiting various countries of the world in order to bring this message back to us. I wish to know whether, based on his observation, he thinks there is any sound reason why the present ECA program could not be cut down to \$3,000,000,000 at this time, as recommended by the distinguished Senator from Indiana.



Mr. MALONE. If the amendment I have proposed should be agreed to, under which the ECA—I had suggested the World Bank last year—would lend money on a business basis, lend it exactly as it would be loaned to an American in Butte, Mont., Reno, Nev., or Seattle, Wash., on the same security exactly, with no harsher terms and no better terms—if this amendment should pass I believe that we could cut this program \$2,000,000,000, and have a billion dollars left at the end of next year. Congress and the President of the United States would be pleasantly surprised to know how little money people would borrow if it meant they had to pay it back.

Mr. ECTON. Will the Senator agree with me that the American people are becoming very sick and tired and disgusted with Congress, as they have been with former Congresses, for turning down many of their requests, and yet voting tremendous appropriations and sending money all over the world for other people, who many times say they do not need it and say they are fully recovered? What is the Senator's viewpoint in respect to that?

Mr. MALONE. If I could express my personal opinion to the Senator from Montana, I would say that if the majority of the American people could see these nations as I saw them, and could understand the real motive behind this three-phase free-trade program, they would move on Washington.

Mr. ECTON. Since the Senator from Nevada has brought up the point that three programs are tied together in an over-all plan, I should like to ask him a further question. My question is how much longer the Senator thinks it will be before the American laboring man realizes that he is being sold down the river by this over-all program?

Mr. MALONE. I have discussed the matter with some American working men. I will say to the Senator from Montana that the working men in my State understand what it means. They know what it will mean to them when Congress takes action which will result in taking from them their wages, because of the fact that we are reducing our own trade in zinc, cattle, sheep, and other products. The State Department eliminated the tariff on wool—the Congress put it back and this Congress vetoed it—then a subsidy was voted for it. That is one of the tricks. If Congress should fail to appropriate the money for the subsidy it would mean that the producers of sheep would simply go out of business immediately. They would not be sick, they would be dead. There would not be an interim period. They would cease to exist.

Mr. President, the working men do not like what is being done. No one who really understands the program likes it.

I will say further that this three-pronged thing has been set up in such an intricate manner that everyone simply throws up his hands and says there is no difference between the Democratic and the Republican Party, because he cannot understand the intricate foreign policy. Those who have spoken on the subject, including Mr. Thorp, the Administrator of ECA, and others, say that

each one of the three elements is dependent upon the others. The plan is not one of recovery. It is one to bring about a leveling of the living standard of the United States to a parity with that of the rest of the world, interminably and completely.

Mr. ECTON. Mr. President, will the very able Senator from Nevada yield for one more question, and then I shall quit bothering him?

Mr. MALONE. I appreciate very much the Senator's contribution.

Mr. ECTON. Would the Senator agree that the legislation we are now considering affects the welfare of the American laboring man to such a great degree, that the few amendments proposed to the Fair Labor Standards Act would naturally simply sink into insignificance, compared with some of the major factors the Senator from Nevada has been speaking of today, matters which very deeply affect the present welfare and the future welfare of the laboring men and their families in the United States?

Mr. MALONE. I want to say to the Senator from Montana, with all the earnestness at my command, that what is proposed to be done is of the most extreme seriousness to the workingmen of the country. Members of the Senate are jamming the hearing rooms of the Committee on Labor and Public Welfare, the Committee on Agriculture and Forestry, and other committees in an endeavor to provide legislation for the benefit of our people. Proposals are made to give 90 percent or 60 percent parity on agricultural products, and to pass labor legislation and appropriations for the European nations to purchase American goods. Yet it is proposed in the pending legislation to provide more than \$5,000,000,000, and send that money all over the world to increase the manufacture of heavy materials, fabricated products, so those products may be sold in increasing amounts for another year.

We are all spending time in committees. At the same time the three-pronged program of free trade is supposed to go through the Senate and be adopted without debate. Some persons even resent the fact that the subject is being debated for the benefit of the public. When this three-pronged or three-phase program becomes effective, when the ITO, the International Trade Organization agreement is finally ratified, when that final nail is driven home and clinched and the products of the low-cost-labor countries can come into America, then it will not matter what type of legislation is written for labor, farmers, or any other group—the drop in prices and the standard of living will leave it meaningless.

The laboring men of America will be out in the street reading the legislation, but what good will that legislation do then when they have no jobs, and when there are no markets for their products?

Mr. CAIN. Mr. President, will the Senator yield?

Mr. MALONE. I yield to the Senator from Washington.

Mr. CAIN. I was very much interested in some of the observations made by

the Senator from Montana and by the Senator from Nevada, with particular reference to the attitude of the farmers of our country and what this country is doing for Europe. I should like to ask the Senator from Nevada a question. Are not too many of us too often guilty of dangerous carelessness by our continued reference to what the Government and the Congress and the President and one or another of our Federal bureaus is doing for someone else, either at home or abroad? Would it not be much better, by way of emphasis and for our good and that of the American people, constantly to emphasize the fact that the men and women of this country, the citizens of the United States, have authorized their representatives in Congress to make available the credits and grants to which we refer to ourselves at home and to nations around the world? If we did that more frequently I am firmly of the opinion that it would be good for the average American citizen to know that it is actually his and her and their children's money which is being spent. It would help materially, I may suggest to the Senator from Montana, in bringing about an awareness which is not presently apparent on the part of the Europeans of what is being done for them by our people, because, having in years gone by, lived in Europe, I know that the average European does not know that Americans per se, or as such, exist. They think of America only in terms of either the President or of the Congress. I think it is a dangerous practice which we all too often follow.

Mr. ECTON. Mr. President, will the Senator yield so that I may ask a question in connection with what the able Senator from Washington has said?

Mr. MALONE. I yield.

Mr. ECTON. Is it not time that there should be an awareness here in Washington of where the money comes from? I have been around Washington a little more than 2 years, but in that time I have not seen any money grow on bushes in this locality. I think we need an awareness on the part of governmental officials, and a realization that every single cent that ever comes into the Government's coffers in Washington comes from the farmers and from the businessmen and from the working people, from the professional people back home in the sticks, at the crossroads, from the grass-root sections of America, from the towns, and from the countryside.

Mr. CAIN. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. CAIN. With the indulgence of the Senator from Nevada, I wish to compliment the Senator from Montana on what he has just said, and to say to him that I agree with him. As one who came to the Senate with him a little more than two short years ago, I am often conscious of the fact that many of our colleagues, probably including myself, are not nearly so conscious as we ought to be of whose substance it is we are appropriating money and sometimes giving it away, and that if we were more conscious that what we do we always do in the name of others, I think we would



stick with such subjects as the Senator from Nevada is so thoroughly discussing, until we were reasonably satisfied that we understood not only what we wanted to do, but how we wanted to do it.

Mr. MALONE. I thank the Senators from Washington and Montana for their contributions.

Mr. HENDRICKSON. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. HENDRICKSON. I heard the Senator from Nevada refer a moment ago to the boom in Morocco. Does the Senator know whether Morocco is a participant in the Marshall aid, or rather the recovery program?

Mr. MALONE. Yes; I will say to the Senator from New Jersey, to the extent of \$36,000,000.

Mr. HENDRICKSON. Was the boom to which the Senator from Nevada referred brought about by the recovery program assistance?

Mr. MALONE. Unfortunately I was able to spend only a limited time in French Morocco. I was in Dakar and French West Africa. But my investigation leads me to believe that the ECA is doing more harm in Morocco than it is doing good. Recovery was on the way in Morocco before ECA began. I may say that I have talked at length with American businessmen who have been trying to do a normal, independent business in Morocco ever since 1946. When I say "normal business" I mean normal within the limitations which have had to be endured since the war.

I have before me a letter which was written to a high official in the Moroccan protectorate on January 4, 1946. I should like to read the letter to show the type of business that cannot be done under the controlled economy we are sponsoring in Europe today.

The letter is as follows:

M. LEON MARCHAL,  
*Ministre Plenipotentiaire Delege  
a la Residence Generale, Residence  
Generale, Rabat.*

DEAR MR. MARCHAL: I have delayed writing about the plan of which we spoke, pending the announcement of the new franc-dollar rate. It was obvious that the adjustment would make a difference. If it had placed the dollar considerably higher, the conditions that make the plan useful would have disappeared.

The plan I outlined is, basically, to encourage the barter of certain types of Moroccan goods for goods of American manufacture. Even at the new rate of exchange, the export of Moroccan manufactured products to the United States is not profitable to a measure that justifies the work and sales expense involved. However, if a complete transaction could be realized, with the exporter using the product of his sales to bring American goods into Morocco and dispose of them, he would be recompensed liberally enough to justify his efforts and expenditures. The ease and profit with which the American products could be sold would compensate for the extreme difficulty and comparatively low prices connected with the export of Moroccan products.

In considering the foregoing, certain basic facts should be borne in mind. Moroccan manufactured goods suitable for export to the United States are specialties. They must be sold. No one is spontaneously anxious to buy them. They are competing in a country that has the largest per capita choice of merchandise of any in the world. Even at

the new rate of exchange they are priced high, often too high to permit any profit in a one-way transaction. American goods that are needed here are, chiefly, staples. Once arrived, they can be sold without effort and without competition.

Under these circumstances, it is equitable for the exporter whose dollars make possible the acquisition of American merchandise to enjoy the profit from their sale. Furthermore, the added incentive of this profit will stimulate export transactions. In numerous cases, the profit from imports will even permit exports that, in themselves, would be unprofitable.

Essentially, what I suggest is that persons be permitted to purchase American goods with their own dollars, to bring them into Morocco and to dispose of them for francs, through channels and to buyers of their own choosing and at whatever prices can be had. The resulting francs then would be used to acquire Moroccan manufactured articles to be exported to the United States. The profit would be realized when these were sold.

As I explained to you, my military status prevents my becoming actively interested in such a plan at the present time but I am giving it mild consideration as a civilian activity. With this in mind, I greatly appreciate your offer to let me know how the proposal would be regarded. I should be glad to discuss it in more detail with you or with other interested officials.

With kindest regards and best wishes for the new year, I remain,

Yours sincerely,

ROBERT E. RODES,  
*Major, Corps of Engineers.*

I will say further to the Senator from New Jersey that, instead of normal trade being allowed to operate, it is controlled in much the same way as it is controlled in Indonesia, in the Malayan states, and in Indochina. In other words, France controls the trade, and the French are the ones who get the ECA money. They then control the trade through the ECA funds distribution. It is an interruption rather than a promotion of good will and recovery in Morocco.

Mr. HENDRICKSON. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. HENDRICKSON. Does the Senator know how much ECA aid, if any, goes from France to Morocco, being channeled through France?

Mr. MALONE. That was what I meant when I said that France controls the money. It does not go directly from the United States to Morocco. It goes to France, and in turn France sends it to Morocco, at the rate of about \$3,000,000 a month. Of course, France controls its distribution to a great extent, and the manner in which it is used.

Mr. HENDRICKSON. With respect to the boom about which the Senator spoke, does he know when the boom in Morocco started? I address these questions about Morocco to the Senator because it occurs to me that as we consider a possible curtailment of some of the expenditures we are forced to meet in connection with ECA, we might eliminate some of the areas throughout the world where the people are on their feet and able to go forward without aid. It seems to me that Morocco and some other places are in that category.

Mr. MALONE. That is exactly what would be done if an amendment such as the one I have proposed should be adopted and the money were loaned on a

business basis. Business does not need loans if it has recovered to that extent. It might accept certain small loans, but they would be on a business basis, and the money would actually be returned.

As I stated a while ago, in 1946 Morocco had recovered to the extent of 152 percent of the industrial index of 1938. No doubt during the latter part of the war they were selling their products. In 1947 the figure was 170 percent, before we ever thought of passing an ECA or Marshall plan. In the first 10 months of 1948 the figure increased from 170 to 190 percent.

Mr. President, I wish to comment briefly on the questions just asked as to the long-range effect of collecting taxes, and how taxes are collected. I refer to the questions asked by the distinguished Senator from Montana [Mr. ECRON], and the distinguished Senator from Washington [Mr. CAIN].

Last year we lowered taxes and balanced the budget. Approximately 7,000,000 people were taken off the tax rolls. That is what they thought. But, Mr. President, if I had the research facilities I would trace the taxes through the food, clothing, and materials which the working people buy, and I would show the many separate taxes which they pay on a loaf of bread, on a suit of clothes, on a hat, on sugar, and on everything else they eat and wear. I would trace the taxes which they pay through rent on the houses in which they live, and the indirect taxes which they pay through the prices which they pay for all of their purchases.

During the past 15 years there has been much talk about "soaking" the corporations and relieving the little man from taxes. For 8½ years, from 1927 to 1935, I served on the railroad commission in my State, the public service commission. It was a source of great consternation to me at times to see how the public utilities of my State were utilized as an indirect collector of taxes. The legislature would meet, and come to the end of the session short of money. At the end we would not know where to get the money for taxes. I say "we," although I was not a member of the legislature. I was a State engineer, watching its operations.

Mr. KEM. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. KEM. Then the dollar shortage about which we hear so much is not an entirely new thing, I take it. The Senator has observed it in Nevada, and in other places in the world.

Mr. MALONE. I will say to the Senator from Missouri that the dollar shortage is the greatest hoax ever perpetrated on the American people. I have been short in my dollar balance ever since I was born, and I think the same thing applies to nearly everyone else. Every individual is short in his dollar balance if he spends currently more than he produces. Foreign nations are spending more than they produce. The reason we sent \$36,000,000 to Morocco was that they were spending more than they produced. They know they can get it. They have recovered to the extent of 190 percent. Their production is nearly twice what



it was in 1938, but in the hard-money countries they continue to spend more than they can produce and sell, so we sent \$36,000,000 to Morocco.

The situation of those nations is a great deal like that of a boy in school. Generally speaking, the boy at college adds up short in his expenses—\$5 here, \$2.50 there, and the old man foots the bill at the end of the month. That is the short dollar balance. When the boy gets a check he is happy again. That is what we are doing all over the world. The world is short of balance, because it spends more than it can produce.

I was speaking about using the public utilities for tax collectors. When legislatures need money, they resort to indirect taxes, when possible. About every 4 years someone would have a happy thought, and the valuations of the public utilities, the power companies, and the railroads, would be increased. The tax rate would be left the same, and everyone would go home happy.

However, it was only a short time before the railroads went to the Interstate Commerce Commission and petitioned for an increase in rates. The power companies would go to the public service commission for an increase in rates, because of taxes and other expenses. So every time anyone turned on an electric light, or every time a person got on the train or put a bed roll on the train to ship it to a job, he paid indirect taxes on the basis of the amount by which the valuation of the railroads and public utilities had been increased. The result was that the people of my State of Nevada who were not on the tax roll were nevertheless paying additional taxes. That applies to the 7,000,000 people whom we relieved of the tax burden, on paper. They are paying the additional taxes, but are not supposed to know it.

If the President's suggestion goes through, there will be more indirect taxes. The railroads will be going to the Interstate Commerce Commission for another increase in rates. The electric power companies will go to their local public utility commissions to seek an increase in the rates. So in the long run the 7,000,000 people supposedly relieved from the tax burden will be paying the same amount of money, and there will be no difference whatever, except in the method of collection.

Mr. President, there has been considerable discussion as to who will get the money under the Marshall plan and as to how it will be used. I have a list of approximately 59 countries which have been granted monetary aid by the United States during the postwar period. According to a compilation of Prentiss-Hall, Inc., they are the countries to which more than \$13,000,000,000 has gone. I now ask unanimous consent to have printed at this point in the RECORD a list showing the distribution of \$13,000,000,000 among the nations of the world. The list also shows the purposes for which the money was supposed to be expended.

The PRESIDING OFFICER (Mr. HUNT in the chair). Is there objection?

There being no objection, the list was ordered to be printed in the RECORD, as follows:

	Thousands of dollars
Albania: Through UNRRA.....	40,502
Argentina: Cultural and technical aid, bank credits.....	297
Australia: Lend-lease and fixed war installations.....	54,894
Austria: Supplies, bank credits, surplus property.....	63,000
Belgium: Loans, lend-lease, surplus property.....	494,000
Bolivia: Cultural and technical aid.....	245
Brazil: Bank credits, cultural, and technical aid.....	70,680
Burma: Lend-lease.....	11,000
Canada: Alaska Highway.....	138,312
Chile: Bank credits, cultural and technical aid.....	42,195
China: Export-Import bank credits, surplus property, lend-lease.....	1,482,793
Colombia: Bank credits, cultural and technical aid.....	859
Costa Rica: Inter-American Highway, cultural and technical aid.....	1,540
Cuba: Cultural and technical aid.....	190
Czechoslovakia: Export-Import bank credits and surplus property.....	31,304
Denmark: Export-Import Bank credits and surplus property.....	40,000
Dominican Republic: Cultural and technical aid.....	75
Ecuador: Bank credits, cultural and technical aid.....	1,288
Egypt: War installations.....	11,800
El Salvador: Inter-American Highway, cultural, and technical aid.....	327
Ethiopia: Export-Import Bank credits and surplus property.....	4,000
Finland: Export-Import Bank credits and surplus property.....	92,500
France: Export-Import Bank credits and surplus property.....	1,950,000
Germany: Supplies.....	400,000
Great Britain: Loan, surplus property.....	4,400,000
Greece: Economic assistance, UNRRA, lend-lease surplus property.....	790,000
Guatemala: Inter-American highway, cultural and technical aid.....	627
Haiti: Cultural and technical aid.....	86
Honduras: Inter-American Highway, technical and cultural aid.....	418
Hungary: Surplus property.....	15,000
Iceland: Fixed war installations.....	65,000
India: Surplus property.....	50,000
Iran: Surplus property, lend-lease.....	30,000
Iraq: Educational aid.....	41
Italy: Economic relief, Export-Import Bank loans, special considerations.....	538,000
Japan: Supplies.....	267,000
Korea: Supplies, surplus property.....	62,000
Lebanon: Educational aid.....	90
Liberia: Civic improvements.....	20,200
Mexico: Bank credits, cultural and technical aid.....	87,574
Netherlands: Export-Import Bank credits, lend-lease surplus property.....	377,384
New Zealand: Surplus property, war installations.....	5,707
Nicaragua: Inter-American Highway, cultural and technical aid.....	2,430
Norway: Export-Import Bank credits, lend-lease.....	56,500
Panama: Inter-American highway cultural and technical aid.....	47
Paraguay: Cultural and technical aid.....	88
Peru: Bank credits, cultural and technical aid, war installations.....	2,930
Philippines: War claims.....	695,000
Poland: Export-Import Bank credits, surplus property.....	90,000

	Thousands of dollars
Portugal: War facilities..... (value undetermined)	
Saudi Arabia: Export-Import Bank credits, surplus property.....	12,000
Soviet Union: Lend-lease.....	250,000
Spain: War installations.....	136
Syria: Educational aid.....	10
Turkey: Economic and military aid, Export-Import Bank credits.....	270,000
Uruguay: Surplus property, cultural and technical aid.....	733
Venezuela: Cultural and technical aid.....	144
Yemen: Surplus property.....	1,000
Yugoslavia: UNRRA aid..... (value undetermined)	

Nations not receiving United States aid: Afghanistan, Bulgaria, Ireland, Luxemburg, Rumania, Siam, Sweden, Switzerland, Union of South Africa.

Mr. MALONE. Mr. President, at this point I should like to say that since the close of World War II the 16 Marshall plan countries included under ECA have made 88 treaties with Russia or her satellite nations behind the iron curtain, and have agreed to ship and are shipping to them practically every kind of equipment and machinery, including everything from locomotives to jet engines, made out of materials purchased largely from this country by means of the use of ECA funds, and using such funds also in the manufacture of such equipment. I have secured 45 of the treaties. Forty of them are marked "restricted" by the State Department, and three of them are so ultraconfidential that I was only allowed to inspect them.

Yesterday I asked unanimous consent to have printed in the RECORD the 88 trade treaties made subsequent to World War II between the nations we are financing through ECA—in other words, the Marshall-plan countries in Europe—and Russia or the nations behind the iron curtain. A list of those nations, as I have previously stated, will be found in the CONGRESSIONAL RECORD for yesterday, March 30, on pages 3546 and 3547. After a conference last night with the Printer it was decided to print only four or five of the treaties, inasmuch as printing all of them would have been a rather formidable job, although I wish to say that I consider that there is nothing of greater value or of greater import to the people of the United States than for them to know what is happening to the money and materials being supplied the European nations under ECA—and where they are being shipped, and what they are being used for—the materials are being purchased with money which is being taken from the American taxpayers every year; and last year the extent of the aid we furnished amounted to \$5,300,000,000.

I wish to read a few of the items, just in case some persons may at times be inclined to believe the rumors and propaganda issued by the State Department and other well-oiled propaganda units of our Government to the effect that, "Of course, nothing is being sold to Russia for war purposes." Let me read a few of the items. I shall read probably one-tenth of 1 percent of them, because the entire list is extremely large.



This is list No. 1, showing Sweden's exports to Finland in the period from February 1, 1948, to January 31, 1949; and this list is to be found in the CONGRESSIONAL RECORD for yesterday, March 30, at pages 3548, 3594, and 3550. From it, we find that hot-rolled and wrought iron and steel, including saw-blade plate, was sent in the amount of 1,800 tons. That is quite a good many saw-blade plates, by the way, and quite a lot of hot-rolled and wrought iron and steel. The list also shows the shipment from Sweden to Finland of high-speed steel; rustproof and acidproof steel; electric resistance supplies; cold-drawn steel; drawn wires, and wire ropes of acid quality; hot-rolled and cold-drawn high-quality pipes and tubes; drills, reamers, milling cutters, and thread tools; files and rasps; ball bearings and roller bearings, and parts; machine tools for metals, and parts; electric motors, generators, transformers, and parts; telephone and telegraph supplies and parts; and so forth.

Mr. President, I shall not read further from the list. It is available in the CONGRESSIONAL RECORD, as I have already stated. The RECORD for yesterday shows four or five of the treaties, and they relate to much the same type of equipment. In other words, as a rule the 16 Marshall-plan or ECA nations of Europe were sending fabricated and manufactured goods to the iron-curtain countries, and to Russia, whereas the iron-curtain countries and Russia as a rule were sending raw materials in return. So, Mr. President, it is obvious that we are arming Russia for war, just as surely as if we ourselves were sending those materials to Russia.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield.

Mr. CAPEHART. Is Sweden building up the war potential of Russia and her satellites by sending them iron ore in larger quantities than she sent prior to World War II?

Mr. MALONE. Mr. President, Sweden is shipping tremendous quantities of iron ore to both Poland and Czechoslovakia; in fact, much larger quantities than she has ever previously sent to them. For instance, in 1936 Sweden exported 41,000 tons of iron ore to Poland. In 1948 she shipped 723,000 tons of iron ore to Poland. That was an increase of 17 times the prewar amount.

In 1936, Sweden shipped only 371,000 tons of iron ore to Czechoslovakia. In 1948, she shipped there a total of 1,111,000 tons of iron ore, which was over four times the prewar amount.

At the same time that Sweden has greatly increased her exports of iron ore to countries behind the iron curtain, she has greatly decreased her exports of iron ore to Germany.

It will be remembered that last year some of us stated on the Senate floor that it might be a good idea to utilize some of the great steel mills of Germany, inasmuch as in 1947 we sent approximately 7,000,000 tons of steel to Europe. Mr. President, while I was in Europe I inspected some of those Ger-

man steel mills. Although some damage was done to a part of the mills, a great many of them could be used simply by being cleaned up and manned by the men who know the steel business so well and are very much in need of work and very anxious to work. It was estimated by one of the greatest steel manufacturers of this country, who inspected those plants minutely—and I concur in his estimate—that over a period of 7 or 8 months from 7,000,000 to 8,000,000 tons of steel could have been added to the supply in Germany simply by securing the necessary iron ore from Sweden and using it in the German steel mills, which could be placed in operation simply by bringing together the German workers who formerly have been engaged in that business but now are out of work and are practically on our dole. It has been costing us approximately a billion and a half dollars to feed those people and to keep our Army in Germany. Thus, by permitting those German steel mills to resume operations, those German people could pay their board bill. But did we do that? No, Mr. President; instead, we said, "Of course, the iron ore is not available now." Why was it not available, Mr. President, when more than 2,000,000 tons of iron ore was going behind the iron curtain. Obviously it was available, I say to the Senator from Indiana. Does that answer his question?

I want to complete the reading of this statement since it is right in line with the question of the distinguished Senator from Indiana.

In 1936 Sweden shipped to Germany 7,479,000 tons of iron ore; in 1948 she shipped to Germany (bizone) only 1,394,000 tons of iron ore. Swedish exports of iron ore to Germany, thus, have declined to a level of only 18.7 per cent of the pre-war amounts. As a result of the large iron ore shipments from Sweden, Poland, by the summer of 1948, was producing steel at a rate of 136 per cent of the prewar level.

Mr. President, I ask is that any way to handle the nations which we are practically supporting in Europe, to "short" them in shipments of raw material, when they are furnishing the countries behind the iron curtain materials and are building up Russia's war potential?

I wanted to say a word about the trade agreements or treaties. I do not believe the remainder of them will be printed. I was to have been furnished with information this morning as to whether the others would be printed. I hope they will be published. It would give the people of the country a chance to see what 88 of the trade agreements contain, whereas I read perhaps only one-tenth of one per cent of the contents of one of the agreements.

Mr. DONNELL. Mr. President, will the Senator yield for an inquiry?

Mr. MALONE. I am happy to yield to the Senator from Missouri.

Mr. DONNELL. I should like to ask the Senator how any of the other Members of the Senate are going to be able to see those treaties or trade agreements. Where are we to go to obtain them?

Where can we find them, if they are not to be printed?

Mr. MALONE. I may say to the Senator from Missouri, I am glad he asked that question. I was a little reticent about it. I asked some of the people in my office, including my administrative assistant, to get as much information as possible concerning trade among the beneficiary nations. He went to the State Department, after telephoning them several times. The result always was that the trade agreements or treaties were not available, they were so widely scattered throughout the files, and it would take so long, and they did not have the time. I finally got on the telephone myself and told the man I was talking to exactly what I wanted. He began to mumble again that they were widely scattered and that the time was not available. Finally I cut it short by saying, "Just tell me that you do not have copies of these treaties or trade agreements." He replied, "No, no; I do not want to tell you that." I asked, "Do you want to tell me you do not know where they are?" He replied, "No; I do not want to tell you that." "Well," I said, "I should be very much obliged if you could gather them up and bring them to my office. If there is any reason why you cannot do that, tell me the reason." The next day he came down with an armload of them—88 treaties or trade agreements. The result was that the 44 trade agreements I submitted for the RECORD last night, 4 or 5 of which were printed, were released to me. Forty of them were considered restricted and were not supposed to be out of the possession of the man who brought them down. Three of them were highly confidential; I was barely allowed to see them, with the State Department official standing at my desk. So I say to you, Mr. President, in answer to the Senator from Missouri, they are making trade treaties with the iron-curtain countries that the Senators on this floor are not allowed to secure.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. MALONE. Let me first finish my reply to the Senator from Missouri. I think it is the greatest hoax upon the American people that was ever perpetrated, that while we put up money to the extent of \$5,000,000,000 or \$6,000,000,000 a year, presumably to contain Russia, presumably to prevent an armed conflict in Europe, we thus far have something like 15 recipients of our bounty making trade treaties as fast as they can make them—88 in all to date—and I notice some of them were even signed in Russia—and shipping everything, as I have said before, from jet engines and locomotives to tool steel, to Russia and the countries behind the iron curtain, just as fast as they can manufacture them. I said last year, when I put one of the treaties in the RECORD, and I say again, it is merely a manufacturing-in-transit rate, the same as if we were to send the materials to Russia ourselves.

I am now happy to yield to the Senator from Michigan.



Mr. FERGUSON. Were these true treaties, in the sense that they had been ratified by the Senate of the United States?

Mr. MALONE. They were trade agreements. If I called them trade treaties, I stand corrected. They are called trade agreements. But in any case, the United States is not a party. For example, the agreement from which I just read was a treaty between Sweden and Finland, dated February 1, 1948, only a few weeks before we passed the Marshall plan appropriation. It lasted until January 31, 1949, and I understand a new treaty is under negotiation. Presumably all these materials have been delivered.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield to the Senator from Missouri.

Mr. DONNELL. Will the Senator be kind enough to tell us, if he can, how we can get the treaties? Suppose some of the rest of us wanted to be just as industrious as the Senator from Nevada has been, and that we wanted to get the treaties. How should we go about it? With whom should we confer? Is it the Secretary of State himself, or some subordinate of his, who has charge of the treaties or trade agreements, whatever they may be called?

Mr. MALONE. I did not discuss the matter with the Secretary of State himself, I may say to the Senator from Missouri, but I did talk to an Assistant Secretary of State. That was the information furnished me. I do not know the title of the person who brought the treaties to me, but he was an official of the State Department. I assured him that, "Certainly I do not want to embarrass you. I want to conform to what you say is the exact situation in regard to these agreements. But," I said, "of course, you know I am going to explain to the Senate why I do not have possession of the trade treaties or pacts." The Senate should amend the bill, if it is necessary for a Member of the United States to have access to these pacts. The ECA Act should provide that any trade pact or treaty made by an ECA nation with a nation behind the iron curtain, or with Russia, to send products to them with our money, should be made a matter of public record and should be made available to the United States Senate and to the people of America. I do not know, I may say in answer further to the Senator from Missouri, just what action it will be necessary for us to take. I think we might adopt a resolution demanding the treaties, and demanding that they be published.

Mr. FERGUSON. Mr. President, will the Senator yield for another question?

Mr. MALONE. I am happy to yield to the Senator from Michigan.

Mr. FERGUSON. Were any of the trade agreements made with America?

Mr. MALONE. No. I may say to the Senator from Michigan that I placed in the RECORD a list of them last night; it may be found on page 3546. The list is entitled "Most Recent Commercial Agreements Between OEEC Countries and Countries of Eastern Europe." That

would be between the 16 European countries who are recipients of our bounty under the Marshall plan, and the countries of eastern Europe. There are 88 of the treaties containing such material, with considerable variation, but all along the same line, under which processed and manufactured products are going behind the iron curtain and raw materials are coming out. That is the general trend. It is a terrible thing. I think it is the most damnable thing that could happen to this country, that the American taxpayers are asked to put up the money, \$5,000,000,000 or \$6,000,000,000 a year—and no one can appreciate how much money that is coming from the taxpayers of this Nation—to buy materials and process them and send them to Russia, when the Senate of the United States has given the people to understand, and the Secretary of State has given the people to understand that we have broken off negotiations and will not send anything behind the iron curtain that they can use in making war against us.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Missouri for a question?

Mr. MALONE. I am happy to yield to the Senator from Missouri.

Mr. DONNELL. In the draft of the proposed North Atlantic Pact there appears the following:

#### ARTICLE 8

Each party declares that none of the international engagements now in force between it and any other of the parties or any third state is in conflict with the provisions of this treaty, and undertakes not to enter into any international engagement in conflict with this treaty.

In view of the fact that, as the Senator from Nevada and all the others of us are aware, we shall soon be called upon to consider whether we shall ratify the North Atlantic Pact, does not the Senator think the Senate is entitled, if it wants to, to see every one of the international engagements referred to in article 8?

Mr. MALONE. I would say to the Senator from Missouri that we are certainly entitled to all that information, just as a banker would be entitled to information if one of us should go to the bank to borrow money. Up until that moment, whatever we might do would be of no concern to the banker, but when we are undertaking to borrow money and are asked to sign a note, then our business suddenly becomes the bank's business. I believe it is our business to have that information.

I will say further to the Senator that on page 3545 of the CONGRESSIONAL RECORD of March 30, 1948, there will be found a treaty, a nonaggression pact, mind you, entered into between—

His Majesty the King of Great Britain, Ireland, and the British Dominions beyond the Seas, Emperor of India,

For the United Kingdom of Great Britain and Northern Ireland: The Right Honourable Anthony Eden, M. P., His Majesty's Principal Secretary of State for Foreign Affairs;

The Presidium of the Supreme Council of the Union of Soviet Socialist Republics.

Most of the names of those representing Russia I am unable to pronounce, but

Mr. Molotov is one of the prominent persons of those who sat down to write the treaty. It is a treaty, I will say to the Senator from Missouri, which is in full force and effect at this moment, from all the information I am able to obtain, and it will be in full force and effect until such time as the Kingdom of Great Britain shall serve notice on the Soviet Union, or vice versa, and for 12 months thereafter.

A similar treaty has been made between France and the Soviet Union.

Mr. DONNELL. Mr. President, will the Senator yield for a further inquiry?

Mr. MALONE. I shall be happy to yield.

Mr. DONNELL. I take it, then, that the Senator would agree that when the United States Senate is called upon to ratify this proposed treaty, merely because the parties to the treaty declare, in article 8 "that none of the international engagements now in force between it and any other of the parties or any third state is in conflict with the provisions of this treaty, and undertakes not to enter into any international engagement in conflict with this treaty" the United States Senators, who are supposed to represent this Nation in connection with the ratification of a treaty, should not be precluded by that mere recital from the right to see those international engagements and judge for themselves whether they are in conflict with the provisions of the treaty. Does not the Senator agree with that statement?

Mr. MALONE. I fully agree with the Senator from Missouri. I may say, further, that for many years it has slowly become the custom, and now has become an accepted fact, that it is expected that the State Department and the Executive Department will, through their tremendous propaganda machine, sell the people of this Nation on a treaty, a pact, or an appropriation, before the matter comes to the Senate and the House of Representatives. In other words, they take millions and millions of dollars of the taxpayers' money and distribute propaganda by the ton to sell a proposition to the people so that the Senators and the Members of the House of Representatives will receive telegrams and mail saying, "You must not vote against this bill." I have come to the point—and it did not take me very long after I arrived here to reach it—where I personally—I am speaking for only one Member of the Senate—shall look into everything before I vote. I promised the people of my State only one thing, in running for office. They said that was a very rare occurrence in connection with candidates for public office. I said that the trouble in this country is, at the present moment, that bills are presented in the Congress which are a half-inch thick or a quarter-inch thick, and they must be passed that day or that week, and no Member of Congress has time to read them. I said: "The harm that is being done in this country is not being done by persons who have inquiring minds and are trying to find out what is going on and who know the problems for which they are trying to provide a solution. The harm is done by persons who



come up with all the answers, without knowing the problem."

I said to my people, and I shall say it again when I go home next summer, that I shall never vote for anything on the Senate floor unless I understand it and until they have had an opportunity to understand it.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield to the Senator from Indiana.

Mr. JENNER. On that point, let us assume that we ratify the pact; let us assume that two years from today, through constitutional processes, France has an election; let us assume that in that election—and it is not a far-fetched proposition to assume—France goes communistic: Would we still be bound to maintain and aid the French Nation if some nation should attack her, even Soviet Russia?

Mr. MALONE. I would say to the Senator from Indiana that I see no release clause in the treaty. So far as I know, there is no release clause in it.

Mr. JENNER. If we have to ship to the French Nation anti-aircraft guns, bombers, tanks, rifles, and other equipment, and the French people, by legal, constitutional process, elect a communistic government, does the Senator mean to tell me that the American taxpayers have no way to demand back everything they send to the French people which was sent in order to stop the spread of communism? In other words, are we to enhance the spread of communism by our action?

Mr. MALONE. I would say to the Senator from Indiana that, as I read the pact, and as I read the newspapers with reference to arming Europe, it is not felt that the pact has been entirely sold to the people, and it is felt that the Senate of the United States will not receive it until the case is clinched with the public. Then, not only would we be bound to leave the material we have furnished, but we would be bound to continue to fulfill the agreement for years to come.

Mr. JENNER. As I understand, it is more or less accepted that the North Atlantic Pact will be ratified by this body. Certainly the whole theory back of it is security. No one questions that the security of the future peace of the world will not be destroyed by us or by the nations, presumably, parties to the North Atlantic Pact. In other words, it is all a pointed proposition to serve notice on Russia that she must not disturb the future peace of the world. That being true, and since the pact has been more or less tentatively agreed to, is it so sacred that we cannot amend it, so that if certain things should happen and France should become a communistic nation, we would not be bound for 20 years to support, maintain, and fight with the Communists?

Mr. LODGE. Mr. President, will the Senator yield so that I might answer that question?

Mr. MALONE. Permit me to answer the Senator from Indiana.

On page 3546 of the CONGRESSIONAL RECORD of March 30, the Senator will find

a treaty made between Great Britain and the Soviet Union. Part 5 of that treaty—appearing on page 3546 of the RECORD—provides that the high contracting parties undertake not to conclude any alliances and not to take part in any coalition directed against either of the high contracting parties.

Mr. JENNER. I understand that France has with Russia a pact of a similar nature and of the same wording; is that correct?

Mr. MALONE. That is correct.

Mr. JENNER. Is she going to withdraw from that pact before she signs this new pact on April 4?

Mr. MALONE. I do not have that information, but as of this moment the best information I am able to get was that the 12 months' notice had not been served, and the nonaggression pact is effective for 12 months beyond the date of the serving of notice.

Mr. JENNER. It seems to me that so far as France and England are concerned it boils down to the question whose side they are on, whose word is going to whom, and whether they are going to keep their word.

Mr. LODGE. Mr. President, will the Senator from Nevada yield, or does he want just one type of question asked during the debate?

Mr. MALONE. I am happy to yield to the Senator from Massachusetts.

Mr. LODGE. Does not the Senator know that the preamble of the North Atlantic Pact states the following:

They—

The nations—

are determined to safeguard the freedom, common heritage, and civilization of their peoples, founded on the principles of democracy, individual liberty, and the rule of law.

In article 2 is the following statement:

The parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions.

Does he not know that no government that is a Communist government could possibly come within the terms of the pact, and that if France went Communist, we obviously would not have to go to her assistance?

Mr. MALONE. I do not know that. There is a very thin line between what we might call communism, and socialism and fascism; and I see nothing in the language that would prevent this nation from being held to our obligation. I will ask the Senator a question: Does the Senator know that history over the centuries shows that there never has been, or let us put it this way, that there rarely has been, very much difference between a socialist government, a communist government, and a fascist government, and that the line is very thin?

Mr. JENNER. Mr. President—

Mr. LODGE. The Senator is asking me a question, and I desire to answer it, because he just made the inquiry of me.

The history of Europe is full of cases in which European governments have had socialistic policies and never became communistic at all.

Let me ask the Senator a question: Instead of making the assumption of the

Senator from Indiana that we ratify the pact and then France becomes communistic, let us make the reverse assumption. Let us assume we do not ratify the pact; what does the Senator think is going to happen in the future to all the countries in Europe then?

Mr. MALONE. I will tell the Senator what I think we could do about it, if the Senator is serious.

Mr. LODGE. I am very serious. I think that if we do not ratify this pact it will be one of the greatest disasters that has ever happened to the United States.

Mr. JENNER. Will the Senator yield at that point?

Mr. MALONE. I am coming back to the question in answer to the Senator from Massachusetts—all of the information on the real meaning of the North Atlantic Pact is that we will be, in effect, guaranteeing the protection and status quo of all of the Colonial possessions of the Empire United Nations of Europe.

Further, we will have relinquished our right to go to war only when our peace and safety is threatened—and must go when the peace and safety of any of the European nations signatory to the pact is threatened.

Mr. JENNER. The Senator from Massachusetts presumably was going to answer my question, but he gave only half an answer. Nobody yet has told me, in the situation I cited, what would happen to all our anti-aircraft guns, our bombers, our tanks, the equipment which we have sent to France. Can we take it back, or do we have to leave it with communistic nations which have gone communistic legally, and under their constitutional provisions?

Mr. DONNELL. Mr. President, will the Senator from Nevada yield?

Mr. LODGE. Will the Senator from Nevada permit me to answer?

Mr. JENNER. I should like to have an answer.

Mr. LODGE. I should like to say to the Senator from Indiana that of course whenever we undertake to extend military aid to a country we always run the risk that that country is going to be unsuccessful, in which case we would lose the aid we had extended them. It is a gamble. The question is what is the best gamble.

We extended a great deal of military aid to the British during World War II, we extended military aid to the Russians, we extended military aid to the French in 1944, and none of the weapons we sent fell into the hands of the Germans. That was one case in which our extension of military aid to those countries was very definitely to our advantage.

We have to weigh the risk in extending aid to the nations of western Europe, with the chance that they might be defeated, and that the weapons might fall into the hands of another country. Then we have to weigh that against the risk of doing nothing, in which case I believe we would lose a great deal more.

Mr. JENNER. My answer to the Senator from Massachusetts is that we do not propose to do nothing. We propose to build up an air force that is second to



none. We propose to maintain an adequate Army and Navy.

Mr. LODGE. That is a good method just so long as one is willing to have the American boys do all the fighting, but if we want to have a little help, if we want to have allies, I do not think that is a good way to proceed.

Mr. LANGER. A point of order, Mr. President. It is not in order for two Senators to speak at the same time.

Mr. JENNER. The Senator from Massachusetts has just cited the fact that we furnished weapons to other nations which did not fall into enemy hands. The proposition I have cited is that by a perfectly legal and constitutional method of free elections, supposedly, in France, the French can go communistic, and when they do, all our armament would fall into their hands.

I might also say that under modern conditions the military equipment we sent to China has directly fallen into Communist hands, and today the Communists have conquered Nationalist China with American equipment. It is also a matter of record that equipment we sent under UNRRA in the last war is now in the hands of the guerrillas in Greece, and they are using it.

And France's record in the last war was not too good. She had a Maginot Line and a standing army, and yet in 39 days Hitler had taken over the Low Countries and France, and England was forced to evacuate all her equipment at Dunkerque, and when she got her army back to England she did not have any equipment left.

If we enter into a treaty of this kind and ship equipment to other countries, I am wondering whether we will leave it there or will have to go over and fight to get it back.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield to the Senator from Missouri.

Mr. DONNELL. I should like to ask the Senator from Nevada a question. Recognizing the tremendous importance and perfect relevancy of the question asked by the Senator from Indiana, does not the Senator from Nevada recall that, notwithstanding the suggestion made by the Senator from Massachusetts, there is not one word from the beginning to the end of the proposed North Atlantic treaty in which any provision for withdrawal from the treaty or release from its obligations is contained, except in Article 13, which would not come into effect until the treaty has been in force for 20 years? Does not the Senator from Nevada recall that article 13 provides:

After the treaty has been in force for 20 years, anybody may cease to be a party 1 year after its notice of denunciation has been given to the Government of the United States of America, which will inform the governments of the other parties of the deposit of each notice of denunciation.

Does the Senator from Nevada recall that in the treaty is a positive commitment, which, as I take it, runs throughout the entire period of the treaty? I quote from article 3:

In order more effectively to achieve the objectives of this treaty, the parties, separately and jointly, by means of continuous

and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack.

Does not the Senator conclude, therefore, in answer to the Senator from Indiana, that there is no provision by which any party can even voluntarily withdraw from this treaty within 20 years, and does not the Senator further conclude that as to the matériel which shall have been delivered to France, we would have no right whatsoever to obtain back one piece of it if France went communistic, and that under the terms of this treaty we would still remain liable, under the obligation "separately and jointly, by means of continuous and effective self-help and mutual aid" to "maintain and develop their individual and collective capacity to resist armed attack"? Does not the Senator recall those various provisions, and does he not agree with the conclusion which I have drawn from them?

Mr. JENNER. Mr. President—

Mr. MALONE. I should like to yield to the Senator from Indiana, and will do so just as soon as I complete my answer. I am too far away from the comment made by the Senator from Massachusetts, and I do not agree with his premise.

Mr. DONNELL. The Senator does not agree with which one of us?

Mr. MALONE. I agree with the Senator from Missouri that there is no way by which we can get out of the Atlantic Pact once it is ratified by the Senate. I wish the Senator from Massachusetts would read it again, and comment on it.

Mr. LODGE. I shall read three parts of the treaty.

Mr. MALONE. And point out the particular provision which the Senator thinks would allow us to get out of the treaty.

Mr. LODGE. I say that a Communist government is not a government which, under the language of the treaty, is "determined to safeguard the freedom, common heritage, and civilization of" its people, "founded on the principles of democracy, individual liberty, and the rule of law."

Mr. JENNER. Mr. President, will the Senator yield?

Mr. LODGE. Mr. President, permit me to continue for a moment. I should like to read the three excerpts that I think are pertinent. I do not think that a Communist government, in the words of article 2 of the treaty, "will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions." I do not think that a Communist government would maintain "effective self-help and mutual aid."

It seems to me that by its very nature a Communist government in any one of the European countries would not maintain self-help and mutual aid, and, ipso facto, the pact would be no longer binding, insofar as that country is concerned. It seems to me it is so obvious as is the nose on one's face.

Mr. JENNER. We talk about communism. I want to ask if the same thing would not apply to fascism? In

other words, Italy, a few short years ago, had a Fascist Government. Can anyone predict with accuracy that 2 years from now she will not again have a Fascist Government? Does the Senator believe that such a government would permit individual liberty to prevail?

Mr. LODGE. No.

Mr. JENNER. Why should the American people, the taxpayers of this country, furnish arms and military equipment to a Fascist nation or, so far as that is concerned, to a socialistic nation?

Mr. LODGE. A Fascist nation would be excluded from the treaty under the terms of this language, just as much as a Communist nation would be.

Mr. JENNER. On what basis?

Mr. LODGE. A Fascist nation does not believe in individual liberty and the rule of law.

Mr. JENNER. Does socialism believe in that?

Mr. LODGE. Socialism? Oh yes. Socialism simply means the running of the factories. It has nothing to do with human personal civil liberty.

Mr. JENNER. Does not socialism have to do with human liberty when those who control a socialistic nation tell a man where he can work, how long he shall work, and how much he shall be paid, and that he cannot change from one job to another? A worker digging coal in England cannot go to work in a shipyard, and in that respect he is deprived of his individual liberty. I want no part of such socialism.

Mr. LODGE. I do not want the Senator to have it if he does not want to have it. Socialism does not involve free speech, the right of free assembly, and religious liberty. One might call the operation of the post office of this country socialistic. It is a way of doing things. I think it is a rather poor way of doing things. But some people like to do things in that way. In France, Italy, and other countries the governments have always operated the railroads, the telephone lines, and the telegraph lines. That is socialism. It has nothing to do with a person's liberty.

Mr. KEM. Mr. President, I should like to ask a question.

The PRESIDING OFFICER (Mr. O'Connor in the chair). Does the Senator from Nevada yield to the Senator from Missouri?

Mr. MALONE. I yield to the Senator from Missouri.

Mr. KEM. Is not the only difference between communism and socialism the method by which they reach the same objective—

Mr. LODGE. No.

Mr. KEM. Just a minute, please.

Mr. LODGE. Very well.

Mr. KEM. By which they reach the same objective, which is the Marxian objective of the abolition of private property as the means of production? Is not the only difference between socialism and communism that the Communists are willing to do it by force and violence and revolution, whereas the Socialist prefers a democratic process?

Mr. LODGE. No. I think that is entirely erroneous, I will say to the Senator. I think socialism means a belief that the



Government should operate certain industries. To me it seems a rather inefficient, unattractive, wasteful, and unproductive way of doing things which the nations of Europe have been fond of for almost 100 years now. I do not think Karl Marx said anything about socialism. I do not think it has anything to do with civil liberties whatever. I think it is perfectly possible for the Government to operate the railroads without interfering with free speech or free worship.

Mr. KEM. May I read a short statement from a professor, the junior Senator from Illinois, the Honorable PAUL H. DOUGLAS, formerly professor in the University of Chicago? I read from a book entitled "The Socialism of Our Times," a symposium, edited by Harry W. Laidler and Norman Thomas. I suppose the Senator from Massachusetts would agree that Norman Thomas is a rather good authority upon socialism?

Mr. LODGE. Well, he claims to be a Socialist.

Mr. KEM. On page 49 of the chapter in that book written by the Senator from Illinois [Mr. DOUGLAS] which is entitled "Lessons From the Last Decade," this sentence appears:

I have reserved for the last the most important question of all; namely, that which in the past decade has split the socialistic movement of the world into the two camps of Communists and Social Democrats. This is whether socialism can be obtained by the process of political democracy or whether the hold of the capitalist class is so strong that, even though socialism is preferable, it will be impossible to get it adopted by the state through peaceful means.

I will ask the Senator from Massachusetts if he agrees with that statement.

Mr. LODGE. That statement is so long I should like a chance to read it before I say "Yes."

Mr. KEM. I will read it again to the Senator from Massachusetts. I am sure that with his agile mind he will be able to follow it very clearly:

I have reserved for the last the most important question of all; namely, that which in the past decade has split the socialistic movement of the world into the two camps of Communists and Social Democrats. This is whether socialism can be obtained by the process of political democracy or whether the hold of the capitalist class is so strong that, even though socialism is preferable, it will be impossible to get it adopted by the state through peaceful means.

Mr. LODGE. No; I do not think I agree with that statement. I think we can get socialism by peaceful means if we are unimaginative enough to want it. I think we can have socialism, as I said before, without doing violence to the rights of the individual, although I, personally, am opposed to socialism. The British have a good deal of socialism now, and, so far as I know, they have got free speech in England; so far as I know, a man can worship in whatever religion he chooses in England; and the compulsions on life in England and in other countries in Europe are not so much due to socialism as they are due to the material shortages, which, of course, affect people in a country regardless of the system of government.

Mr. KEM. Will the Senator agree that both communism and socialism are

the fruits of the same tree? That they are both derived from the principles of Karl Marx?

Mr. LODGE. No; I would never agree with that, because I know so many European Socialists. I know many of them, and they are for socialism because they think it is a good idea insofar as making a good life is concerned. I think they are wrong.

Mr. KEM. The Senator disagrees wholly then with the thesis of the Senator from Illinois [Mr. DOUGLAS] that the thing that splits the Socialists into two camps is merely the means by which they would attain their objective?

Mr. LODGE. I do not know what the hidden meanings may be in Senator-Professor DOUGLAS' prose. His rhetoric—

Mr. KEM. The Senator from Illinois does not use language which conceals anything at all. His language is very direct, plain, and sincere.

Mr. LODGE. We have been discussing European socialism here. I have had in mind particularly the French and Italian people I have known who were Socialists, and who were certainly just as far away from communism as is the Senator from Missouri and the Senator from Indiana and the Senator from Nevada—and I think that is pretty far from communism.

Mr. KEM. I should like to say to the Senator from Massachusetts that I am so far from it that I do not want to see the money of the American taxpayer used to finance experiments in socialism anywhere in the world.

Mr. LODGE. I do not want to see the money of the American taxpayer used anywhere where it is not going to help the American taxpayer.

Mr. MALONE. Mr. President, I must insist that the interruptions be confined to questions.

Mr. DOUGLAS rose.

Mr. MALONE. Mr. President, I shall now yield to the Senator from Illinois, because he is the coeditor of the book.

Mr. DOUGLAS. I am not the editor of the book. I am the author of the chapter which was quoted. It was written 20 years ago in 1923.

Mr. MALONE. I stand corrected.

Mr. DOUGLAS. I should like to ask, as a matter of personal privilege, that I be permitted to read certain other sections of the chapter which the Senator from Missouri omitted.

Mr. KEM. I should like to say to the Senator from Illinois that I did not undertake to read the whole chapter.

Mr. DOUGLAS. I understand.

Mr. KEM. I merely read the sentence which was pertinent to the discussion.

Mr. DOUGLAS. Since the issue has been raised, Mr. President, I should like to have the privilege, if I may, to read other parts of the chapter.

Mr. MALONE. I yield to the Senator from Illinois.

The PRESIDING OFFICER. Does the Chair understand that the Senator from Nevada yields to the Senator from Illinois for that purpose?

Mr. MALONE. Yes; I yield to the Senator from Illinois for that purpose.

Mr. DOUGLAS. I should like to read certain other passages, if I may.

Mr. WHERRY. Mr. President, as I understand, the Senator from Illinois made a unanimous consent request? Has the request been granted?

The PRESIDING OFFICER. The Senator from Nevada was asked by the Senator from Illinois whether he would yield to him on a question of personal privilege. The Senator from Nevada so yielded.

Mr. MALONE. If it means yielding the floor, Mr. President, I shall not yield. I yield only for a question.

Mr. WHERRY. That is the point of my question.

Mr. MALONE. I yield to the Senator from Illinois with the understanding that I shall not lose the floor thereby. I ask unanimous consent that I may do so.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DOUGLAS. Mr. President, I should like to continue reading from page 51.

Lovers of democracy and of peace can only hope that the new social order may peacefully come into existence as the culmination of a process of education, discussion, and balloting. Certainly every effort should be made and every possibility exhausted to effect this result. The peaceful introduction of the new society would be so much preferable to civil struggle that it is almost criminal lightly to abandon the political method in favor of a forcible revolution.

I now turn to page 53:

But even if the Communists were to seize power, their work of government would inevitably be poisoned by the methods used in attaining it. Their opponents would naturally be driven to resort to that same method of violent revolution which the Communists had embraced. The Communists would, therefore, need constantly to be on their guard against an armed uprising led by those who had enjoyed greater economic and social privileges under the former regime. They would, moreover, suspect such revolts even when not planned and the inevitable result would be the permeation of society by a state system of espionage and the ruthless use of terror as a means of intimidation. Such an atmosphere of suspicion and suppression would go far to vitiate the very spirit of cooperative fellowship which the Communists hope to engender by running the industries and government of a country for the benefit of the common man.

The disdain which the Communists have for the intelligence and courage of the majority leads them, moreover, to keep power in the hands of their aggressive minority. Their venture seems to them the supreme value and they are naturally unwilling to entrust it to that amorphous mass of people who did nothing to bring it into being. Only those who have sacrificed themselves for the new society are adjudged worthy of directing it. They will govern and work for the benefit of the people but not allow the latter to participate in the ultimate decisions of policy. In short, they will hold on to power for themselves.

Unfortunately power is as subtly corrupting as wealth. Men indeed now struggle primarily for wealth because it is so largely synonymous with power. Those who exercise great authority come almost inevitably to regard themselves as supermen who are above the law and become callous to the desires and emotions of those who are expected meekly to obey. Sycophancy inevitably grows up around the leaders since this seems to ambitious young men and women the speediest



way to acquire influence. It becomes increasingly difficult, therefore, for the Sanhedrin at the top to sense the real wishes and opinions of those beneath and the ultimate decisions tend to diverge more and more from the realities of the situation.

The passage of time will, moreover, bring to the fore a new generation which was not schooled and disciplined in the hard struggle to give birth to the new society. \* \* \* But it will be impossible to detect all of those who will worm their way into positions of dominance for the mere sake of exercising power. The almost inevitable consequence would seem to be the ultimate creation of a hierarchy which, in its pride and callousness, would bear little resemblance to those self-sacrificing spirits who initiated it.

I continue reading from page 55:

The truth of the matter is that, wherever men are removed from the bracing necessity of submitting their acts and policies to the approval of the great mass in whose behalf they are supposed to be laboring, they tend to degenerate. Many hypocrites and demagogues manage to seduce the public for a time, but there is a gradual tendency to eliminate them. The knowledge that they must secure popular support makes leaders more solicitous than they otherwise would be to further the real interests of those upon whose approval their continuance in office depends.

For these reasons, the democratic way of life is ultimately the best method of obtaining good government while, as John Stuart Mill long ago pointed out, it is also the most effective means of raising the level of civic intelligence.

May I quote in conclusion the final paragraph of my chapter on page 57, in which I sum up my argument against communism and contrast it unfavorably with the democratic way.

Since the democratic way is, therefore, more effective and more humane both as an end and as a means, it follows that the socialist movement should resist the temptation to resort to methods which may seem immediately to be more effective but which ultimately would be disastrous.

I hope it is permissible to add that in the passage of time since this article was written, I have become convinced that widespread public ownership will create more evils than it will remove. For it will greatly increase the power of the State, and I am afraid that public officials will not exercise that power wisely. I have become convinced therefore that it is better to diffuse economic power by doing everything we can to build up small- and medium-sized business and by diminishing the power of private monopoly. In short, I put my trust in establishing a truly free, competitive-enterprise system with due protection for the economically weak.

Mr. MALONE. Mr. President, I am glad that the junior Senator from Illinois took time to clear up this question. As I now understand the Senator from Illinois, the difference between socialism and communism is a matter of degree, and a matter of how the end is attained, whether peaceably or by violent means. As I understand him, it is perhaps impossible to attain the ends of communism by peaceful means.

Mr. KEM. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. KEM. I should like to say that I have read the chapter written by the

learned and able Senator from Illinois [Mr. DOUGLAS], and I think he is entirely correct in saying—

Mr. CONNALLY. Mr. President, I demand the regular order. The Senator from Nevada can yield only for a question.

The PRESIDING OFFICER. The Senator from Nevada has the floor.

Mr. MALONE. I yield to the Senator from Missouri for a question.

Mr. KEM. My question is this: Does the Senator know that in the chapter to which the Senator from Illinois has referred, the Senator from Illinois expresses a preference for the peaceful means of attaining the socialistic end? He says this:

This is whether socialism can be obtained by the process of political democracy or whether the hold of the capitalist class is so strong that, even though socialism is preferable, it will be impossible to get it adopted by the state through peaceful means.

I wish to supplement that by a further question of the Senator from Nevada.

Mr. MALONE. I yield for a further question.

Mr. KEM. Does the Senator from Nevada agree with this comment on the position of an eminent authority on socialism, Prof. Harold J. Laski? I am reading from the London Times Literary Supplement of Saturday, June 26, 1948:

This brings us to the positive part of the thesis, which is—neither more nor less—that the British Labor Party is more truly than Bolshevism the heir of the Communist Manifesto.

My question of the Senator from Nevada is this—I apologize for taking so much time—

Mr. MALONE. The Senator from Missouri can take all the time he wishes.

Mr. KEM. I ask the Senator whether he believes that the British Labor Party is more truly than bolshevism the heir of the Communist manifesto.

Mr. MALONE. I thank the Senator from Missouri for his contribution.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MALONE. I yield to the Senator from Indiana.

Mr. JENNER. I should like to ask the Senator from Nevada this question: I care not how the form of government is arrived at; I am raising the point that under this pact any one of these nations may go communistic. The pact covers a period of 20 years. Any one of them may go fascistic. Any of them, even England, may develop the socialism which some people like, but which I do not like, to such an extent that it would become as offensive to the American people as either fascism or communism. Or there might be developed in one of the countries which is going to sign the North Atlantic Pact even a democracy that stunk. Before we enter into an agreement of this kind to arm and equip, maintain, and go to the defense of the 16 countries for a period of 20 years, does not the Senator believe that the Senate ought to demand of our Government some kind of an escape clause in the treaty so that if the things should happen which I have pointed out might logically occur, which have occurred in

the past, and may occur in the future, the American people would not be committed to support the very thing which we are trying to prevent happening in this Nation and in the world?

Mr. MALONE. I will say to the Senator from Indiana that he is perfectly correct. There should be an escape clause.

Mr. DONNELL. Mr. President, will the Senator yield for a further inquiry, along the line of the inquiry of the Senator from Indiana?

Mr. MALONE. I yield to the Senator from Missouri.

Mr. DONNELL. A little while ago the Senator from Massachusetts [Mr. LODGE] stated that it is as plain as the nose on one's face that this pact would not permit a Communist nation to remain within it, or words to that effect. I ask the Senator from Nevada if there is one word, from the beginning to the end of the proposed North Atlantic Pact, which I hold in my hand, which mentions the Communists by name, or in any sense refers to the Communist Party. Is there anything in the pact which says, in words as plain as the nose on one's face, to adopt the expression of the Senator from Massachusetts, that if a country goes Communist or Fascist, or any other "ist" it may be expelled from the pact? Is there a word in the pact to that effect?

Mr. MALONE. Mr. President, in answer to the Senator from Missouri, I say that we are supporting some very weird forms of government in Europe; and in my humble opinion there is nothing in the proposed agreement which would enable us to stop giving such aid to any government which simply said it was trying to do the best it could by its people—for instance, as Russia says she is trying to do so now. In other words, it will only be necessary for nations to have fine-sounding, and great objectives, such as are advanced in our country when it is desired to tax our people another \$5,000,000,000. A great objective is announced, and is sold to the public, and then the Members of the Senate presumably have to go along. The same procedure is being used generally in the world, just as the eminent Senator from Missouri has said; nations adopt such tactics in order to gain their ends, whether they proceed by revolution or by the peaceful means of election.

My opinion of the North Atlantic Pact—and I know it will be debated thoroughly, for I am sure the Senator from Missouri will debate it, and I know that I myself will—is that if we adopt it as it is now written, we shall be guaranteeing to the empire-minded European countries our help in holding their colonial systems in status quo; and later on, when they get into trouble as a result, we will eventually send our troops to help them. First we will send arms to help them do the job; and when they later get into trouble to such an extent that they cannot take care of the situation, we will help them, and again do their fighting for them.

I say to the Senator from Massachusetts that of course we will get out of the pact when war comes, because when nations come right up against the iron, they will leave a pact if it is in their in-



terest to do so. That is what England and France have always done—but war is far from a pleasant prospect—and as a means of escaping from a treaty.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. JENNER. I am sure the Senator from Nevada knows that what the Senator from Missouri has said is exactly true, namely, that in the pact there is no reference to communism or to any other form of government. The hypothetical question I asked was based on the assumption that a nation would arrive at such a form of government by means of a perfectly constitutional method—by exercising the right of free ballot, for instance.

Mr. President, to show that this point is important, I ask the Senator if it is not a fact that communism has been considered in this country—indeed, in this very Chamber—to be a bad thing only a very short time. On the floor of this Senate Chamber, as I am sure the Senator from Nevada knows—and if he does not recall it, I ask him to ask me about it now—statements were made, and the CONGRESSIONAL RECORD is full of such statements by Members of this body, referring to Russia as “our great democratic ally.” That was the prevailing thought in this country; Russia was considered to be our great democratic ally; in other words, implying that she had a democratic form of government.

Does the Senator from Nevada know that it has been only since Jimmy Byrnes was Secretary of State and since our own colleague, the distinguished Senator from Michigan [Mr. VANDENBERG] had a great part in formulating a new attitude toward Russia, only since the latter part of 1945, that anyone in this Government has been concerned about communism?

I say to the Senator again that I am concerned not only with the threat of communism but with the threat of fascism or of any other form of government which might occur in the nations which are to sign the pact, which would commit the American people to the support of a government which would be opposed to freedom, and which would crush freedom and the liberties of the people, wherever freedom and liberty exist, anywhere in the world.

Mr. MALONE. Mr. President, I say to the Senator from Indiana that I think we would not only sign up to protect them and to finance them, but we would be stuck with them, after that, for the 20-year period, unless a war occurred or unless by some arbitrary action we withdrew or forced them to withdraw.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. MALONE. I yield for a question.

Mr. DONNELL. I wish to ask the Senator whether he agrees that in Article 8 of the proposed North Atlantic Pact there is a provision that—

Each party declares that none of the international engagements now in force between it and any other of the Parties or any third state is in conflict with the provisions of this treaty.

And, second, that in addition to that, in article 2 of the proposed North Atlantic Pact the following language appears:

They—

That is to say, the signatories—

will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

And, third, that in the trade treaty between Great Britain, which is to be a signatory to this pact, and Russia, which is not to be a signatory to the pact, so far as I have heard—and I refer to the treaty which the Senator from Nevada placed in the CONGRESSIONAL RECORD at page 3545, the following article appears:

ART. VI. The High Contracting Parties agree to render one another all possible economic assistance after the war.

So I ask the Senator this question: With Great Britain on the one hand becoming a party to a pact in which she agrees with 12 other nations, including the United States, to seek to eliminate conflict in the international economic policies of all the signatories and agrees to encourage economic collaboration between any or all of them; and on the other hand with Britain being a party to a trade agreement, which I understood the Senator to say is in effect today, in which she agrees with Russia that she will render Russia all possible economic assistance after the war, is it not as clear as the nose on one's face, to adopt the very graphic language used by the Senator from Massachusetts, that there is almost an inevitable conflict between the obligation which Great Britain will enter into under the proposed treaty and the obligation she already has with Russia under the agreement which the Senator from Nevada has placed in the RECORD?

Mr. MALONE. Mr. President, in answer to the Senator from Missouri, I say that not only is there a plain conflict between the pact and that trade agreement, but a similar pact has been made between France and Russia, and still is in effect.

Furthermore, there is a plain conflict between everyone of the trade treaties made by the 15 Marshall plan countries with the countries behind the iron curtain, for we furnish everything they could possibly want to use if they were to go to war against the United States today.

I recall the situation on the Pacific coast in 1937, 1938, and 1939. I live at Reno, Nev., 240 miles from the Pacific coast. In those days the United States allowed oil and scrap iron to be sent from the United States to Japan. That was 5 years before Pearl Harbor; and even at that time every veterans' organization was opposed to those shipments. Practically everyone in the United States spoke against those shipments and complained about them—at least, everyone who had any gumption at all did. But did the administration do anything about that? Oh, no. The administration permitted the scrap iron and oil to continue to be sent to Japan almost up to the time

of Pearl Harbor, and then following Pearl Harbor sent our boys out in the Pacific to catch the steel coming back out of Japanese guns with their bare hands.

Mr. President, that experience indicates what will happen to the steel, the locomotives, and the other manufactured articles and equipment which these nations are sending to Russia now, if we have trouble with Russia.

Mr. President, if we continue to make such shipments and if we continue with these pacts and agreements—each one supposed to be a cure-all—I predict that it will not be long before we shall be sending our young people abroad to catch, with their bare hands again, the bullets and shells which will have been manufactured from the equipment and supplies we send abroad; and they will be the sons and daughters of the veterans of other wars, just as our young people who fought in the Second World War were the sons and daughters of veterans of the First World War. Of course, Mr. President, some of the Members of the Senate are themselves veterans of the Second World War.

I say to the Senator from Missouri and to the Senator from Massachusetts that in my opinion the Senate does not have the moral right to promote such agreements and keep the 15 Marshall-plan nations on the dole, when today they are sending the munitions of war and the facilities for arming Russia, to enable her to fight us in a third world war.

I say to the Senator from Missouri I do not want to be a party to it. It is one of the most horrible things I have even seen. We should never agree to continue such financing until there is a provision in the ECA act that no trade treaties of this nature can be consummated without our knowledge and consent and approval.

Mr. WHERRY and Mr. DONNELL addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nevada yield, and if so, to whom?

Mr. MALONE. I yield first to the Senator from Nebraska.

Mr. WHERRY. The distinguished Senator has already reviewed several agreements between various countries, and as he has already stated, when the program came up for authorization 1 year ago, it was the approach that was being made that I think justified the votes of many of those who voted against ECA. They felt the money was not going for individual projects, but was going to help socialize different countries. In that debate there was talk of these agreements and of what Russia or certain of the satellite countries would do with the money or with the material. I should like to ask the distinguished Senator whether, in connection with the agreement between England and Russia, he is aware of the announcement made today in a release by the Associated Press, which I just now obtained from the press, which says:

Britain disclosed today that it plans an advance—

An advance—  
of £9,000,000 (\$36,000,000).



By the way, that is nearly half the amount of money the senior Senator from Ohio is asking to have cut from the appropriation for Britain, under the 10-percent cut he proposes, which would aggregate \$94,000,000.

Britain disclosed today that it plans an advance of £9,000,000 (\$36,000,000) to Russia in the next 12 months for purchase of nonmilitary supplies.

The disclosure came in budget estimates presented to the House of Commons.

The advance to Russia, the estimates said, was for nonmilitary supplies under wartime arrangements for which final contracts are being concluded.

A treasury spokesman said he believed the Russian advance is connected with a 1941 agreement with Russia for nonmilitary supplies.

I ask the Senator particularly to notice this:

The Russian figure was listed in the budget estimates under the general heading of "supply, food, and miscellaneous services."

It was stated by the senior Senator from Ohio yesterday that 65 percent of the appropriations we are providing for ECA goes for the purpose of home consumption, including food, and that nearly \$6,000,000,000 is used by the British to subsidize their own people. So I ask the Senator, why should we, the United States Senate, vote appropriations under "food to Britain," \$36,000,000, that will be made as an advance to Russia under a loan, by reason of which she purchases nonmilitary supplies? I cannot see how that can be justified. I should like to ask the Senator whether he can justify it? Under "food and supplies," we loan \$36,000,000, and that goes to Russia, under the guise of "foods to Great Britain." It is things of that kind that cause me to think the figures are not sacred when it said that the least Great Britain can expect is \$940,000,000. I ask the Senator what he thinks about it. What agreement provides that? I should like to ask the Senator what he thinks as to whether that figure justifies our appropriating \$36,000,000 under the heading of "food," that will go straight to Russia?

Mr. MALONE. Mr. President, I think the Senator from Nebraska has raised a very pertinent question. If any Senator wants to offer an explanation of the meaning of "nonmilitary supplies," I shall be very happy to yield to him. If there is anything that is nonmilitary in time of war, I do not know what it is.

I want to read now from the trade treaty that I placed in the RECORD last year on the occasion of my address during the debate on March 4, 1948. This is schedule 1 of equipment for delivery from the United Kingdom to the U. S. S. R. Many times throughout the period since then, there have been newspaper articles and statements issued by the State Department that of course England is not furnishing any military equipment. I shall merely read some of the items on the list:

Description of equipment		
Item No.:		Quantity or amount
1. Narrow-gauge 750-millimeter locomotives	-----	1, 100
2. Flat trucks, 750-millimeter	-----	2, 400

Item No.:		Quantity or amount
3. Winches (2 and 3 drums)	-----	2, 400
4. Excavators	-----	210
5. Caterpillar loading cranes (Diesel types in substitution for equivalent number of excavators)	-----	54
6. Auto timber carriers	-----	250
7. Tugs	-----	14
8. Dredgers	-----	4
9. Locomobiles (units)	-----	200
10. 50-kilowatt mobile Diesel electric generators	-----	150
11. Steam power turbine stations, 500-kilowatt	-----	24
12. Plywood equipment (value)	-----	£1, 050, 000
13. Timber-mill equipment (value)	-----	£400, 000

#### SCHEDULE II

#### Description of equipment

Item No.:		Quantity or amount
1. Scientific and laboratory apparatus (value)	-----	£150, 000
2. Pile drivers mounted on pontoons	-----	4

Those are the very things used in constructing harbors, abutments, embankments, and fortifications.

Item No.:		Quantity or amount
3. Winding gear (sets)	-----	4
4. Electro dredger	-----	1
5. Ball mills for copper ore grinding	-----	18
6. Ball mills for grinding apatite	-----	8
7. Rod mills for grinding ores	-----	3
8. Spiral type classifiers	-----	8
9. Gyratory crushers	-----	2
10. Railway steam cranes	-----	3

That is the very type of crane of which we were so short during the war, for use in loading and unloading railroad cars.

Item No.:		Quantity or amount
11. 154-kilovolt voltage transformers	-----	48
12. Complete distributing sets (13.8 kilovolts)	-----	6
13. Isolating switches (154 kilovolts)	-----	45
14. Oil-purifying apparatus	-----	10
15. 100-kilowatt electric motors	-----	300

Mr. President, there is no such thing as nonmilitary equipment or supplies in time of war. That is exactly what the United Kingdom is furnishing the countries behind the iron curtain at this time.

Mr. DONNELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Missouri?

Mr. MALONE. I am happy to yield to the Senator from Missouri.

Mr. DONNELL. May I ask the Senator, Does he have before him at the moment the CONGRESSIONAL RECORD of March 30?

Mr. MALONE. Yes.

Mr. DONNELL. Would the Senator be kind enough to turn to pages 3545 and 3546? I ask the Senator if he will turn to column 1, on page 3546, which is a portion of the treaty. I referred to it inadvertently as a trade agreement or a treaty. I see it is a treaty of alliance.

Mr. MALONE. It is a treaty of alliance.

Mr. DONNELL. It is a treaty of alliance between Russia and England. I call the Senator's attention to part II of

that treaty, near the end of which, I may interpolate, appears the language:

The high contracting parties agree to render one another all possible economic assistance after the war.

Then at the end of this provision is found:

Part II of the present treaty shall remain in force for a period of 20 years.

It is only thereafter, I may say to the Senator, that either party has a right under the treaty to terminate it. Then I ask the Senator also, whether, on the same page, 3546 of the RECORD, he did not introduce a further Treaty of Alliance and Mutual Assistance between the U. S. S. R. and the French Republic, which is to be another signatory to the proposed Atlantic Pact, and whether that treaty between France and Russia does not provide, according to its terms, that it "shall be valid for 20 years," and that if, in the French treaty with Russia to which I have just referred, there does not appear also this paragraph, namely:

#### ARTICLE VI

The high contracting parties agree to render each other every possible economic assistance after the war, with a view to facilitating and accelerating reconstruction of both countries, and in order to contribute to the cause of world prosperity.

I ask the Senator further if in article VIII, in addition to the provision that the treaty between France and Russia shall be valid for 20 years, it is not also provided as follows:

If the treaty is not denounced by either of the high contracting parties at least 1 year before the expiration of this term, it shall remain valid for an unlimited time; each of the contracting parties will be able to terminate its operation by giving notice to that effect 1 year in advance.

I ask the Senator if I have not quoted correctly from the two treaties which he has so advisably introduced into the RECORD?

Mr. MALONE. I will say to the Senator from Missouri that he is entirely correct. I say, again, that this is the most damnable thing that the Senate has ever had before it. We are asked to continue to finance nations which have made trade treaties with the very country which we have said, time and time again, on the Senate floor, is a potential enemy. The President of the United States has announced to the American people, time and time again the same thing; and the State Department has announced, through its beautiful, smoothly-moving propaganda machine, for the last 3 or 4 years, statements against Russia whose activities we are trying to contain.

Mr. President, I have submitted 88 trade treaties, 4 of which are printed in the RECORD, and 3 of which are so secret that the Members could only take a quick look. All those things, taken together, indicate the most damnable situation that has even been before the Senate. We are expected to finance nations which have signed trade treaties to do exactly the opposite of what we are trying to do. They, the United Kingdom and France, have signed agreements with Russia to assist Russia's economic de-



velopment after the war, and we are assisting them to do just that—while telling our people that we are doing all in our power to contain Russia. Then comes this three-pronged thing which the administration has concocted—the ECA—of making up the European nations' deficits each year in cash, the 1934 Trade Agreement Act upon which the State Department has established a selective free-trade policy and, then the international trade organization treaty coming along that will clinch the final nail in the long-range free-trade program as the ultimate and final policy of this Nation and which will definitely lower our standards of living. They are all one and the same thing, cut to the same pattern and from the same cloth.

Mr. DONNELL. Mr. President, will the Senator yield further?

Mr. MALONE. I yield.

Mr. DONNELL. The Senator realizes, does he not—I am sure he does—that at the very moment we have the British treaty with Russia, dated the 26th day of May 1942, to run for 20 years, and the French treaty, from which I read a moment ago, dated in Moscow, December 10, 1944, to run for 20 years, with the possibility of remaining in effect for an unlimited time providing for a mutual obligation to render to each of the contracting parties, respectively, every possible economic assistance after the war, we find at this very moment there are converging into the city of Washington representatives of England and of France to sign the so-called North Atlantic treaty, which says:

They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

Have I not stated correctly, and in proper sequence, the related events?

Mr. MALONE. I will say that the Senator has stated them correctly.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. MALONE. I yield to the Senator from Massachusetts.

Mr. LODGE. Will the Senator permit me to say that I disagree totally with the statement which the Senator from Missouri has made. I do not think he has stated the events correctly. There is no conflict whatever between the British-Russian trade treaty to which he refers and this treaty, and, later, I shall so show.

Mr. MALONE. The British have agreed in the nonaggression pact to be faithful to Russia's economic needs, and is getting ready to pledge her faith and allegiance to us. She sees nothing inconsistent in that procedure.

Mr. LUCAS. Mr. President, will the Senator from Nevada yield?

Mr. MALONE. I yield to the Senator from Illinois.

Mr. LUCAS. Mr. President, may I ask how much time the Senator from Nevada expects to take in addressing the Senate?

Mr. MALONE. I am unable, of course, to estimate the time. I am happy to say that there has been considerable interest shown in the statement which the Sen-

ator from Nevada has been making. If that interest continues, I think it may take me some time.

Mr. LUCAS. Mr. President, without this interruption being charged to the Senator's time, I should like to say that I sincerely hope the rules of the Senate will be obeyed with respect to yielding for questions and not for speeches, such as have been made in the time of the distinguished Senator from Nevada. I do not like to try to enforce the rule, but we are running pretty late into the debate, and I do hope that the Senator will yield for questions only.

Mr. MALONE. Mr. President, I shall be happy to conform, as nearly as I can, to the Senator's suggestion. I wanted to allow all reasonable latitude, because I consider this such an important subject that all the light that can be thrown on it is very desirable. The treaties made between certain European countries and our potential enemies as announced by the State Department have been discussed many times, and Russia has been said by many Senators to be a potential enemy. Our so-called allies are on our pay roll and in our budget. They are collaborating economically and in every other way with Russia and the iron-curtain countries. I think, with all due respect to the statement of the senior Senator from Illinois, that every Senator should have every possible opportunity of asking any questions and having any explanation made that may be desirable in this connection, in order to give the public a greater insight into what is really happening, not only on the Senate floor, but to the money which we appropriate.

Mr. KEM. Mr. President, will the Senator yield?

Mr. MALONE. I shall be happy to yield to the Senator from Missouri.

Mr. KEM. I want to refer to the very startling information which was given the Senate a few minutes ago by the Senator from Nebraska, in regard to transactions now going on between England and Russia. I should like to ask the Senator from Nevada if, in his opinion, an explanation of these transactions, which otherwise might be inexplicable, may be found in the kindredness of ideology between the Socialist Government of Great Britain and the Government of the Union of Soviet Socialist Republics.

Mr. MALONE. Mr. President, I should like to say that it was only recently that a very strong man in England, how strong I am unable to say until an election shall be held there, made a statement to which I shall refer. His party has a considerable number of members of Parliament. This man represents quite a section of thought of England. He said that in the event of war with Russia the people of England who were his followers would not fight with that nation.

There is no question in my mind, since I spent a good deal of time in England, Italy, and other countries of Europe, that there is a great sector of thought that will go with Russia the minute any change in the situation comes about.

For example, in November 1947, I spent some time in Italy. I had a conference there with Mr. Togliatti, the labor leader, who thought his party was going to win in the approaching election. As a matter of fact, he did come very close to winning. We did everything we could in this country, sending materials, and in other ways, to defeat the Communists. His Holiness the Pope, and every power possible, was invoked to win that election over the Communists led by Togliatti. His opponents did not cover themselves with glory; he made a very respectable showing, and the contest is to be fought out again soon.

No one thinks, least of all the observers who have returned from Russia, that Russia is 100-percent Communist. But it is hard to say when a nation passes the dividing line. There may be a great sector today of democratic thought, and there may be a great sector of another nation, with a socialistic government of communistic thought, but when an election is held it may pass over the line. Sometimes it is a very thin line. Therefore there is a parallel here: There is no question but that these 88 trade treaties which I asked to have inserted in the RECORD. I think they should be made a Senate document, and I hope someone will take steps to that effect, and they ought to be distributed not only to every Senator, but to every Member of the House of Representatives, and they ought to go as far through the newspapers and the radio stations as we think they should go to get general circulation. Because these treaties are absolutely diametrically opposed to the principle of cooperation, one cannot possibly be loyal to both at one time. If the people took their choice on one at a time there would be some excuse, but they are treaties signed and sealed for 20 years, just as is proposed for the International Trade Organization, except that we cannot serve notice 12 months ahead of time that we want to get out of it.

While I am on that subject, I take occasion to repeat two or three paragraphs I said on the floor a year ago, when I referred to the trade treaty which had just been made between the United Kingdom and the Soviet Republic. I took occasion at that time to say:

—Mr. President, I further point out for the RECORD—I think all Senators know it—that many speeches have been made as to the many restrictions put on in negotiations with Russia. We are at this moment engaged, possibly, in preparing for war with Russia, while our esteemed ally, the United Kingdom, is preparing a long-range trading program. The same is true of France and other nations. However, I do not have exact copies of their trade agreements.

It was made very clear by Mr. Bevin—

Mr. Bevin is now in this country—and Mr. Wilson, that they wanted to trade with Russia, and they wanted to remain neutral, they wanted to be the bridgehead, that was the exact word they used, between the Soviet Communist government and the capitalist government of America.

Get that, Mr. President, they wanted to remain neutral, they wanted to be the bridgehead. Those were the exact words



they used; they wanted to be the "bridgehead." Between what? "Between the Soviet Communist government and the capitalist government of America."

They wanted to be neutral, they wanted to be the bridgehead. Would that not be a fine thing? Let us take a leaf out of Switzerland's book, and be the bridgehead between Communist Russia and capitalist America.

I said at that time:

I think perhaps they are in a fair way of doing just that. Their interests are with Russia, since they are primarily processors and manufacturers of goods, as we are in this Nation, while Russia can furnish mainly the necessary raw materials.

Mr. President, no one in Britain—Mr. Bevin, Sir Stafford Cripps, or anyone with whom I discussed this situation—tried to evade the question in any way whatever. They said frankly what they were going to do, and they have carried out the program to the best of their ability.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. MALONE. I yield to the Senator from Maine.

Mr. BREWSTER. Dealing with this matter of trade agreements, I do not know whether the Senator has seen the article in the New York Times of March 26 containing a statement of John A. Marsh, general manager of the Canadian Exporters' Association, quoting from an address he made before the Canadian Credit Men's Association. Has the Senator seen that?

Mr. MALONE. No.

Mr. BREWSTER. I wonder whether or not this statement by Mr. Marsh, who represents the Canadian side, would have application, when he said that one-half the world, led by Sir Stafford Cripps, has moved back the clock of progress by barter trading or state trading.

He proceeded:

Curiously enough, Britain has, up through the years, preached a doctrine of freer trade. She is still giving lip service to it; but actually is practicing the opposite as instanced by the 30 or more bilateral deals with countries of northern Europe on a barter basis.

Does that coincide with the views which the Senator from Nevada has been advancing?

Mr. MALONE. I think it does. I recall that I did see the article. It is a typical statement.

Mr. BREWSTER. Does this specific case have an application to what the Senator has said? I read:

Buying Swedish newsprint at \$171 a ton when she could buy it from Canada for less than \$100 just does not make sense, even though in return she is charging Sweden one and three-fourths times as much for finished products as the competitive market would justify in Canada.

Does this statement coincide with the Senator's views?

This course is driving the pound sterling and the dollar, be it Canadian or American, farther and farther apart instead of bringing them closer together.

Mr. MALONE. There is no doubt about it. It is the old game of manipulating the currency for advantage in trade.

Mr. BREWSTER. Does the Senator think Mr. Marsh was correct when he said that Britain's present fiscal policy will keep the pound and the dollar apart for 10 years?

Mr. MALONE. I think it will keep the dollar and the pound apart just so long as it is advantageous for British trade.

Mr. BREWSTER. Would the Senator agree with his conclusion that—

Canada and the United States must make up their minds to what extent in the future they are prepared to subsidize and maintain the United Kingdom's position in Europe.

Mr. MALONE. I think that is exactly correct, and a little later in my address I intend to cover the manipulation of foreign currencies for trade advantages.

On that point, I may say that it is very easy to manipulate the pound value for advantage in trade, and now the pound is valued at about \$4.03. We can buy it on any exchange in the world at approximately two and a quarter to two and a half, and it means that anyone who trades with them, either way, buying or selling, loses 30 or 40 percent on the first transaction.

Mr. BREWSTER. I was not in the Chamber yesterday afternoon when the Senator from California inserted in the RECORD the item from which I have been quoting. The complete article appears at page 3523 of yesterday's RECORD.

Mr. MALONE. I thank the Senator.

Mr. President, I now ask unanimous consent to place in the RECORD an article from the New York Herald Tribune dated March 29, 1949.

The PRESIDING OFFICER (Mr. STENNIS in the chair). Without objection, it is so ordered.

The article is as follows:

SATELLITES STILL GETTING GERMAN MACHINE TOOLS—OTHER WAR-PURPOSE GOODS SHIPPED AS REPARATIONS DESPITE ANGLO-UNITED STATES BAN

(By Marguerite Higgins)

BERLIN, March 28.—Heavy machinery which can be classed as war potential continues to be shipped to Soviet satellite states as German reparations in spite of American and British policy statements prohibiting such shipments, American economic officials said here today.

American authorities recently prepared a list of such strategic items, including certain types of heavy machinery and machine tools. Exports of this kind to the Soviet Union or the Soviet satellites have been barred or greatly restricted by the United States, which is trying to have the list accepted by western European nations. British Foreign Secretary Ernest Bevin announced last week that a similar list had been compiled for Great Britain.

The inconsistency between western allied practice and policy shown by German reparations shipments is causing concern among numerous officials in Germany and has been the subject of correspondence with Washington, according to sources here.

CZECHS GET PRESSES

As an example, heavy steel presses now being dismantled at the Krupp plant at Essen for shipment to Czechoslovakia come under the head of the heavy machinery which the Americans would bar from reparations shipments, according to American economic officials familiar with the list prepared. The list has been classed as secret for reasons not clear here, since the Soviet satellites, to judge from their propaganda, are well acquainted with its contents.

Numerous American economic officials at Berlin think there should be an immediate halt in all shipments to Soviet satellites of German reparations involving heavy machinery which could be used for war purposes. They contend that the entire principle of stopping exports of strategic goods to the Soviet satellites is contradicted if the same types of goods are sent as German reparations.

Western European businessmen, it is contended further, want to develop their trade with eastern Europe, and if the United States, with the controlling voice in western Germany, allows strategic items to be sent there as German reparations, its arguments for acceptance of the prohibited list are greatly weakened.

One American economic official said: "If the United States is truly convinced that certain items must be restricted or banned, then it must be consistent and ban all such deliveries. Otherwise, the policy is ineffective nonsense."

LATHES BEING SENT

Plants in the American occupation zone of Germany which are still shipping machinery to Soviet satellites include the Henschel airplane plants at Kassel and Zeigenheim and the Continental Metal Works at Grossenheim.

It is true that machinery actually adapted to war production—such as machines for making airplane motors—has been destroyed. What is being sent to Czechoslovakia and Yugoslavia consists of general-purpose equipment, such as heavy and light lathes. But some of these, according to experts, are strategic items such as the United States would restrict.

Reparations officials at Berlin say almost all of the deliveries due from the American zone to Soviet satellites have been completed.

Opinion on the proposal to halt German reparations deliveries is divided. Those who oppose the idea say the reparations agreement was an international commitment which the United States is bound to observe, and it is immaterial that the agreement was made before the cold war began. This view is not accepted by the Americans at Berlin, who believe that the Soviet Union, in violation of its own commitments, is using Czechoslovakia and other satellite countries as machine shops for Russian rearmament.

Mr. MALONE. In connection with the trade treaties, before we leave that particular subject, I want to say that Britain and France are still shipping machine tools and other goods, which are war potentials, from their respective zones into Russia or to her satellites. Understand in this case the goods are not even manufactured in their own nations and shipped into Russia for profit, but in this case these tools are being manufactured in Germany, in the British and the French zones, and shipped from there to Russia or the satellite nations. They claim they are reparations due Russia and her satellites under the Potsdam agreement, and that they must live up to that agreement. Yet Russia has broken the Potsdam agreement time and again, so that for all practical purposes the Potsdam agreement in regard to reparations is null and void.

Mr. BALDWIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Connecticut?

Mr. MALONE. I yield.

Mr. BALDWIN. First, I want to compliment the Senator upon the marvelously good contribution he has made to the



whole subject. I am frank to say that I do not agree with the Senator in his conclusions, but nevertheless I think he has presented a point of view that must be explored to the full.

As I understand, he is now discussing the trade between western Europe and Russia. Is that correct?

Mr. MALONE. Yes. The 88 trade treaties signed by the European nations with Russia, or the satellite nations, under which manufactured and processed materials are delivered.

Mr. BALDWIN. And the effect that that trade is going to have upon world peace and our particular situation?

Mr. MALONE. And the effect that it would have if we went to war with Russia. That is my point.

Mr. BALDWIN. Assuming that we did nothing about western Europe at all. Assuming that we gave it no ECA aid or had no other program with reference to dealing with western Europe, what does the Senator think would then happen?

Mr. MALONE. If we were not giving aid to western Europe, if we went back to the time when they were taking care of themselves, when they were doing their own fighting to hold their own colonial possessions, then we would not be interfering. We are now in the role of a banker. I will say to the Senator from Connecticut that what he does, what his personal habits are, are matters of no interest to the banker until the Senator undertakes to borrow money. Then suddenly they become of great interest to the banker.

Mr. BALDWIN. With all due deference to the Senator, I do not think he has answered my question, perhaps because I did not put it as clearly as I should have done. If we did nothing for western Europe, if we had no program for western Europe, no ECA, or no Atlantic pact, or nothing of that kind, what does the Senator from Nevada believe would happen in western Europe, so far as communism is concerned?

Mr. MALONE. I will say to the Senator from Connecticut that no one whom I know has proposed that we do nothing. There have been Senators on the Senate floor, including myself, who have made some suggestions that we do something on a business basis. Is the Senator from Connecticut insinuating that I have suggested that we do nothing in Europe?

Mr. BALDWIN. I understood that was the Senator's point of view.

Mr. MALONE. I hope the Senator will stay on the Senate floor at least long enough to know what we are talking about.

Mr. BALDWIN. As I understand, the Senator has found considerable fault with the ECA program, and as I understand the purport of the Senator's remarks, he is presenting an excellent argument for those who may feel that they want to vote against it. Is that not correct?

Mr. MALONE. No; that is not true. I am presenting an argument here, and I will now review it for the benefit of the Senator from Connecticut, because I know he will never have time to read it in the RECORD.

What I am trying to show is that we have a three-pronged free-trade program which will ruin the workingmen of America. First, what we are doing is to make up the trade-balance deficits of each of the nations each year in cash. Our chief export is cash. We are not lending them the money. I hope the Senator from Connecticut is not naive enough to think we will get 10 cents of the money back. We could, however, loan it in such a way that we could get some money back: by lending for the purpose of rehabilitating private and other industry in Europe. We could have done that last year before England began to further nationalize some of her industries.

The second part of the program is the 1934 Trade Agreement Act under which the State Department has adopted a selective free-trade program designed to divide the markets of the United States of America with the nations of the World on the theory that the more they divide the markets of this Nation the less trade-balance deficits they will have each year.

I do not agree with that. I think they are like 10-year-old kids who spend all the money they have, indeed all the credit they can obtain, and then their daddies are obliged to come along and bail them out anyway.

But let us assume those who are in favor of that plan are correct in their beliefs regarding the division of the markets under the selective free trade program. Does the Senator understand that when we lower an import fee below the critical point, below the differential in the cost of production brought about by the high level labor living standards in this country and the lower level labor living standards in other countries, considering the efficiency of the work, that we have no import fee, and that that is virtually free trade, regardless of what is left of the import fee? The Senator can answer the question later. But that is what they have done. They have lowered the import fee below that critical point.

Now we have a great international trade treaty coming along, which has heretofore been held back. Very little has been said about it. We are going to hear about it. We will see it coming to the fore pretty soon. Just as soon as the measure before us is passed, and the 1934 Trade Agreement Act is extended for 3 years, as they hope, without amendment. Then the international trade treaty is going to be proposed. Those three things are what we are debating here now.

What is their effect? The effect is that there will be 58 nations—54 have signed up now, and the other 4 will sign, because they have everything to gain and nothing to lose by so doing—58 nations each with one vote. The United States will have the same vote as Siam or Lithuania. The United States will have the same vote as will the smallest nation on earth. These 58 nations will sit down once each year and add up the remaining production in the markets of the world, ours included—ours is about two-thirds of the total—and divide it on the

basis of the population of the respective nations. That is what will result from the treaty. It may be submitted as an agreement if the votes do not seem to be here to make it a treaty, but it will bind us from now on. Then the policy of this country will be run entirely, I want to say to the Senator from Connecticut, under that plan. I have a very lucid explanation which in a few moments I shall read into the RECORD, as to how, by signing that treaty, we relinquish all our authority to run our own business.

We come to another question, the question of tariffs, the question of an import fee. That is in the hands of this great international body in which we will have 1 vote out of 58, our country being the only one which has anything to give. That is the clincher, the last rivet in a plan which is of such great importance to the workingmen of America.

Mr. BALDWIN. Mr. President, am I right then in believing that the Senator's argument is that ECA is one of the three-pronged approaches to world free-trade which will eventually lower the standard of living in the United States?

Mr. MALONE. That is true. So I have offered an amendment. Mr. President, I suggested that we loan the money to private enterprise through the World Bank. This time I have offered an amendment to amend the ECA Act, and to lend the money to rehabilitate industry, or, if it is necessary in the opinion of the Administrator, to construct new industry—it does not include food and medicine—under approximately the same rules and regulations which apply to loans to an American citizen, and then proceed to feed the emergency-hungry people just as we have done almost from time immemorial. It will make no difference in the end except that we shall have acted on such a basis that we might receive some of the money back.

Mr. BALDWIN. Mr. President, will the Senator further yield?

Mr. MALONE. I yield.

Mr. BALDWIN. I assume that the argument is that if we lend money to private industry instead of to the governments in western Europe, private industry will put the money into the rehabilitation of business. Is that correct?

Mr. MALONE. When we lend money under the Reconstruction Finance Corporation rules—and that is virtually what the amendment provides—we know where it is going. The Administrator is charged with knowing where the money is going. It is spent in a particular industry. When money is loaned to rehabilitate an industry, they take a lien on the new equipment and machinery that is bought with the money, and we hypothecate the stock and shares, or whatever represents the ownership of the steel company or coal mine, for further security. Then the chairman of the board signs the note. If the Senator has ever had any experience in borrowing money from the RFC he knows the procedure.

Mr. BALDWIN. I may say to the Senator that I have never had any business



with the RFC, because personally I have not enough assets to make a loan.

Mr. MALONE. One goes to the RFC only when one does not have many assets.

Mr. BALDWIN. As I understand the Senator's point of view, it would be a great deal better if we were to lend this money to private industry in western Europe, rather than to the governments.

Mr. MALONE. I will review that part of what I have said—

Mr. BALDWIN. I do not think the Senator need to do that.

Mr. MALONE. Yes, I do; because the question would not be asked if the Senator had heard the debate.

Mr. BALDWIN. I have heard a part of it.

Mr. MALONE. The Senator has not heard the part which answers his question.

I may suggest, if necessary, that the amendment be read again. It is not confined to private industry. The money might be loaned to a Government-owned project, but we would get security for the loan, and some one would be responsible for collecting it.

Congress does not know how to lend money. It knows only how to give it away.

(Manifestations of applause in the galleries.)

Mr. BALDWIN. I subscribe to that statement. I think it is correct. However, as I understand, the Senator's point is—

Mr. MALONE. That is my point.

Mr. BALDWIN. As I understand, the Senator's point is that we should lend the money to private industry for the rehabilitation of business.

Mr. MALONE. To private industry or in any way which satisfies the Administrator. The Administrator should be satisfied with the security on the loan, and the purpose for which the money is used.

Mr. BALDWIN. If the security for the loan is the mechanical equipment which goes into factories, that security will depend in large part upon the success of the operation of the business to which the loan is made.

Mr. MALONE. That is the chance we take; but that is the only chance we take.

Mr. BALDWIN. In that particular instance, whether we loan it or give it in the manner proposed by the ECA, or in the method proposed by the Senator from Nevada, nevertheless, businesses are going to rehabilitate themselves by the use of that money, are they not?

Mr. MALONE. No; I do not think so. I think much of this money is being used for living expenses. In other words, they will take our particular dollars, and say that they are being used for a certain objective. If we give them the money, it means that they will have the money to nationalize their industries, and do things that we would not do in America. It is exactly as if someone had \$100, and went to the bank to borrow \$500, and then bought a suit of clothes for \$100. It would be a suit of clothes that he could not purchase if he had not borrowed the \$500.

Mr. BALDWIN. That argument proceeds to the point that we should not let them have the money at all.

Mr. MALONE. I think we should let them have the money if necessary but loan it to a city in Europe on exactly the same terms which we loan money to our own citizens. Last year I asked that we lend money to individuals in Europe, and not to the governments of Europe, unless it so happened that a government owned an industry and wanted to rehabilitate it. That would be a question for the judgment of the Administrator. My proposal is that we lend money to the individuals of Europe just as we lend it to the individuals of America.

Mr. BALDWIN. Assume that we lend it to the individuals, and that they put the money into their businesses. With whom are they going to trade? Are we not in just as grave danger of those nations trading with eastern Europe, whether we lend money to individual enterprises or lend it through their governments? Are we not in just as much danger, whichever way we do it? Must we not take that chance?

Mr. MALONE. I would never lend any nation any money if it had a treaty with our potential enemy, unless our country understood the treaty and had agreed to it. There should be an amendment to the bill to give us protection in that respect. If we think we are taking that kind of a chance, this is the greatest hoax ever perpetrated on the American people.

Mr. BALDWIN. Mr. President, will the Senator further yield?

The PRESIDING OFFICER (Mr. TYRINGS in the chair). Does the Senator from Nevada yield to the Senator from Connecticut?

Mr. MALONE. I yield.

Mr. BALDWIN. In that event, the Senator's point of view is that we should not let them have the money at all.

Mr. MALONE. It is not that we should not let them have the money at all. We should call them to account for the way they are doing, and for signing such treaties. I suppose the Senator was present during part of the time when the treaties were read. They provide for doing everything possible for the economic recovery of Russia and war material. The nations which have entered into such trade treaties with Russia are sending to Russia and the nations behind the iron curtain all kinds of finished steel goods—ball bearings, tool steel, locomotives, and everything else. A year ago I heard it stated on the floor of the Senate many times that that certainly would not be done. If we were to search the record, we could pin that statement on a number of Senators.

Mr. BALDWIN. If we shut off all trade between the nations of western Europe and Russia, then, of course, we are subscribing to the iron curtain from our side, are we not?

Mr. MALONE. I do not believe that we are trying to shut off trade from anyone. It is up to the other nations to decide whether or not they wish to accept our help. We are shutting off trade with Russia, are we not?

Mr. BALDWIN. I think we are.

Mr. MALONE. Why should we shut off trade with Russia and then send the raw materials to Europe to be manufactured in transit and shipped on to Russia? Why do we not do the trading in the first place?

Mr. BALDWIN. To come back to my point, I do not believe that the method suggested by the Senator from Nevada would alter that situation a bit. If we tell the people of the beneficiary countries that they are not to trade with Russia or with one another in such a way that the materials get into the hands of Russia, if we freeze the situation so that they are practically stifled, and if we go down the line and name the items which might in any way be considered military material or convertible to military material, it seems to me that, whether we lend the money to individuals or to nations, we are placing such limitations and prohibitions on the program as to make it completely ineffective. Then what do we have? We have western Europe taken over by the Communists. In that event everything manufactured in western Europe will go behind the iron curtain anyway.

So we are faced with Hobson's choice, with the hope—which I pray may be justified—that the method which we are following will prove more successful than doing something which is utterly unworkable and utterly impossible, and which would result in having the whole thing collapse before our eyes. That is the point which I do not think my distinguished friend from Nevada has sufficiently cleared up in my mind.

Mr. MALONE. I shall certainly try to clear it up.

I submitted only one small amendment. It would not stop the thing about which the Senator complains. The things which I heard on the floor of the Senate last year were unbelievable. It is unbelievable to me that the Foreign Relations Committee would report a bill such as this without knowing about the 88 treaties to which reference has been made, and without telling the Senate about them. They should be in the RECORD. Therefore a simple amendment would cure what the Senator complains about. I did not try to cure it all at once.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MALONE. I yield to the Senator from Indiana.

Mr. JENNER. I have heard a great deal of discussion about the collapse of Europe and communism taking over if we do not do this and do not do that, or do not do anything. Has the Senator from Nevada ever considered what would happen if we had a collapse in America as a result of these expenditures all over the world?

Mr. MALONE. I will say to the Senator from Indiana in all seriousness, that I have considered that possibility. On previous occasions I have stated what I thought might happen in the United States. I shudder to think what would happen in this country if we should go into the tailspin toward which we are headed if we adopt this three-prong, free trade proposal.



In other words, if we are to pay and are to continue to raise the ante, inasmuch as every nation of the world is looking this way now, the nations of the world will continue to look to us for more and more aid. As I said before on the floor of the Senate, I have visited practically all the nations of Europe and Asia since World War II. In visiting them, it has been my experience that when talking to strangers there, the two questions which most generally are asked are, first, the perfunctory one of "How are you?"; and then, "How much can we get from you, and when can we get it?"—because they think all the people of the United States are wealthy. However, Mr. President, we know that is not true; we know that the number of wealthy people in the United States is comparatively limited, that most of our people are of only moderate—quite moderate—means, and that many of our people are poor. Certainly all the people of my State of Nevada are not rich. I should say that 15 percent of the people of Nevada now are having a hard time to pay their taxes and keep their children in school. I say to the Senator from Indiana that if we continue as we are headed, we shall have a depression, or whatever it may be called. As soon as the pact is placed in effect and the nations of the rest of the world are able to take over our markets, what will happen? Our people will have to go to a lower standard of living. But I do not wish to ask our people to accept that.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MALONE. I yield.

Mr. JENNER. I should like to ask the Senator about this matter: Already we are told that if we continue the Marshall plan—and as the Senator has already said, there is a moral commitment for us to aid these nations up until 1952—they will still have large trade-balance deficits. I ask the Senator if it is not already admitted by the nations we are aiding under the Marshall plan that by 1952 they will still have a \$3,000,000,000 annual deficit in their trade balances.

Mr. MALONE. Mr. President, not only have they already said that, but the President of the United States himself has said that we must help make up their trade-balance deficits. In other words, wherever the present Marshall plan leaves off, so the President says, we must take over with a great global program.

I say that there is no more sense in sending technical experts throughout the world, at the expense of our Government, than there is in sending them to Nevada, because certainly what we need in the world today is a little integrity in investments and integrity of nations, so that when a person invests money in another country, the only risk he will take will be a business risk. People are willing to take business risks, but they are not willing to take the risk of nationalization or socialization of their capital.

Just recently I was in south Africa. There are 500,000 tons of chromite on the dumps in Rhodesia, and one can almost trace the vein of chromite from an

airplane. In this country we are crying for manganese. There is enough manganese in South Africa and in South America and in Cuba and in the Philippines to supply the United States and the rest of the world indefinitely. But are we trying to develop it? No, Mr. President; we are making no effort to do so—at least, not up to the last several months. Of course, I hope that now that we have a new Secretary of Defense, something will be done about that situation.

I say that if the Congress, the State Department, and the United Nations, would stop writing columns for the newspapers—which is what several of the members of those groups are doing today—and would stop using their organizations as debating societies, and would establish the integrity of investments, there would be a tremendous increase of business everywhere, and it would be impossible to keep people from making investments in the ECA nations and in Asia, and Africa.

When I was in South Africa, I said to Gen. Jan Smuts, as we sat underneath a shade tree in his garden, "General Smuts, engineers like myself have been turned out of the colleges in the United States for the last 50 years in great numbers, almost on a mass production basis, assembly-line methods by which Fords are produced; and the result is that in the United States we have so many engineers today that there is not enough for them to do. If I could stay here in your country as an engineer and business man, I would at once get on the telephone and would arrange to sell these materials to the people of the United States, and almost immediately I would be in business in a big way."

Mr. President, those countries have available for sale the materials we need. It is our fault that the attitude is wrong. We have made no attempt to establish the integrity of investments in those nations.

Mr. JENNER. Mr. President, does the Senator from Nevada recall a luncheon which we had a few days ago with the Ambassador from India?

Mr. MALONE. I do. You were my guest, and I purposely wanted you to know about that situation.

Mr. JENNER. Does the Senator recall that I specifically asked the Ambassador from India what he thought about the Marshall plan and its ultimate end?

Mr. MALONE. I do.

Mr. JENNER. Do you recall that he said, "Well, it will not work because we are not in it"?

Mr. MALONE. Yes.

Mr. JENNER. Do you recall that he said, "We have 350,000,000 people, and we have newly won our independence; but if you people do not help us, we are liable to go Communist, too"? Did not he say that, in effect?

Mr. MALONE. He used words to that effect, I may say to the Senator from Indiana.

Mr. JENNER. And does the Senator from Nevada recall that in that conversation we asked him about trade between the United States and his country, and we cited the fact that India is a vast

storehouse of natural resources which we need to have in order to bring our defense up to the point where it should be; and does the Senator also recall that he replied, "We cannot trade with your country because England has us frozen in the sterling bloc. If we want to buy a deep-well pump from the F. E. Myers people, of Ohio, we cannot do it. We have to get the pump from England because she has us frozen in her sterling bloc. Therefore, you can see that England practically has us by the throat from the standpoint of international trade"? Am I not correct when I say that is the substance of what we were told at that time?

Mr. MALONE. I say to the Senator that is exactly true; and later in my remarks I intend to cover the sterling bloc countries and the franc countries; that is, the nations under the domination of France; in other words, Belgium and the Netherlands; and I shall show that that is exactly the situation.

Mr. JENNER. Has the Senator from Nevada noticed recently that, according to the public press, the Marshall plan countries had a meeting in Europe, and Sir Stafford Cripps spoke at the meeting and told the Marshall plan countries, in effect, "Next year we must cut down our trade with the United States"?

Mr. MALONE. That is exactly true, I may say to the Senator from Indiana; and I intend to cover that point, too, later in my remarks.

Mr. JENNER. Does the Senator realize that when we take part in the Marshall plan and the North Atlantic pact and similar arrangements, and then have to ask the American taxpayers to dig down in their pockets for the money which will be needed to help foreign nations under those agreements—for instance, considering the effect of the North Atlantic pact—the result will be to release just that much additional manpower, manufacturing ability, and so forth, for the production of consumer goods in those countries, while we shall be producing nonproductive goods, and shall be relieving them of that responsibility, so that they will be able to enter the world markets with commodities manufactured with cheaper labor than we have in our great country, where we have such a high standard of living; and the result will be that they will cut our commercial throats wherever they can?

Mr. MALONE. In answer to that question I say to the Senator from Indiana—

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. MALONE. I ask the Senator to defer until I can answer the question which has just been asked, please.

Mr. President, I say to the Senator from Indiana, in answer to his question, that the very materials we are sending to Europe today will be used to build factories which will be used to produce commodities and imported into the United States, to compete here with the products of our own labor in the way which I mentioned earlier today when I was discussing United States firms which are establishing factories abroad. Certainly it is true that when the Con-



gress by its action creates such a condition in the United States that competitive industry will thrive better in Scotland than it will in New York, then the Jim Rands and the other manufacturers will go to Scotland and will locate their factories there, for the location of industry is governed by conditions, not by the men who own the industries.

Mr. JENNER. Mr. President, does the Senator from Nevada know that many Members of this body who are willing to vote for the Marshall plan and the North Atlantic Pact have recently been before various of the Senate committees begging them under the reciprocal trade tariff agreements to set up peril points in order to protect the industries of the United States? Is the Senator acquainted with that fact?

Mr. MALONE. Yes; I am. That is the very reason why I am terribly alarmed at this three-part program to fasten free trade on the American people and lower the standard of living.

Mr. JENNER. I should like to ask one further question. I do not want to impose upon his time, but does the Senator know, in all recorded history, of any nation that could take from its national income as much as 35 percent to 40 percent in taxes for the operation of the government, and continue to survive as a free and independent nation?

Mr. MALONE. No, I never have. I think it is a very dangerous procedure.

Mr. JENNER. I will ask the Senator, if we have a \$15,000,000,000 tax load for the cost of State and local government, and an estimated budget for the cost of the Federal Government this year of \$35,000,000,000, and a total cost for the North Atlantic Pact for this year of \$1,800,000,000, with a projected over-all cost of \$20,000,000,000 for that project, with discussions already going on for a Middle East pact, which is being demanded by our good friend England; with suggestions that a Pacific pact is necessary; and with Mr. Truman proposing a Fair Deal, further broadening benefits—taking all these things into consideration, together with the statement of the Secretary of the Interior, Mr. Krug, day before yesterday, I believe, that we are going to have to spend an additional \$12,000,000,000, on hydroelectric power and similar projects in order to maintain the productivity of the Nation; that we are now short of lead and copper and zinc; that we are a have-not nation when it comes to oil, and must spend additional money for the development of these strategic materials in order to maintain our own defense, I ask you, all these things being taken into consideration, regardless of the merits of the proposed projects under our foreign policy, with a public debt of \$257,000,000,000 today, and with all the growing cost of Government put upon the taxpayers, do you honestly think America can afford it?

The VICE PRESIDENT. The Chair would like to admonish all Senators that it is a violation of the rule to address another Senator in the second person. The rule requires that a Senator be addressed in the third person. The Chair feels that that rule ought to be observed.

Mr. MALONE. Mr. President, I may say to the Senator from Indiana—

Mr. LUCAS. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. MALONE. May I first answer the Senator? What we are doing will be accentuating the difficulty we are getting into. In other words, if the Anglo-American petroleum treaty had been concluded last year, or if it goes through this year as proposed, or if we have free trade in oil, I say in all seriousness to the Senator from Indiana and to other Senators from the coal States of the West and the oil States of the South and West, that oil will not come here at \$2.75 or \$2.50 a barrel, or \$3 a barrel, and it will not correspond to \$15-a-ton coal. We have gone along over the years developing coal and oil in this country, because there was a market for coal and oil. As a result, our people have steadily improved their standard of living. They have come along together in the face of competition to furnish the steam plants of the Nation and furnaces of the Nation with coal and oil. When the free-trade idea hits us, and oil is obtained from the Middle East, the difficulties will be increased. I think I saw every oil well in the Middle East. I have been through Bagdad, Abadan, and down the Persian Gulf, out to the American area. I was at Riyadh. I rode the full length of the 1,000 mile pipe line, really taking a look at it. There will be 100,000,000,000 barrels of oil blocked out in the Middle East alone during the next 5 years, and that oil will come into the United States, not at \$5 a barrel, not at \$3 a barrel, but at \$1.50 a barrel and less.

It could conceivably shut down every oil well and coal mine in the United States now furnishing coal and oil outside the immediate area. It certainly will take the incentive out of trying to find new petroleum fields throughout the United States. Then, not only will considerable taxable property and employment be gone, but national security will be vitally affected. No one I have ever seen says we could hold the Middle East oil fields longer than 60 or 90 days. When they are gone, then we are dependent on our enemies for oil; we are dependent on them for petroleum fuels with which to fight a war. That is the danger to this country. We should keep the matter open, and have some kind of a flexible import fee, in lieu of free trade, the three-pronged thing which would shut down the oil wells and coal mines and put the coal miners and the oil workers on the street.

I want to say but one thing further along that line. We are giving France an appropriation. France is still in the program, and we are still sending food to France. But this year France has an estimated crop of 300,000,000 bushels of wheat, compared to the prewar level, in the period 1935 to 1939, of 287,000,000 bushels, and France plans to export more than 3,000,000 bushels of wheat this year. In view of that fact, I should not think there is any great need to furnish France with food. So I say to the Senator we are dissipating our resources not only by

every ton of steel and everything we send to Europe, every piece of heavy machinery, road machinery, agricultural machinery, but by all the manganese and tungsten and chromite, and the strategic minerals and materials that in some cases we have to import from as far as South Africa and South America, and other points. Does that answer the question?

Mr. JENNER. Yes; I think it does. Mr. President, will the Senator yield for another question?

Mr. MALONE. I yield for a question.

Mr. JENNER. The Senator from Nevada is presenting a very interesting lot of facts. You mentioned something about agricultural products in France. I should like to know whether or not it has been your impression that the propaganda of which you speak has been put out along the lines that the Marshall plan, for example, is good for American agriculture. Have you heard that kind of propaganda?

The VICE PRESIDENT. The Chair again wishes to admonish Senators, it is a violation of the rules to address a Senator in the second person.

Mr. JENNER. I beg the Chair's pardon.

The VICE PRESIDENT. The habit has grown up here recently, but the Chair feels that in order to preserve the dignity of the Senate, it ought not to be indulged in.

Mr. JENNER. Does the Senator from Nevada know of that propaganda?

Mr. MALONE. Yes. I may say to the Senator from Indiana I am entirely familiar with it, and I believe temporarily it will help the agricultural set-up in the United States.

In other words, we have now built our productive capacity away above our consumption. Therefore, if suddenly the exports were stopped—and they would stop if we did not furnish the money with which to finance them—that would be harmful. At any rate, that is the consensus among well informed people. Of course, we are giving the money. It is not a loan. It is nothing but a gift, and if it were suddenly stopped, the consensus among the people I talked to is it would hurt the farmers of America, whom we have deliberately built into that position.

Mr. JENNER. Does the Senator from Nevada know that under the present operation of the European recovery program we have taken money from the American taxpayers with which we have purchased Canadian wheat at a time when the wheat crop in America was in surplus and selling below parity?

Mr. MALONE. I may say to the Senator from Indiana I have heard that is the case. I do not have the statistics on that point, but one thing I do know. I visited Canada, where I addressed the Toronto mining engineers at their meeting near the end of 1947. At that moment they were waiting, not patiently but impatiently, for the United States Congress to pass the Marshall plan, or whatever it developed into, to give England money with which to pay cash for Canadian wheat.



Mr. JENNER. Does the Senator know that the offshore purchases by the United States Government last year under the operation of the Marshall plan ran, I believe, if my memory serves me aright, something like \$860,000,000?

Mr. MALONE. I may say to the Senator from Indiana, I am informed that that is approximately correct.

Mr. JENNER. I ask the Senator from Nevada further whether he knows that the agricultural exports from this Nation last year only exceeded the agricultural imports from other nations last year by a mere \$270,000,000?

Mr. MALONE. I may say to the Senator from Indiana, I am informed that that is approximately correct. I do not have the statistics.

Mr. JENNER. Then, I ask the distinguished Senator from Nevada whether, propaganda of the Government notwithstanding, the American farmer is getting very much from that kind of program?

Mr. MALONE. I will say, in answer to the Senator from Indiana, that that is exactly the subject of my talk today. So long as we are headed for free trade, if we adopt this three-pronged proposition; if we adopt, after we have continued the Marshall plan or ECA, whichever it may be called, the plan for making up trade-balance deficits each year in cash; if we extend one more time the 1934 Trade Agreements Act under which the State Department divides our market on a selective free-trade basis by lowering import fees below the critical point, and then if we adopt the international trade treaty, which is called an agreement, because the votes are not here to adopt a treaty by a two-thirds majority, we shall have in effect a treaty which we cannot abrogate. Therefore that is the final rivet to be driven into the framework, and it will produce the final graveyard for American workingmen.

Mr. JENNER. Mr. President, will the Senator yield for another question?

Mr. MALONE. I yield.

Mr. JENNER. If we continue to move in that direction with our foreign policy, is it not inevitable that the standard of living in America must come down to the standard of living of the rest of the world?

Mr. MALONE. I will say to the Senator from Indiana that, from all my experience in visiting those nations, that is exactly what they expect. They expect an average, which is like averaging the water in a water glass with the water in a city reservoir. The glass—that is the United States—would be empty, and the reservoir would not rise very much.

Mr. JENNER. If that be true, in regard to the future security and peace of the world, if some nation should become an aggressor, and the standard of living of our Nation should be greatly reduced, and we were in the doldrums of a depression, which could last for 10 or 15 years, I ask what hope the rest of the world would have of stopping an aggressor who was bent upon establishing communism throughout the free world?

Mr. MALONE. That is exactly the kind of thing that would bring communism, if anything could do it, in this country. I will say, furthermore, that I

agree with the statement made at one time that if this Nation ever goes down, it will be an inside job, it will not be an outside job. It will be because of some action taken by the Congress or by the people of the United States. No one can whip us if we take care of ourselves. It will be an inside job.

Mr. JENNER. I thank the distinguished Senator from Nevada.

Mr. MALONE. Mr. President, I want to read into the RECORD an excerpt from American Affairs, of July 1948, which says, in part:

The charter—

Meaning the International Trade Organization Charter—

reads that the supreme authority of the International Trade Organization shall reside in the conference, that the conference shall consist of all the members and each member shall have one vote, which means that in the economic control of the world the voice of the United States shall be exactly equal to that of Lebanon or Pakistan.

Mr. President, I want the Senator from Connecticut to listen carefully, and I should like other Senators, who do not understand exactly what may be presented here as soon as we get through with the ECA and the 1934 Trade Agreements Act, to listen carefully.

I read further:

But there is a little more. The administrative functions of the international trade organization are to be vested in an executive board of 18.

I ask the Senate to mark that carefully.

The administrative functions of the international trade organization are to be vested in an executive board of 18. In choosing this executive board the conference shall have regard to the objective of insuring that the board includes members of chief economic importance, in the determination of which particular regard shall be paid to their shares in international trade.

That is all. No names are mentioned. No permanent members are indicated. It is therefore theoretically possible for the United States, by a two-thirds vote of the Conference, to be omitted from the Executive Board. In any case, as a member of the Executive Board, the United States would be limited to 1 vote in 18.

But for all the concessions the American delegation was obliged to make in Habana to ease the 52 nations in their fear of American power, the original premises were held intact. The premises underlying the finished charter are these:

1. That the free and competitive exchange of wealth in world trade, governed only by the private-profit motive, leads to economic anarchy.

In other words, if we are governed by the private property motive, that leads to anarchy.

2. That such forces as the free price, the free market and free competition can no longer be trusted to keep the world in a state of economic equilibrium.

3. That when governments interfere it is worse, because then in place of the private profit motive you have ruthless economic nationalism.

4. Therefore, both the trade of the world and the development of its resources shall be planned and regulated by an international authority, and this international authority shall require of the constituent nations two things, namely: First, that they shall surrender, so far as may be necessary, the right

to do as they like with their own foreign trade—

I hope the Senators of the United States will note that carefully; we surrender the right to do as we like with our foreign trade—

and secondly, that insofar as may be necessary, each constituent nation shall plan its own economy to accord with the international plan.

Upon these premises the Charter is built. What it does is to create a superstate to plan and govern the economic life of the world. The superstate, for better or worse, will touch deeply the economic life of all the constituent nations, but as a superstate it cannot be held responsible to any of them for the consequences.

"The responsibilities of the Director General and of the members of the staff," says the Charter, "shall be exclusively international in character. In the discharge of their duties they shall not seek or receive instructions from any government or from any other authority external to the Organization."

In other words, speaking away from the excerpt, if we had a member among the 18, he would not be supposed to represent us, he would be supposed to represent the world. I read again:

If before this a Nation got hurt in foreign trade it was free to do something about it; if hereafter—

Following the adoption of this charter—

it gets hurt by a global plan there will be very little it can do about it except to remember that the intention of the superstate was all for the good of the world.

Mr. President, at this point I should like to say that since the close of World War II the 16 Marshall plan countries, countries included in the ECA, have made the treaties which I have heretofore described, and which the debate this afternoon has clarified, I believe an absolute contradiction to the thing we are trying to do here. In other words, the action defeats the purpose we are moving toward, and in my opinion is a very dangerous thing.

These trade treaties provide in the main that the 16 Marshall plan countries each in its turn with its own trade treaty will furnish the nations behind the iron curtain with manufactured and fabricated articles and materials, while the iron-curtain countries will furnish the Marshall plan countries in the main with raw materials.

#### NONAGGRESSION PACTS

I have already called attention to the nonaggression pacts England and France have with Russia, wherein they agreed that they will not conclude any alliance and that they will not take part in any coalition directed against the other high contracting party.

In other words they will not join with us, Mr. President, in trying to prevent aggression by Russia. They could not join, under this understanding, in any arrangement such as we tried to make with them through the ECA, or any other arrangement which would jeopardize Russia's interests.

#### PAYMENTS BY ECA NATIONS TO OTHER COUNTRIES

It is well known that certain members of the 16 possessions of the Marshall



plan or Economic Cooperation Administration as it is now known, do contribute money to other nations either in their colonial system or in their own peculiar economic bloc such as the sterling bloc and the Netherlands guilder area and the French franc area.

I have endeavored to get this information from the Treasury of the United States and the ECA through its leaders, but have been told in each case that they do not have all of the information, that it is by the order of the Bank of England kept entirely secret and that such information as they have has been furnished by the Bank of England on the condition of absolute secrecy and restricted and confidential information and also not available to a Member of the United States Senate.

Mr. President, what I have in mind is that the Marshall plan countries, the empire-minded nations, England, France, Belgium and the Netherlands, have furnished money to their satellite nations. I shall cite an example. When I was visiting in these nations I would have gotten more detailed data, but thinking I could get it through our Treasury Department or our State Department, I made no effort to make notes as to the exact amounts. But let me cite just one example.

In India, where I had a conference of 3 or 4 hours with Mr. Nehru, he was very frank in stating to me that they do have this agreement with England. They are in the sterling bloc.

Mr. President, since the Presiding Officer has been very technical so far, I shall ask that the Senator from Illinois cease talking to the Presiding Officer when I am talking to him myself, and have the floor.

Mr. JENNER. May we have order, Mr. President?

Mr. MALONE. I do not wish to continue until we have order, and until conversation ceases at the desk, because I am addressing the Chair.

The PRESIDING OFFICER (Mr. O'MAHONEY in the chair). The Senate will be in order.

Mr. MALONE. Mr. President, I shall continue with that understanding.

The gentlemen with whom I conferred were very frank, as I have said before. I visited Burma, India, Pakistan, Egypt, nations which had recently broken away from England—at least they thought they had, but they are still in the sterling bloc.

Let me cite an example of the kind of information I wanted to get regarding the nations in the sterling bloc. Mr. Nehru told me that they had a credit with England of seven hundred or eight hundred million pounds, mostly built up during the war, when they sold many materials to England, but got very little pay at the time. They are allowed to trade out seventy or eighty million pounds a year—about 10 percent of the amount. Of that 10 percent, seventy or eighty million pounds a year, Great Britain had given them £15,000,000 in dollars, about \$60,000,000. Obviously England could get money from the United States in dollars, and India could not. Therefore, to keep

India on the sterling block hook England gave her the money, \$60,000,000.

That, Mr. President, is the type of information I tried to secure from the Treasury of the United States, but was flatly told that the information was a secret of the Bank of England, that even the Treasury of the United States did not have all the information, but what they did have was given to them under strict secrecy; that the Bank of England maintained a sort of a banker-to-client attitude in this regard, and it was information that a United States Senator could not possibly be furnished.

Mr. President, I think the method of handling that question, just like the trade treaties and the other understandings and treaties and pacts which have been made between the Marshall plan countries and the iron curtain countries, is damnable, and it is something the Senate should demand information about before it votes any further money to any country following that practice.

Mr. President, I visited most of the Asiatic, Far East, and South Seas, and African colonial possessions of the empire-minded European nations who are all benefiting from the ECA and do know that a considerable amount of the dollars secured from ECA have gone out to these possessions. What they say is that these are not ECA dollars, but I again say, as I said to my friend, the Senator from Connecticut, it is just like a man having a hundred dollars, who borrows \$500 from the bank, and then buys a \$100 suit of clothes. It is money in lieu. That is exactly the same as the case of the money the ECA furnishes a nation.

I gave the example of India having this credit, and that England furnished India the \$60,000,000 apparently to keep her in the sterling bloc. Again, I want to explain that it makes it necessary, or at least these nations think it is necessary, to stay with the sterling bloc because everyone knows that the pound is overvalued. Everyone knows that most of the foreign nations' currency is overvalued and manipulated. At this particular time the pound is worth \$4.03. If it were allowed to go to \$2.50, where it belongs, or to \$2.25, or even to \$2, then the debt England owes India would be cut almost in two. So India thinks she has to help maintain the sterling bloc and hold up the value of the pound in order to maintain her position in the world. Of course, it is the Treasury of the United States of America that is maintaining the fictitious price of the pound. It is not India which is doing it. But India, by staying with the sterling bloc, helps in her small way by contributing all the trade possible to the sterling-bloc nations to maintain the fictitious price.

Mr. JENNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Indiana?

Mr. MALONE. I yield for a question.

Mr. JENNER. From the facts the Senator has just stated, I wonder whether he understands the meaning of the song There Will Always Be an England.

Mr. MALONE. I am not sure, Mr. President—

Mr. JENNER. In the Senator's travels did he secure the explanation of why there would always be an England?

Mr. MALONE. Mr. President, I am not sure exactly what the Senator means.

Mr. JENNER. Did the Senator in his travels hear there will always be an England so long as Uncle Sam finances her? [Manifestations of applause in the galleries.]

Mr. MALONE. I will say to the Senator from Indiana—

Mr. LUCAS. Mr. President, I make a point of order against any demonstrations in the galleries. Such demonstrations are against the rules of the Senate, and I think the occupants of the galleries should be admonished respecting that matter.

The PRESIDING OFFICER (Mr. MILLER in the chair). The Chair will say to the occupants of the galleries that they are not permitted to register any sentiments while speaking or debate is proceeding on the floor of the Senate. Of course if the rule against demonstrations is violated too often there is only one alternative, and that is to direct the Sergeant-at-Arms to clear the galleries, which is something the Senate does not like to do.

The Senator from Nevada will proceed.

Mr. MALONE. Mr. President, I made two world-wide trips. One among my purposes in making the trips was to determine as nearly as I could what was being done with the money we were furnishing other nations; where we were headed with the whole program; in other words, to find the attitude of the people towards the United States. I have stated heretofore today two or three times in answer to questions that the attitude is not right, and in my opinion it is our own fault that that attitude is not right. In other words, we have given the impression, and I call this particularly to the attention of the junior Senator from Indiana [Mr. JENNER], that they have gotten the impression that everyone in America is rich, that every individual in America is prosperous, and that nothing can happen to the United States; that the Treasury is a bottomless pit. So every nation in the world today is living over its head, waiting for us to bail them out before the crash comes. They believe we can do so. No one has told them anything different. If they have read the CONGRESSIONAL RECORD for 15 years they certainly would have no cause to change their opinion.

The nations of Burma, Pakistan, and Egypt are in exactly the same category—it is a matter of degree.

It is well known, of course, that a large expenditure is being made in the colonial possessions of the four empire-minded nations of England, France, Netherlands, and Belgium, to retain their hold on the colonial possessions and to increase their income from them in the same manner as they have dominated these areas for more than 100 years. These include Indochina, the Malayan States, Indonesia, the Sudan in Africa, the Belgian Congo, French Morocco, and many other possessions.



In these nations an empire preferential rate system is maintained—and this is important, Mr. President, for in many areas it was supposed that the import and export fees were eliminated—that is, the import and export fees are arranged to favor the mother country, through the trade of raw materials largely from these areas to the mother country, and, in turn, the manufactured and processed products sold back to the areas.

In other words, Mr. President, for all this time, for anywhere from 50 to 350 years, the domination of the colonies, the colonial possessions, by the empire-minded nations, has discouraged any development of fabricated or manufactured goods, but encouraged the shipment of the raw materials to the mother country. The import and export fees were slanted so that it was of more advantage to the merchants and the producers of these areas to sell to the mother country than it was to sell to any other country. So they practically dominated the trade. Of course, the three means of control by an empire-minded nation over its colonies are control of the police power, control of the money exchanges, and control of the import and export fees.

In other words, the empire-minded nations follow much the same policy in dealing with their colonial possessions, that is, that they are in entire control of the fixing of import and export fees slanted toward the mother country, and in entire control of the money exchange systems set up by them throughout the possessions, and the police power. And in most cases, little effort is put forth to build these countries up, but on the other hand it has apparently been the settled policy of many generations to prevent industrial development in these countries.

#### CURRENCY MANIPULATION

Most of the nations of the world have established methods of manipulating their currencies for trade advantage.

For example, the English have their sterling bloc—with a large number of nations blocked in—and a large number blocked out. The Dutch have their guilders and the French their franc.

Mr. President, I ask unanimous consent to place in the *RECORD* at this point a list of the sterling bloc area nations.

The VICE PRESIDENT. Without objection, it is so ordered.

The list referred to is as follows:

#### THE STERLING AREA

(Prepared by State Department in consultation with United Kingdom Treasury Delegation)

(As of March 25, 1949)

The term "sterling area" means the United Kingdom and the following territories excluding Canada and Newfoundland.

#### I. BRITISH COMMONWEALTH AND EMPIRE COUNTRIES

(a) any Dominion: Australian, New Zealand, South Africa.

(b) any other part of His Britannic Majesty's dominions: India, Burma, Southern Rhodesia, Ceylon.

Principal colonial territories: Aden<sup>1</sup> (colony and protectorate); Bahamas; Barbados; Basutoland; Bermuda; British Guiana; British Honduras; Cyprus; Falkland Islands and dependencies; Fiji; Gambia<sup>1</sup> (colony and

protectorate); Gibraltar, Gilbert and Ellice Islands colony; Gold Coast<sup>1</sup> (1) Colony, (2) Ashanti, (3) Northern Territories; Hong Kong; Jamaica (including Turks and Caicos Islands and the Cayman Islands); Kenya<sup>1</sup> (colony and protectorate); Leeward Islands: Antigua, Montserrat, St. Christopher and Nevis, Virgin Islands; Malta; Mauritius; Nigeria<sup>1</sup> (1) Colony, (2) Protectorate; St. Helena and dependencies; Seychelles; Sierra Leone<sup>1</sup> (colony and protectorate); Straits Settlements; Trinidad and Tobago; Windward Islands: Dominica, Grenada, St. Lucia, St. Vincent.

(c) any territory in respect of which a mandate on behalf of the League of Nations has been accepted by His Britannic Majesty and is being exercised by His Britannic Majesty's Government in the United Kingdom or in any Dominion: Cameroons (British), Tanganyika, Togoland (British), South West Africa, Western Samoa, Nauru.

(d) any British protectorate or protected State: Bechuanaland protectorate; British Solomon Islands protectorate; Malay States (1) Federated Malay States: Negri Sembilan, Pahang, Perak, Selangor; (2) Unfederated Malay States: Johore, Kedah, Kelantan, Perlis, Trengganu, Brunei; State of North Borneo; Northern Rhodesia; Nyasaland protectorate; Sarawak; Somaliland protectorate; Swaziland; Tonga; Uganda protectorate; Zanzibar protectorate.

#### II. INDEPENDENT COUNTRIES

- (a) Iraq.
- (b) Iceland.
- (c) Ireland.

Mr. MALONE. Mr. President, there is a large number of these nations, and I think it will be of great interest to Senators to study the list, because this sterling bloc area is controlled just as wholly as if it were one nation, and the economics are controlled.

On my visit to Italy toward the end of 1947, I met an Italian banker who was crying his eyes out. He had about 25,000,000 sterling pounds in his vaults, and he said he thought he had been doing all right. He was getting ready for trade. But now his pounds had been blocked, and he could expend this money only in the sterling bloc area. Therefore he was unable to buy anything any place except in the sterling bloc area.

The sterling block area, England, has fixed a fictitious value for the pound sterling which is currently \$4.03. The real value, at which it can be purchased anywhere in the world including the streets of London, is less than \$2.50.

So they trade at the official value. Anyone doing business with them loses 25 percent on the first transaction.

For a further example, the official value of the Argentine peso is 3.35 to the American dollar. On the street 1 American dollar will buy 10 pesos. So when one buys anything from them he pays three times its value in the first transaction. Our foreign gift loans support this system. Without them it would fall of its own weight.

The manipulation of their currencies by the foreign nations for trade advantage is a form of piracy. It is dishonest and makes any form of trade agreement with them a farce on the face of the transaction.

<sup>1</sup> Colonies contiguous to protectorates of the same name or within the same administrative unit.

In other words, any agreement made with England, France, the Netherlands, or any other nation which manipulates its currency for trade advantage under the 1934 Trade Agreements Act is a farce on its face. They simply do not have to keep the trade agreement. They do not violate the trade agreement. There is nothing in the trade agreement itself which says that they may not change the value of their currency. If they want to undersell in America, they can devalue their currency, as Belgium has just done. She has devalued the Belgian franc so that she may sell a greater amount of her goods in the United States.

THE WORKERS—FARMERS—OTHER GROUPS DO NOT REALIZE LONG-RANGE EFFECT

The people of this Nation do not realize the deadly serious long-range effect on the workers, farmers, merchants, manufacturers, and industrialists of the permanent free-trade plan of the economic one-worlders included in this three-part program, of which the ECA and the 1934 Trade Agreements Act are but two parts.

It is a one-way street. A higher-standard-of-living nation can do nothing but lose under a free-trade agreement.

MANIPULATION OF FOREIGN CURRENCY FOR TRADE ADVANTAGE

This largely explains why England places a high value on its currency, the pound sterling, and a low value on all foreign currencies, including the dollar. The official rate of exchange between the pound and the dollar is \$4.03. That is to say, the English declare that their pound sterling is worth \$4.03. In free markets of the world, however, the pound is worth much less than this and has a value of \$2.50 or less.

Let us compare the official rate of \$4.03 and the "free" rate of \$2.50 on the cost of Britain's imports. If a London importer wants to buy a pair of shoes in New York priced at \$10, he has to pay at the official rate of \$4.03, slightly less than 2½ pounds sterling. But if the official rate were the market rate of \$2.50 or less, then he would pay 4 pounds sterling. In other words his shoes cost him twice as much at the actual bona fide rate as at the high official rate now set for the pound. Hence, the artificial official rate of \$4.03 per pound makes it possible for Britain to purchase all her imports from America at five-eighths the cost to her of the cost if she placed a value of only \$2.50 on the pound. I say again that it is only ECA money which makes it possible for them to hold this fictitious value.

But while a rate of \$4.03 for the pound makes it possible for Britain to import very cheaply, it makes it more difficult for her to sell her exports. Hence some market operators who wish to buy British export goods get around the high official rate of \$4.03 by buying their pounds for \$2.50 or even less in the free or black markets of New York and other big city centers where dealers in foreign exchange operate.

When an American importer imports wool suits from London which are priced at £10 sterling, they cost him more than \$40, but if he buys his pounds for \$2.50 the suits will cost the American only \$25



each. However, Americans are not permitted, by international agreement, to deal in the unofficial market.

If the time comes when England can export much more than she imports, then she may place a lower value on her pound, for this tends to encourage exports in volume, but make her imports relatively more expensive than before. The larger profits on her big export volume will more than cover the extra cost of her imports due to a lower foreign exchange rate.

Mr. President, I wish to place in the RECORD an excerpt from the United States News of March 25, 1949, at page 50 of that publication.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

Monetary devaluation—a lower dollar value for foreign currencies—may appear more attractive as other countries try to add sales in the United States market.

Cheaper money in terms of dollars means cheaper prices for foreign goods.

The British, for example, may find an advantage in a \$3 pound instead of a \$4 pound. It would mean a 25-percent dollar-price slash for British goods.

Sentiment abroad for currency devaluation is reported to be increasing.

United States critics of the high value put on foreign currencies also might change their tune if devaluation became widespread. It would mean stiffer competition.

The change in attitude toward money values is another reflection of the shift from a seller's to a buyer's market. It is becoming world-wide. Price becomes important when sellers have to seek buyers. And, before the war, money devaluation proved an easy, if temporary, way to cut prices of goods for sale.

Mr. MALONE. Mr. President, I also ask to have printed in the RECORD at this point an editorial from the Chicago Daily Tribune of October 23, 1948, under the heading "Europe pays off its Wall Street friends."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### EUROPE PAYS OFF ITS WALL STREET FRIENDS

The disclosure by the ECA that Anderson, Clayton & Co. received \$28,057,000 in August alone out of Marshall plan funds is so patently scandalous as to require little comment. This concern is the business developed and largely owned by William Clayton, one of the architects of the Marshall plan. He represented our Government in working out the details with foreign countries.

Mr. Clayton has been the top man in the State Department on international economic affairs for years. Even now he has an office in the State Department. If the usual profit margin was obtained on this business, Clayton's company made at least one and one-half millions profit in 1 month from the Government operation he designed.

Many others are cashing in on the legislation they persuaded Congress to pass. Early this week it was revealed that the big Wall Street banks which provided much of the money that was used in propagandizing and lobbying for the Marshall plan are now cashing in handsomely.

These banks worked through an organization called the Committee for the Marshall Plan To Aid Recovery. They did not conceal their support of the scheme to give twenty billions to Europe. All of the big banks had directors on the committee and several of them were on the committee's executive council.

It is now clear why the bankers were so conspicuous. They wanted the foreign governments to know who was entitled to be paid off for putting the deal over.

The Economic Cooperation Administration has just released some figures showing how the big Wall Street bankers are being paid off in the transaction. The foreign governments decide which American banks are given the opportunity to earn the juicy commissions for extending risk-free loans under letters of credit. The business has gone almost exclusively to those banks whose officers and directors were back of the campaign to put the Marshall plan over.

Heading ECA's list is the Bankers Trust Co. of New York. This bank has been designated by four governments in letters of credit amounting to \$91,285,881. Two members of the board of the bank were members of the committee which put the Marshall plan over. They are Philip Reed and Ward Melville.

The second ranking bank on the ECA list is the Chase National, with \$87,029,757 worth of Marshall-plan business. The chairman of the board of that bank is Winthrop W. Aldrich. He was on the executive council of the committee. Serving with him on the inner council of the committee pushing the grant to Europe was another director of the bank, Arthur W. Page.

The National City Bank has profited from letters of credit totaling \$35,560,304 growing out of the plan to save Europe. Two directors of National City, Sosthenes Behn and Gerard Swope, were on the Marshall-plan campaign committee.

Guaranty Trust got \$18,758,446 worth of business out of saving Europe, with two directors, Thomas J. Watson and Charles E. Dunlap, on the committee.

The Marshall plan has brought the Irving Trust Co. \$34,749,582 worth of business, thanks to Henry P. Bristol and David L. Luke, two Irving directors who helped to persuade Congress to provide the money to aid Europe.

The Manufacturers Trust Co. had only one director on the Marshall-plan campaign committee, but the bank has already had \$42,351,810 worth of business out of the Marshall plan. The director, John M. Franklin, must have done well also for the United States Lines, of which he is president.

The Central Hanover bank has been cut in for \$6,997,880 and it had two directors pushing the Marshall plan through Congress.

Much of Wall Street's lucrative Marshall-plan business came from the shipment of food, produced for the most part in the Chicago territory. Trucks, farm implements, and other machinery covered by the Marshall-plan payments are produced in the interior of the country. If the financing of European aid were handled as ordinary exports are, the banks of Chicago would have participated heavily.

The only middle-western bank on the list is the Continental National Bank. It has \$28,150 worth of Marshall-plan business.

The conclusion is inescapable that the big banks of this city have been left out of the profitable, riskless, European aid financing because they did not back Europe's colossal raid on our Treasury. We hope no Chicago banker ever will be willing to pay such a price for business, however attractive it may be.

Mr. MALONE. One of the organizations most vociferous in supporting the Marshall plan was the Committee for the Marshall Plan To Aid European Recovery. This organization was made up, in large part, by big business and banking interests. In this country, it was largely big business and banking which was to benefit by Marshall plan purchases in this country. The attached article in the Chicago Daily Tribune, entitled "Europe Pays Off Its Wall Street

Friends" lists a few of the transactions handled by banking institutions and business houses which, through directors and other personnel, had shown interest in the Committee for the Marshall Plan.

One of the big winners in these sweepstakes was the firm of which William Clayton was once chairman, and in which his family still is reported to own a 40-percent share. Clayton has been the top man in the Department of State for commercial policy.

If all this business tie-up is a coincidence, it is a most strange one.

#### ECA COUNTRIES TO REDUCE IMPORTS FROM UNITED STATES

We are told by the State Department that an extension of the 1934 Trade Agreements Act is necessary in order that our exports may be increased.

We are told at the same time that the Economic Cooperation Administration is necessary to make up the dollar shortage of the nations of Europe, in other words, to make up the trade balance deficits each year in cash. Yet, the European Economic Cooperation Administration advisory committee of foreign ministers agree that European nations should cut imports from the United States to relieve the dollar shortage.

Mr. Hoffman in testimony before the Senate Foreign Relations Committee said:

They (Marshall plan ECA countries) also must further curtail imports that are not vitally needed. They must forestall the danger of drastic and sudden reduction of imports when the European recovery program ends. (Senate Rept. No. 100, S. 1209, p. 4.)

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an excerpt from the Journal of Commerce of March 9, 1949, under the heading "World trade: Where will the United States find export markets when ECA ends?"

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

#### WORLD TRADE—WHERE WILL THE UNITED STATES FIND EXPORT MARKETS WHEN ECA ENDS?

To what extent is the Marshall plan falsifying the world-trade picture and obscuring long-range trends that will confront American exporters when the period of aid to Europe ends 4 years hence?

Some light on these trends is shed by an analysis of world trade just released by the Department of Commerce and more is provided by recent reports from Europe showing what economists there think will happen when ECA aid terminates in 1952.

Department of Commerce statistics show that the percentage of total United States exports that went to the Marshall-plan countries last year was only slightly higher than during the three prewar years, amounting to only 37 percent, as against 38 percent.

The fact that despite the shrinkage of exports to other areas, notably Latin America, and despite the various forms of United States financial assistance in the form of loans, ECA grants and relief expenditures which bolstered exports to Europe, the movement of American goods to the Marshall-plan countries did not show a greater proportionate increase may cast some light on the relative importance of western Europe as a



market for our exports when the aid period comes to an end.

#### EUROPE'S PLANNING

Since the publication of the OEEC report, in which an attempt was made to reconcile the various 4-year plans of the nations receiving Marshall-plan aid, European economists have given considerable thought to the position in which their countries will find themselves when aid comes to an end.

The OEEC report, it will be recalled, showed that Europe will probably have a trade deficit with the rest of the world amounting to \$3,000,000,000 when the aid program is over. From the various prognostications as to what this will mean for world trade, two given by a leading British economic publication stand out:

The first is that "the American industry may have to reconcile itself to the permanent loss of its European markets."

At the same time this same publication points out that if the European nations are to achieve the 1952 export goal of \$12,000,000,000 set for them by OEEC, they will have to capture half the United States' South American market.

#### WHERE DO WE GO?

Confronted with two markets, from one of which he is told he will probably be barred completely and in the other of which he is told he will meet formidable competition, the American exporter may be facing a dilemma. Into which basket will he place his eggs?

Many will probably conclude that Europe looks like the best bet while ECA lasts, but that when it comes to an end, a chance to compete for the South American trade looks more promising. Competition is something he can face.

#### A LESSON IN IMPORTS?

A glance at the import side of the picture will probably reinforce the exporter in his determination not to be misled by the present attractions of European trade and to prepare for the day when his survival may depend on his ability to compete for other markets.

Figures show that while the United States is importing more than it did before the war, western Europe's share in American imports has fallen from 23 percent to 13 percent.

This may be a temporary phenomenon, an aftermath of the war's dislocations.

But every estimate of the way in which this country can step up its imports to close the present trade gap leans heavily on imports of raw materials, few of which would come from Europe. Most would come from the undeveloped regions of the world that would be aided by President Truman's "bold new program."

There are some who feel that a return to multilateral trading accompanied by the convertibility of European currencies would permit a resumption of the prewar pattern in which a trade deficit with Latin America was encountered as necessary to permit a trade surplus to Europe.

There are others who feel that two-way trade between the United States and the relatively undeveloped areas of the world is the trade pattern which will emerge when ECA is over.

Mr. MALONE. It is well recognized that the ECA is designed as an aid to American producers. That has been disputed up until this time. Now we have the clamor from the various industries and from agriculture, urging us to pass a further ECA program to purchase these goods.

At the same time, it is recognized that once success is achieved in rehabilitating the European economy, the honeymoon is over for American exporters.

Mr. Harriman has already indicated his full cooperation to assure this result, which some day may be a great surprise to those in export industries who are now clamoring for the continuation of the program.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks another excerpt from the Journal of Commerce of March 9, 1949, from pages 1 and 14.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

#### SPECIAL GROUPS TO SEEK SHARE IN ECA ORDERS

WASHINGTON, March 8.—Special groups seeking an outlet for their surplus commodities are preparing amendments to the \$5,580,000,000 foreign aid bill reported unanimously by the Senate Foreign Relations Committee.

Committee sources said more than 100 commodity groups have asked for a special position in the Economic Cooperation Administration Extension Act that would guarantee them an export market over the next 15 months. At least some of these are prepared to carry their fight for preference to the floor of the Senate.

#### FOLLOWS ECA RECOMMENDATIONS

The committee reported the ECA bill practically without change from the recommendations of ECA Administrator Paul G. Hoffman.

The only reversals of Mr. Hoffman's recommendations came in committee acceptance of amendments guaranteeing that 15 percent of all wheat moving under ECA will be in the form of flour and continuing the guarantee that 50 percent of all ECA shipments go in American-flag ships, but only if such vessels are available at market rates.

Otherwise, the committee recommended the Administration's program down the line and accepted Mr. Hoffman's over-all money request despite opposition from several witnesses representing private industry.

#### REQUEST TURNED DOWN

Western Senators representing the fruit growers bloc met today with PMA Administrator Ralph S. Trigg, Mr. Hoffman, and ECA Food and Agricultural Director D. A. Fitzgerald to hear spokesmen for the national horticulture industry ask for special consideration.

The Senate Foreign Relations Committee has turned down the fruit growers' amendment for a \$100,000,000 appropriation to finance the shipment of tree fruits in the ECA program. The industry now plans to carry the fight to the Senate floor.

The committee made some concession to the growers and voted to put a statement in the record that ECA shall consider the export of surplus farm products wherever it is possible. Chairman TOM CONNALLY, Democrat, of Texas, said, however, that the ECA Act will not be changed to make purchases of farm surpluses mandatory.

The foreign aid measure was reported only after several committeemen reserved the right to support reduced appropriations reflecting lower commodity prices when the actual supply bill comes before the Senate Appropriations Committee.

The \$5,580,000,000 authorized for ERP in the 15 months ending June 30, 1950, includes: \$1,150,000,000 for the interim period April 3-June 30; \$4,280,000,000 for the fiscal year ending June 30, 1950; and \$150,000,000 for financing the shipment of such goods and services as may not be moved by June 30, 1950.

#### ENCOURAGES UNIFICATION

Amendments adopted by the committee were:

An amendment to declare for the first time that it is the intention of the program to

"encourage unification of Europe." This was regarded as a highly dressed-down version of efforts to place the United States on record as favoring a Federation of European Nations.

ECA may pay ocean freight on relief packages shipped to Europe by CARE and similar relief groups at uniform rates.

A compromise amendment directs ECA to continue using American bottoms for 50 percent of ECA-financed shipments from the United States—except where United States vessels are not available at market rates.

#### CURB ON FREIGHT RATES

This amendment is to curb any increasing differentials between United States and foreign freight rates and is regarded as Mr. Hoffman's answer to American shipping interests who sought an amendment that would require that 50 percent of all ECA-financed shipments be shipped in American bottoms regardless of the point of origin or of the rate assessed.

The ECA administration also is directed by the committee to keep in mind that the future of the European recovery program and of ECA operations are largely dependent on fluctuating commodity prices and that where bargains are to be had they should not be ignored.

Senator CONNALLY said he would take the foreign aid measure to the floor as soon as the civil rights filibuster ends.

Mr. MALONE. This means that the ERP or ECA nations must cut down their imports from the United States. In fact, Mr. Hoffman's deputy in Europe, former Secretary Harriman, is aiding the ERP or ECA nations in this objective. The New York Times of March 9—page 10—printed a dispatch from Paris:

Europeans urged to cut imports from United States to speed their recovery.

The article went on to say that the proposal of Sir Stafford Cripps, that each nation reduce its dollar imports by 10 percent a year was replaced by a statement that all should cut those imports to the extent necessary to eliminate by 1952-53 the need for extraordinary outside assistance. The article stated that Mr. Harriman was gratified by the outcome.

Another erroneous assumption upon which the 1934 Trade Agreements Act free-trade program is based is that an increase in American imports will automatically cause an increase in American exports.

The Assistant Secretary of State for Economic Affairs, in a statement favoring the extension of the 1934 Trade Agreements Act free-trade program, endorsed this proposition when he said that the program was to create purchasing power for American exports.

Mr. President, they are on every side of every question, so that no one, apparently—least of all themselves—can determine what the objective result is.

If the Assistant Secretary is correct, then he must use the so-called bargaining power of the Trade Agreements Act to undo the very work that Mr. Harriman is now reported to be doing in Paris to make the Marshall plan effective. It is difficult for the mind to conjure a more diametrically opposed functioning of two programs. Under the ECA our Government encourages the foreign countries to reduce their dollar deficits by excluding the importation of American products. Under the Trade Agreements Act, it is



claimed that we knock down the foreign countries' barriers to the importation of American products. We are not supposed to see any inconsistency in this double talk.

#### ECA MONEY USED FOR INVESTMENTS IN UNITED STATES

All of us know, and the figures show, that dollars received by foreigners from imports into America are not exclusively devoted to purchasing United States exports.

It is fair to ask, "Where did that money go?" The answer is not too involved, Mr. President.

To be specific, \$750,000 has just been allocated to a British company for the purchase of department stores in the United States, at least one to be located in New York City. The avowed objectives of that purchase by the British Great Universal Stores, according to the Wall Street Journal of January 8, 1949, is to foster British exports by insuring that British products will be adequately presented to American consumers in retail stores. That is merely another and more complicated way of saying that the purpose of buying the stores is to drive American goods off the shelves of American stores, and substitute British goods in their place.

#### GREAT BRITAIN PUSHING OVERSEAS INVESTMENTS WITH ECA FUNDS

This is by no means an isolated instance, Mr. President. According to Business Week of July 31, 1948, Britain is pushing overseas investment, as she hopes thereby to recapture some of the income lost through wartime divestment.

Business Week lists 250 firms studying the prospects of Canadian branch plants, with at least one \$3,000,000 plant projected. Seventy firms are listed as investigating manufacturing prospects in Australia. An unspecified number of companies are considering commencing operations in South Africa.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article from Business Week of July 31, 1948.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### INTERNATIONAL OUTLOOK

Four-power talks on Germany are now almost a sure thing, despite our cutting of the rail link between the Russian zone and western Europe.

The Conference of Foreign Ministers may meet to resume discussions of Germany. That's why the British and United States Ambassadors to Moscow are being briefed before they sit down with Foreign Minister Molotov.

Step 1 in breaking the Berlin deadlock may be agreement to withdraw the Deutsche mark from Berlin on the grounds that the twin currency works hardships on Berliners. This would be traded for lifting of the Soviet rail and road blockade of Berlin.

But parallel plans to speed up a west German government will not please Moscow. They could upset plans for the four-power meeting.

Paul Hoffman, Economic Cooperation Administrator, took Marshall-plan countries to task in Paris last week. He told them it was high time they helped out in the ECA work.

The Organization for European Economic Cooperation has been doing little more than

adding up figures and shooting them to Washington. Hoffman made no bones about the fact that Washington is tired of this.

He got results. OEEC will now take responsibility for properly divvying up ECA allocations.

One high light of Hoffman's visit was the announcement, after talks with Sir Stafford Cripps, of a joint United States-British council to study British industrial modernization.

The Federation of British Industries and the National Association of Manufacturers are expected to cooperate. Trade-union groups in both countries will also share in planning the flow of United States technical know-how to Britain.

Czechoslovakia and Finland are the first countries of eastern Europe to get ECA orders.

Last week an order for \$488,000 worth of wood pulp was placed in Finland. Czechoslovakia will get \$400,000 for repair of railroad equipment. All along, some economists have insisted that success of the Marshall plan depends on recovery of normal trade in Europe regardless of east-west political differences.

Britain is pushing overseas investment.

More than 250 firms are currently studying prospects of Canadian branch plants. About 45 have plans well advanced involving investments of from \$100,000 to over \$1,000,000. One \$3,000,000 plant is listed.

Seventy firms are investigating manufacturing prospects in Australia. South Africa is not being overlooked. Britain hopes, by rebuilding overseas investment, to recapture some of the income lost through wartime divestment.

Metropolitan Cement Co., Ltd., a new \$5,000,000 Australian company, has purchased a 150,000-ton cement plant from Ford. It is being dismantled for shipment to Australia.

In recent years Ford Motor Co. has dropped many of the subsidiary enterprises it started, figuring that its big profits lie in car building (BW, Mar. 16, 1946, p. 28). A railroad, ships, tire plant, and several other projects were sold.

World Commerce Corp., New York, has closed a deal with Cassella Farbwerke Mainkur, former I. G. Farben unit near Frankfurt. The idea is to help western Germany's production and export of dyestuffs.

The deal works this way: World Commerce is supplying up to \$475,000 in raw materials and equipment. Cassella agrees to manufacture and export \$1,500,000 worth of dyes. The United States company gets paid out of the proceeds of Cassella's sales.

World Commerce's Zurich office will do the buying for Cassella, mostly in Europe. It will also handle the exports, which will go chiefly to India and the Far East.

Brazil is astir with rumors of a hot political contest this fall.

Getulio Vargas, who resigned in 1945 after 15 years as chief of state and is officially out of politics, is reported ready to make a bid for return to the presidency as the "father of the poor" candidate.

Incidentally, President Dutra is reported backing General da Costa, the War Minister, as his successor.

Current notes on business abroad:

India is rushing plans for a synthetic petroleum industry. Koppers Co., Pittsburgh, is estimating costs of a plant to produce synthetic oil from gasified low-grade coal. India wants a plant to make a million tons of gasoline and byproducts, but cost estimates are being prepared for units producing from 100,000 tons a year up. Also, Koppers is teamed up with Arthur McKee & Co. and Britain's International Construction Corp. on a steel-expansion project for India (BW, June 19, 1948, p. 116).

Czechoslovakia has made its peace with Unilever. The two weren't on speaking terms after the nationalization of Unilever's

Schicht works in 1945. But now the Prague government has agreed to compensation. Unilever will be paid for the nationalized works in Czech crowns, which will be used to purchase Czech products.

Argentina is bidding for Italian airplane motors. The Argentine Air Minister is slated to visit Italy next month to contact Fiat and Breda. Last year Argentina bartered grain for \$8,000,000 worth of Italian farm machinery built by Fiat in Milan (BW, September 6, 1947, p. 100).

New Zealand's first tire plant has started production. It's a Firestone subsidiary at Papanui, near Christchurch. It not only will meet the needs of New Zealand motorists, but also will sell to the entire Southwest Pacific area.

India's first frozen-fish plant is being built for the Government at Bombay by Carrier Corp., Syracuse. After tests, the plant will be turned over to private enterprise, probably next year.

Puerto Rico's Industrial Development Co. and Beacon Textiles, Inc., New York, will build a \$1,500,000 blanket factory on the eastern coast of the island. The development agency will put up \$700,000 for factory and site, and Beacon will spend \$800,000 for machinery and equipment. Output of \$5,000,000 a year will be marketed in the United States. The new plant gets 12 years' exemption from taxes.

Canadair, Ltd., Montreal, has signed a \$14,000,000 contract with British Overseas Airways Corp. for 22 four-engined DC-4M North Star aircraft, a Canadian-modified Douglas model. British Rolls-Royce Merlin engines are used in the Canadian plane. The Montreal plant will triple its 2,000-man pay roll to handle the order.

Mr. MALONE. Mr. President, are we financing British investments abroad? I have just said that 250 firms are now studying the prospects of establishing branch plants in Canada, alone. The purpose of making such investments would be to make invasion of the American markets easier and profitable to the British. Aside from those plans for plants in Canada, others are planned in Australia, South Africa, and elsewhere. As far as Canada is concerned, British pounds will not suffice, but it will be dollars which will make investment there possible.

Not only the ERP countries are benefiting from the ECA funds, for Business Week of July 31, 1948 reports that \$488,000 of ECA funds are going to Finland for purchases of wood pulp, and \$400,000 went to Czechoslovakia for the repair of railroad equipment.

Mr. President, I ask unanimous consent to have inserted at this point in the RECORD an article from the New York Times of January 30, 1949.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BRITISH ARE DISTURBED BY GERMAN COMPETITION—THEY ALSO BELIEVE LOW-PRICED GOODS FROM JAPAN HURT THEIR TRADE

(By Charles E. Egan)

LONDON, January 29.—Representatives of the three occupying powers in western Germany were in session here this week to find a solution to western Allied complaints of "unfair" competition by German manufacturers in export markets.

Most vocal of complaining businessmen are British manufacturers of motorcars, precision instruments, oil engines, machinery, and chemicals. These men reported to their Government recently that they were unable to meet prices at which German producers



are laying down competitive products in such hard-currency markets as Switzerland and Belgium.

#### OFFICIAL REASSURANCE

British officials, particularly occupation authorities and executives of the Board of Trade, have assured British producers that fears of continued German underselling are groundless. Since the currency reforms of last summer which established the German mark's value at the equivalent of 37 United States cents, production costs have doubled in Germany, they say. They add that it will soon be apparent that German manufacturers now enjoy no special advantages so far as prices are concerned.

Despite these explanations, British automobile producers are not satisfied. They point out that while enjoying the benefits of the undervalued German mark, producers booked long-term contracts for delivery of cars to Swiss, Belgian, and other buyers, and that these contracts have still many months to run. By the time the last of German deliveries at the old prices are made (British manufacturers say this will be about September of this year), the German car will have established itself over competing foreign makes in continental export markets vital to the prosperity of Britain.

Talks are being held here by representatives of the Joint Export and Import Agency (the Allied organization in Germany based in Frankfurt) responsible to the commanders in chief of American, British, and French occupying forces and officials from Britain's Board of Trade. They hope within the coming 10 days to draw up an export program for Germany covering the first half of this year with a tentative projection of aims for the last 6 months of the year.

#### FRENCH AND BRITISH UNITED

Complacency of the United States regarding German reentry into the field is difficult for either the British or French to understand. The two countries from different motives are standing together on the subject of German industrial revival. Both agree that some degree of industrial resurgency must be permitted western Germany if the European recovery program is to prove a success.

France wants a watered-down version of German recovery for security reasons. The British ask much the same thing because of inherent fear of German competition in export markets.

The United States, which is footing most of the bill for occupation costs, is anxious to see an early supervised revival in German production so that the occupation zone can come closer to paying its own way.

The British, particularly cotton mill owners in Lancashire, are also extremely puzzled and considerably irked by General MacArthur's willingness to see a revival of Japan's cotton textile and other light industries. British mill owners say they are already feeling the pinch of low-price competition from Japanese mills in a number of eastern markets. What makes the situation doubly bitter in British eyes is that some of Manchester's traditional markets in British colonial possessions are being successfully invaded by eager Japanese textile producers able to undersell the British product.

So far most of the clamor regarding Japanese competition has centered upon textiles, but British manufacturers of other goods are expecting the reappearance of competing Japanese products at prices well below those that the British or Americans can touch.

#### SHIPYARD INTERESTS

Protests against any possible reentry of either Japanese or German shipyards into the field of construction of oceangoing vessels are under preparation here. The British candidly are more concerned at the possibility of German than Japanese competition, but they believe they can enlist the assistance of fellow shipbuilders in the United

States if a Japanese threat to American shipbuilding is high lighted along with protests over German yards.

According to British shipyards, effects of German competition are already being felt in the ship repair end of the business.

Mr. MALONE. The British are ever alert to the costs of production in their competitor countries. To the contrary, our State Department and other free-trade advocates always contend that the cost of production is of no significance. Whatever else may be said of the British, Mr. President, they are realists when it comes to trade.

Mr. President, I wish to say that I have great admiration for the British people. Whatever I have said today is not directed against the British people, but has been said merely to show that we are not protecting ourselves in our dealings with the Marshall plan countries, whereas every one of them is protecting itself in its dealings with us, and also is reaching behind the iron curtain and is making the necessary trade agreements so as to utilize the money and the goods we are sending to it under the ECA plan.

The same issue of Business Week, to which I referred a moment ago, carries a dispatch to the effect that the Metropolitan Cement Co., Ltd., a new \$5,000,000 Australian company, has purchased a 150,000-ton cement plant from Ford, which was being dismantled for shipment to Australia. All of this has occurred during a year of serious shortage of cement in the United States, and when we were furnishing Britain with billions of dollars.

#### THE INTERNATIONAL TRADE ORGANIZATION INTENT

If there is still any question about the character of the international trade organization treaty which is scheduled to be presented to this body following the approval of the second-year program of the Economic Cooperation Administration and the 3-year extension of the 1934 Trade Agreements Act, I quote here a statement written by Dr. Elvin H. Killheffer, a distinguished economic consultant who was a member of the United States Delegation to the Havana Conference, where the charter was completed:

In discussing the Havana Charter we are no longer talking about the lofty and somewhat nebulous general objectives originally announced as the purpose of the International Trade Organization. What we are now appraising is one of the most important contracts or treaties ever negotiated.

First of all, a centralized international agency of this sort can introduce a planned economy for the world. Why should the United States favor an idea so contrary to its own historical experience?

The whole of the charter is a vast invasion of the private-enterprise principle. All of the obligations—in fact, all of the provisions—are directed to what members shall or shall not do or what exceptions or escapes members may use.

Members are governments in every case. Therefore, the charter is a master plan for the conduct of international trade by governments or, worse still, a supergovernment—an international bureaucracy. While the United States Department of State proposed it, the people of the United States who are engaged in production of its wealth still strongly believe in private enterprise.

How, then, explain this paradox?

The fact that a group in the United States made the original proposals for the International Trade Organization only proves that we have our full share of those who believe they have the wisdom and comprehension to plan for the whole world.

There is little, if anything, in the charter that would indicate a continued belief in private enterprise, whereas throughout the document are the doctrines of a planned economy.

Despite the history and experience of the United States and its unequalled record of achievement under freedom, private initiative and private enterprise, the Charter for the International Trade Organization gives the minimum of lip service to these proved successful doctrines, whereas it accepts and provides for the spread of the doctrines of socialism.

If we in the United States believe that the functions of government should be to plan, operate and control the operations of capital, credit, trade, national resources and means of production, then we should favor the Charter.

If we are faithful to the principles that have made the United States outstanding, then we should reject it.

Mr. President, a further opinion relative to the operation of the International Trade Organization has been rendered by a special committee of the American Bar Association, after analyzing its Charter. This committee came to the conclusion that—

We are forced to the conclusion (A) that such a commitment cannot validly be entered into by the President without the advice and consent of the Senate; and that (B) the Senate cannot give its advice and consent (and probably will not knowingly do so) to an engagement, the modification of which is thus placed beyond its power of review. Such a situation carries with it a surrender of sovereignty of such broad implications that, if not dismissed forthwith as undesirable, it should only be endorsed if substantial inducements and considerations for it are assured.

With reference to the provisions in the charter concerning the avoidance of unemployment or underemployment, the committee came to the following conclusions:

But the necessary implementation of this vague commitment presupposes planned international economy coextensive with the commitments. This commitment is one which this Nation cannot undertake in good faith, and should not offer on any less basis.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point an article from the Wall Street Journal of March 12, 1949, entitled "When Plans Collide—Conflicting National Goals for Increasing Exports Is Bound To Hurt the General Recovery of Europe."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WHEN PLANS COLLIDE—CONFLICTING NATIONAL GOALS FOR INCREASING EXPORTS IS BOUND TO HURT THE GENERAL RECOVERY OF EUROPE

(By William Henry Chamberlin)

Advocates of centralized government planning as a cure for all a nation's economic ills have faced up to the question of what is supposed to happen if two or more master plans collide. Suppose, for example, that country A proposes to build up an export surplus of a half billion dollars, that countries B and C have the same purpose—and that the absorptive capacity of world markets



just isn't equal to meeting these requirements. Obviously something has to give. The plans collide and some of them, at least, prove to be nothing but daydreams.

This is just the situation that is looming up in Europe today. Great Britain has worked out a 4-year plan, designed to overcome the chronic deficit in its balance of payments and to produce a neat credit balance of \$400,000,000 in 1952. The idea is to build up a big surplus of visible and invisible trade with the sterling area, estimated at \$816,000,000. There is to be a small surplus of \$49,000,000 with the ERP countries of Europe.

These surpluses, so the planners hope, will more than offset deficits of \$291,000,000 with the United States and Canada, of \$174,000,000 with the rest of the trading world. Britain's international accounts, so long in the red, will be in the black. On this assumption it will be possible by 1952 to dispense with American and Canadian subsidies.

#### PLANS CLASH

But the realization of this plan runs counter to the aspirations of the European continental countries, which are also heavily in the red and hope to improve their position by the time ERP is terminated. Before the war Britain bought about \$600,000,000 worth of goods from Europe more than it sold to Europe. Most of this balance was accumulated by trade with the countries of western Europe, the beneficiaries of ERP.

These countries see themselves shut out of a formerly large and wealthy market and gravely handicapped in their own struggle for solvency. The French feel especially aggrieved, because France has always been famous for luxury exports, such as wines, perfumes, silks. But a Britain committed to austerity shuts its doors firmly on these tempting French "unessentials."

Still another complication is introduced because western Germany, where the city population since the end of the war has been on a meager diet which would have fallen below the subsistence level if it had not been for large American food supplies, is also expected to stagger to its economic feet. The bizonal occupation authorities have worked out a scheme for Germany very similar to the plan which the British have worked out for themselves.

It is proposed to increase German production 64 percent above the present level by 1952. This would be 10 percent above the 1936 level. The British plan calls for exports 50 percent above the prewar level; the German plan for an increase of 60 percent above prewar. The bizonal planners believe that, if all production and trade targets are reached, Germany will be able very largely to cover adverse trade balances of \$250,000,000 with the United States, of \$142,000,000 with Great Britain, by building up trade surpluses with Europe and the sterling area. The present heavily adverse German balance of payments is expected to be cut down to the manageable figure of \$72,000,000.

But this German plan raises even more questions than the British. Will Germany, hobbled and shackled by occupation regulations, be able to compete on equal terms in what will probably be less and less of a sellers' market? Is it likely that all currencies will be convertible by 1952? Can any trade, except on a restricted bilateral basis, be carried on with the Soviet Union and its satellites, since the currencies of these countries are valid only for internal use?

#### PRODDED BY THE UNITED STATES

There is something ironical and a little pathetic in the fact that America, which is officially committed to free private enterprise, has under ERP been prodding European countries into more planning than they might otherwise have been disposed to undertake. A European economist who took part in the negotiations at Paris that led to

the adoption of the Marshall plan told an American friend:

"When I worked for my government it took me 5 months to draw up an import plan for the next year. When I came to Paris, the questionnaires submitted by the American experts forced me to make a plan for 4 years within 1 week."

Surely the wisdom of this orgy of detailed planning is open to serious doubt. A totalitarian state like Russia, able to get along (on a very low standard of living) with very little foreign trade can go in for all-out planning, although in practice this method of running a national economy has proved cruel, wasteful, and inefficient.

But for the smaller interdependent nations of western Europe, not one of which could maintain a tolerable standard of living without considerable foreign trade, accurate planing is not even feasible, leaving aside the question of whether it is desirable. Who can say with any real assurance what will be the state of supply and demand 4 years hence, what will be the level of prices, what sources of demand may dry up and what new ones may appear?

It is highly probable that all these national plans will wind up in a grand collision, with the United States probably absorbing much of the blame for the crash. It might be much wiser for this country to utilize the influence which it possesses as the sponsor of ERP in order to work for the breaking down of artificial obstacles to the free flow of trade, for the restoration of free markets and a normal price system and realistically valued currencies. This would be a better basis for European economic unity than a group of contradictory and conflicting national economic plans.

Mr. MALONE. William Henry Chamberlin points out in the Wall Street Journal how impractical the planning of the various countries is. All of the nations in the ERP are planning to increase exports to the point where they will eliminate the bulk or all of the dollar deficits under which they have been suffering. Whether the exports that are to achieve this goal are to consist of industrial goods, which soon may be a glut on the market, or luxury goods, which many countries are and will be unwilling to import, is immaterial. Individual planning by each country is merely going to result in more clashes in international trade, and in more control over imports. It is certain that such unintegrated planning will not be crowned by success.

All of this planning is aided and abetted by the United States which requests long-range plans formulated in a short period of time, to the despair of foreign planners. This country of free enterprise is actively encouraging and demanding planning on national scales abroad.

#### STATE DEPARTMENT ERRONEOUS ASSUMPTIONS

A selective free-trade policy adopted by the State Department based on the 1934 Trade Agreements Act sold to the country through the catch phrase "reciprocal trade" is based upon a series of erroneous assumptions.

First, of course, among these erroneous assumptions is the conclusion that there is now or ever has been anything reciprocal in the Trade Agreements Act, because any concession we make or have made under the Trade Agreements Act with any nation must be extended automatically to every nation with whom the

United States has a commercial treaty embodying the so-called most-favored-nation clause.

Both from a standpoint of theory and also from a practical standpoint, it is impossible to defend any such procedure since, while it could possibly be in some instances that a tariff reduction to one country for a return concession on the part of that country might be justified if it would keep the agreement, but it is utterly impossible to justify a grant of the same concession to other nations which do not offer any corresponding benefits to us. Such a policy simply makes a mockery out of the use of the word "reciprocal" in connection with any such trade agreements. Some of the proponents of the plan say, when questioned, that we make concessions only to the principal supplier of imported commodities, so no real damage is done.

This argument is not sustained by an examination of the facts, as has been demonstrated by such authorities as George N. Peek, a former official in the Agriculture Department, who was co-author of a work entitled "Why Quit Our Own," where he showed that we made concessions to many nations—not principal suppliers. He says:

In the administration of the reciprocal-trade-agreements program, the State Department about a year ago (1934) negotiated with Czechoslovakia a reduction in the tariff on the medium-priced range of china in violation of Secretary Hull's principal supplier rule. (Cf. hearings, Ways and Means Committee, March 8, 1934.) The Census Bureau has just started tabulating china imports by these agreement classes, and, while Czechoslovakia never was a principal supplier of this class of china, these new figures reveal that in January of this year only 0.2 to 1 percent of our imports in the Czechoslovakian agreement class came from that country, while the tariff reduction was an outright free gift to countries with which we have no trade agreements at all and which supplied over 97 percent of our imports of this class of china.

So until recently, on account of World War II and the preparation of World War III and our foreign gift loans amounting to nearly \$30,000,000,000 since the close of the war, American industry has not felt the full force and effect of this pernicious policy. Now we are moving into a depression as a direct result of the unwise free-trade policy.

#### SIR STAFFORD CRIPPS—ECA FUNDS INVESTMENTS

I have already quoted Sir Stafford Cripps, but I quote him again for the record. In a discussion with Sir Stafford Cripps, in November of 1947, after he had assured me that the Marshall plan money was not so necessary for England but that it was necessary to establish new industries in their African possessions, I inquired why England did not establish the integrity of investments in Africa so that citizens of any of the 58 nations of the United Nations including England, investing money in that area would only be taking a business risk and not the risk of nationalization and socialization of their capital.

In other words, businessmen will take a business risk on their judgment of the business which they understand but cannot take the risk of nationalization and socialization of their capital.



He brushed the idea aside with a remark that that did not fit into the program. They apparently want our Government to give their Government the money to invest in new industry so that their own Government will own them free of debt.

That was said, Mr. President, at the time of the visit, and subsequent events have proved that conclusion to be correct.

The ECA pays lip service to the idea that private investment should supply funds for the development of industry throughout the world. According to the Wall Street Journal of September 16, 1948, there was so much interest on the part of businessmen in the prospect of private American investment abroad under ECA, that it was estimated that \$2,000,000,000 could be spent in 4 years if the plan were run right.

Mr. President, in connection with that statement I wish to submit an excerpt from the New York Times of March 19, 1949, entitled "Develop Colonies, ECA Nations Told—Hoffman Tells AMA Conference Nine of Seventeen Billion Marshall Plan Aid Will Be Spent Here."

The VICE PRESIDENT. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times of March 19, 1949]

**DEVELOP COLONIES, ECA NATIONS TOLD—HOFFMAN TELLS AMA CONFERENCE NINE OF SEVENTEEN BILLION MARSHALL PLAN AID WILL BE SPENT HERE—WARNS PLAN WILL HIT US—SAYS PROBLEM MUST BE FACED HEAD-ON WITH COLD WAR—AMERICAN WAY AT STAKE**

In line with the fourth point of President Truman's inaugural address, Paul G. Hoffman, European Cooperation Administrator, yesterday called for European Marshall-plan countries to intensify activities in the field of colonial development.

Speaking before more than 500 industrial executives, during the second day of the conference on marketing of the American Management Association, in the Statler Hotel, Mr. Hoffman said ECA is charged with the responsibility of helping in the colonial development task.

For the first time, publicly, Mr. Hoffman estimated a total cost to American taxpayers of \$17,000,000,000 for ECA tasks for the full 4½ years of its life. Of this sum, \$9,000,000,000 will be spent directly in the United States. In the course of time, he pointed out, the remaining \$8,000,000,000 will certainly return to our shores.

#### "TOUGH IMPLICATIONS" STRESSED

Industrialists and the American public, he stressed, should now prepare themselves to accept some of the "tough implications" of the principle that European nations must make full use of their own resources. Unless this problem is faced "head on," he continued, this great Marshall plan could deteriorate into an ineffective relief program. He named coal exporters and American automobile manufacturers as industrial groups likely to be affected, if ECA area industries recover their prewar trade patterns. Before the war, very little American coal found its way to Europe while now this country is still exporting a million tons a month.

"We in the automobile business," he said, "may shudder but still must not get too violent as we see our European dealers shift over to selling British-made cars. We must exercise this restraint because at the present time most of the Marshall plan countries cannot buy American motor cars unless the American taxpayers give them the dollars with which to buy them."

America's principal gain, from the Marshall plan, will be that "our way of life will be secure," if through a miracle of economic recovery, Marshall-plan nations have become self-supporting by June 30, 1952. He emphasized that "this is a time to accelerate, and not slow down" the recovery program. Urging that the program hit hard to take advantage of the momentum built up the last few months, he declared there was a sound basis that the "miracle of recovery" would "come off." This would insure peace, not only for a time, but for a long time, he said.

Two points must be accepted, to encourage the greatest possible use of Europe's resources, Mr. Hoffman added. We must help restore European production of all those goods in which she is normally and potentially self-sufficient so that she will no longer require imports from us. And we must also accept whatever temporary or permanent change in the normal trade pattern comes as a result of fuller use of European resources. This task cannot be achieved by attempts to restore the prewar pattern, but calls for rebuilding the economy of Europe along bold new lines.

Pointing out that in some kinds of output and on an over-all basis, Europe is at a great disadvantage in productivity, compared to industry and agriculture in this country. Mr. Hoffman said 1947 per capita income in Europe of \$375, compared to about \$1,500 here, should be built up to more than \$500. He envisaged a level between \$650 and \$700 as possible.

#### AMERICAN WAY AT STAKE

He warned that the American way of life is involved because as long as the Kremlin continues its cold war to enslave Europe, huge military expenditures will be necessary and taxes must continue at a level as high or higher than now are prevailing. "Nor should it be necessary to remind you," he said that a huge military program may require reimposition of various controls. The one certain way to get taxes down and keep the American economy free is to win the cold war in Europe and thus avert world war III.

Pointing to concrete results of ECA activities, he said the progress of European recovery has been more rapid than any of us dared to hope. During the calendar year of 1948 total output of factories and mines in participating countries was 14 percent above that of 1947 and about equal to prewar. The gross national product of Marshall plan nations for 1948 will exceed that of 1947 by at least \$20,000,000,000. The increase has gone almost entirely into capital assets.

Mr. Hoffman emphasized that he did not ask support of the Marshall plan on the basis of its impact on American markets during the period of its operation. He said there are many groups of American producers who have anticipated substantial increases in business as a result of the Marshall plan, who may, and possibly should, be disappointed.

At this time in no country of Europe has the standard of living yet reached the prewar level, he continued. Increased output has been aimed at rebuilding plants, homes, and public facilities.

Mr. MALONE. But this article goes on to say that the European nations are not cooperating. In some British colonies Americans are permitted to invest in only nonbasic industries. The British reserve to their own nationals the right to develop communications, power, basic minerals, transportation, and other basic industries in these localities. This situation apparently is current throughout Europe with many profitable industries reserved for European nationals.

Mr. President, I want to interject at this moment what I have said on many previous occasions in reference to the colonial possessions of other nations, that twice in our lifetime, twice in my own lifetime, we have left bloody tracks all over the western rim of the Pacific and in Europe in order to reclaim colonial possessions for empire-minded nations. In other words, there is no doubt, I suppose, in anyone's mind about who can protect the colonial possessions. If there were any doubt it must have been dispelled when Singapore, the Indies, and the Malayan States fell during World War II. As I said before, and now I reiterate, when we are doing the financing and doing most of the fighting in connection with the reclamation of such areas, then the colonial areas themselves, if they want to put up a tariff or any other barrier to trade for their own consideration and for their own development, they should be perfectly welcome to do so. But, Mr. President, they should not be forced to put up a barrier to trade through empire preferential rates with respect to our trade. In other words, by the very fact that we have twice in our generation protected these islands and possessions, and apparently stand ready to continue such protection, we are entitled to equal access to the trade of such areas.

In other words, we are entitled, by the very fact that we have twice in our generation protected these possessions and apparently stand ready to continue such protection, to equal access to the trade of those areas. We are entitled, I repeat, to equal access to the trade of the areas we are committed to defend, so that any nation on its own can regulate its import or export fees for the regulation of its trade, but is not to be controlled by any third nation and forced to exclude our trade through such preferential import rates.

After inspecting practically all of the nations in the European, middle eastern, Asian, the near eastern, the South Seas, and African areas, since the close of World War II and noting the conditions there, I conclude:

First. That we are arming Russia for the third world war through the 16 ECA, or Marshall plan, nations of Europe, since they have signed 88 trade treaties with Russia and the nations behind the iron curtain since the close of World War II, agreeing to send, and are shipping, war materials and equipment, manufactured and fabricated from the raw materials and by the factories financed



by the billions of dollars furnished them through our own Economic Cooperation Administration—the so-called Marshall plan.

Second. That two of the so-called Big Five nations—England and France—have nonaggression pacts or treaties with Russia, agreeing that they will not enter into any coalition against Russia, and that these nonaggression treaties are now, and have been, in full force and effect at all times since the close of World War II.

Mr. President, in that connection I ask unanimous consent to have inserted in the RECORD at this point an excerpt from the Times-Herald of Washington, D. C., dated March 3, 1949.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**UNITED STATES-AID NATIONS TRADE GIFT GOODS TO RED SATELLITES**

PARIS, March 12 (UP).—A considerable amount of goods bought with Marshal-plan money is being bartered to the Communist-run iron curtain countries for products the west needs.

The economic cooperation administration approves the deals as expedient.

High ECA officials confirmed these facts today and say they were worried only about the possibility that the deals might increase the war potential of the Soviet satellites.

**PROBE AUSTRIA COTTON DEAL**

ECA officials were conferring here with Austrian representatives about the transshipment of Marshal-plan goods. ECA has authorized Austria to send \$3,279,000 worth of ECA-bought cotton to Hungary.

Hungary, in turn, would send Austria vegetable products, fats, and oils, an ECA spokesman said.

The spokesman at ECA headquarters said that other countries, such as Sweden, Norway, and Denmark, were shipping ECA-bought goods to Poland in exchange for coal.

However the spokesman was unable to estimate the total amount of goods which western Europe buys with ECA funds and then barter to Soviet-dominated eastern Europe.

**ECA ENCOURAGES TRADE**

"ECA has no information to make it upset over the amounts or types of goods going to Poland," the ECA representative said. "The present ECA policy is to encourage European countries on both sides of the curtain to stimulate and restore necessary and essential east-west trade."

He said this policy is encouraged only so long as western goods going into eastern Europe are not of military value. He conceded that this was a hard thing to determine and "it is one of our big problems."

Mr. MALONE. Third. That the record shows, and is supported by the direct testimony of the ECA administrator and the assistant Secretary of State, that the three-pronged free-trade program is deliberately designed to divide the markets of this country with the 16 European nations and with the countries of the world, to decrease the trade-balance deficits of such European nations, which are now being made up in cash each year through the direct cash payments made or promised to them under the ECA program.

I am sure, Mr. President, that American workers and their leaders do not realize the catastrophic result which will flow from the administration's free-trade program, and that there will be repercussions of a major character.

Fourth. That England has been shipping large amounts of tin—one of the most essential and scarcest of all strategic metals—direct to Russia from Singapore in the Malayan states in the Far East, and has had a trade treaty with Russia agreeing to ship and is shipping manufactured and fabricated war equipment and materials—all entered into subsequent to the difficulty with Russia in the United Nations organization.

I repeat, Mr. President, they are shipping tin direct from Singapore, where a great part of the tin of the earth is produced. We produce no tin at all in this country, and it is a great strategic metal and a very hard metal to come by.

Fifth. That the principal ECA nations, including England, France, and the Netherlands, have never entered into trade agreements with this Nation in good faith, that such agreements have been largely nullified at all times by them through quotas, currency manipulations, and other subterfuges, and that such agreements have all the earmarks of being entered into with the sole objective of dividing the markets of this Nation with such countries through selling the products of their low-wage-living-standard labor in the United States.

Sixth. That we are giving the governments the ECA money through direct gift-loans, encouraging their nationalization and socialization plans to purchase industrial plants including the coal mines and the steel plants, and to construct new industries not only in their own countries, but in their colonies in Asia and Africa to be owned and operated by their respective governments.

Mr. President, I ask unanimous consent to have inserted in the RECORD at this point an excerpt from the Washington Post, dated March 14, 1949. It concerns a statement made by Mr. Churchill, who is now, I understand, in this country.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**LIVING IN FOOLS' PURGATORY, CHURCHILL SAYS OF BRITONS**

SOWERBY, YORKSHIRE, ENGLAND, March 13.—Winston Churchill said today the labor government was making the British people "live in a fools' purgatory upon the generous grants of free enterprise capitalist America."

In a letter to Councilor Paul Bryan, Conservative candidate in the Sowerby parliamentary by-election scheduled for Wednesday, the leader of the Tory Party said Socialist nationalization had failed wherever it had been enforced.

One great industry after another, Churchill said, had been turned into a losing business.

"Now the Socialists, to brazen out their failure, are assaulting our most successful export earner, the steel industry," Churchill said. "This can only make us a poorer and weaker country."

Churchill said the Socialists "boast they have cured unemployment and at the same time admit that but for the immense American subsidy there would be between one and two million unemployed today."

"Our British island, with its immense population, will never be able to maintain its prewar standard of living under a Socialist system of society," the letter added.

"If we are to earn our daily bread in the world, it can only be through the strongest possible individual effort and ingenuity arising from conditions of freedom and fair play."

Turning to the government's foreign policy, Churchill said 400,000 people have been killed in India in the last two years and Burma "has become a foreign country and is in anarchy."

He described the state of Britain's defenses as "lamentable."

"Never before was so much manpower and money used for so little result in security," he said.

The Sowerby by-election was caused by the resignation of John Belcher, parliamentary secretary to the Board of Trade, who figured prominently in the recent investigations into alleged bribes of government officials.

The Labor government has not lost a single Commons seat in 32 by-elections since it took office in 1945.

In the 1945 election, Labor had a majority of 6,933 votes at Sowerby in a three-cornered fight against a Tory and a Liberal.

Bryan, a clothing manufacturer, is opposed by Douglas Houghton, well-known British broadcasting company commentator.

Mr. MALONE. Seventh. That the countries of Asia, the Near East, the south seas, and Africa are almost perfect complements to the United States; that is the 35 or 40 products which we either do not produce at all or not enough for our own use, including the nickel, tin, manganese, chromite, copra, spices, coffee, and rubber are, or could be, produced in ample quantities in that area, and that this productive area including Indochina, the Malayan States (Singapore), the East Indies (Indonesia), the Sudan country in Africa, and the Belgian Congo, South Africa, Rhodesia, the Gold Coast, the Ivory Coast, and French Morocco are all controlled by the empire-minded nations of England, France, the Netherlands, and Belgium.

That even India-Pakistan-Burma, Egypt, and a part of China (the Hong Kong area) are a part of the sterling bloc with their large credit pound-sterling balance, and with their empire-preferential rates, meaning that the import and export rates of these nations favor Great Britain and the sterling bloc area in all such transactions.

Mr. President, I ask unanimous consent to insert at this point in the RECORD a list of the satellite nations of France, Netherlands, and Belgium in exactly the same manner as I submitted a list of the sterling bloc countries.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

**Colonial areas of the empire countries (Netherlands, France, Belgium)**

	Area	Population
NETHERLANDS EAST INDIES	Square miles	
Riau-Lingga Archipelago.....	12,506	298,329
Bangka.....	4,549	205,433
Billiton.....	1,873	73,429
Borneo, Netherlands.....	208,286	2,169,000
West district.....	56,664	827,898
South and East districts.....	151,622	1,366,635
Celebes.....	72,986	4,232,000
Island of Celebes.....	38,786	3,092,749
Manado.....	34,200	1,139,251
Molucca Islands (including Dutch New Guinea).....	191,682	894,000
Timor Archipelago: Netherlands.....	24,450	1,657,000
Bali and Lombok.....	5,231	2,402,227
Indonesian Republic:		
Java and Madura.....	50,745	47,456,000
Sumatra.....	163,557	7,563,499



*Colonial areas of the empire countries  
(Netherlands, France, Belgium)—Con.*

	Area	Popula- tion
	<i>Square miles</i>	
<b>NETHERLANDS WEST INDIES AND SOUTH AMERICAN POSSESSIONS</b>		
Surinam (South America).....	55, 143	189, 484
Curacao.....	381. 1	105, 617
<b>FRENCH COLONIAL EMPIRE</b>		
<b>In Asia:</b>		
French India.....	196	323, 500
French Indochina.....	286, 000	25, 000, 000
Total in Asia.....	286, 196	25, 323, 500
<b>In America:</b>		
St. Pierre and Miquelon.....	93	4, 175
Guadeloupe.....	583	304, 209
Martinique.....	380	252, 000
French Guiana and Inini.....	65, 041	36, 975
Total in America.....	66, 097	597, 359
<b>In Oceania:</b>		
New Caledonia, etc.....	8, 548	59, 889
Society Islands (Tahiti, etc).....	1, 520	39, 920
Total in Oceania.....	10, 068	99, 809
<b>In Africa:</b>		
Algeria.....	847, 552	7, 234, 684
Morocco (protectorate).....	172, 104	7, 390, 428
Tunisia.....	48, 313	3, 015, 170
French West Africa.....	1, 815, 768	15, 943, 000
Togoland (trusteeship).....	21, 893	780, 497
Cameroons (trusteeship).....	166, 489	2, 516, 623
French Equatorial Africa.....	959, 256	4, 003, 733
Reunion.....	969	220, 955
Madagascar.....	241, 094	4, 227, 381
Comoro.....	790	
French Somaliland.....	9, 071	49, 685
Total in Africa.....	4, 283, 299	45, 382, 156
Grand total in colonies.....	4, 645, 660	71, 402, 824
<b>BELGIUM</b>		
Belgian Congo.....	902, 082	10, 425, 235
Ruanda and Urundi.....	20, 535	3, 767, 002

Mr. MALONE. Eighth. That the United States of Europe proposed by Mr. Winston Churchill and others has been entirely discarded in favor of the gift-loan plan financed entirely by this Nation, that each of such European nations may build up stronger competition with its neighbor.

In other words, all of the great ideas, the great proposals of the United States of Europe to the effect that we were not going to participate in their affairs until they organized a United States of Europe and threw down the trade barriers as between themselves, are forgotten. Then through this tremendous propaganda machine of the State Department and the National Government the idea is sold that this Nation should finance all the nations of Europe, no matter what they did with the money or the products. All prior propositions were forgotten.

Ninth. That each of the empire-minded nations, including England, France, the Netherlands, and Belgium, are expanding and strengthening their position abroad, in Asia, the Near East, the south seas, and throughout Africa—and are demanding and receiving a large percentage from this Nation on any purchase of the raw materials in those areas which are so vital to our welfare.

In other words, the way it operates in the colonial nations is that we do not buy direct from the residents of these nations; we buy from the empire-minded nation which controls the colonial empire in the particular spot, and there is

always added a considerable tithing to the purchase price.

That an observer of the actions and maneuvers of the principal beneficiary nations under the ECA—the Marshall plan—can lead to only one conclusion—that the United States of America is getting the greatest economic pushing around that any major nation ever received in 2,000 years of recorded history, and paying the bill ourselves.

I therefore again—as I did last year—emphasize that this Nation should work out a plan of action based upon our own best long-range interests. Such a plan would include:

First. Assisting other nations—feeding emergency hungry people—to the extent of our ability without unduly injuring our own economy;

Second. Loaning money for the rehabilitation of industry, or even for the construction of new industries where necessary, on the same basis as we loan money for such purposes to our own people through the Reconstruction Finance Corporation. This is the responsibility of the Congress; that is the basis of the amendment which I have offered, that is, the feeding of hungry people and the financing of industry is the particular business of Congress.

Third. Making up our minds what nations in Europe, Asia, the south seas, and Africa, in addition to the Western Hemisphere—and naming the nations within such areas whose integrity we intend to protect in the interests of our own ultimate safety and security—and then rebuilding our national defense organization, including an Air Force that can keep any nation on the ground which may seek to extend its system of government into such areas.

This decision on foreign policy is the responsibility of the President of the United States and the State Department—and can be extended along the lines of the 125-year-old Monroe Doctrine—under which we are the judge of when our ultimate safety and security is threatened.

This Nation should continue its 173-year-old policy of declaring war only when, in the judgment of the President and the Congress, its ultimate safety and security is threatened.

This Nation then should, at this time, operating under at least nearly normal conditions, work out a national and international economic policy which will maintain our wage and living standards while we are assisting the foreign nations to raise their own living standards. I submit that we cannot permanently raise their wage and living standards by immediately lowering our own through the proposed three-part free-trade program.

I again suggest that as long as this body considers it necessary to rehabilitate industries in Europe, or to furnish them money for the construction of new industries, money be loaned to private industry on the same basis on which we lend money to our own people through the RFC, in accordance with the amendment which I have offered.

**PROMOTIONS IN THE ARMY, NAVY, AND  
AIR FORCE**

During the delivery of Mr. MALONE'S speech,

Mr. TYDINGS. Mr. President, I ask unanimous consent, without the Senator from Nevada losing his right to the floor, to send to the desk numerous routine nominations for promotion favorably reported from the Committee on Armed Services, in the Army, Navy, and Air Force, with the request that they be confirmed, as in executive session, and that the President be notified.

I request that this matter may appear at the end of the remarks of the Senator from Nevada, so as not to break into the continuity of his speech.

The PRESIDING OFFICER (Mr. O'CONNOR in the chair). Is there objection to the consideration as in executive session, of the nominations referred to by the Senator from Maryland? Without objection, the nominations are confirmed; and, without objection, the President will be immediately notified.

**UNANIMOUS - CONSENT REQUEST TO  
CLOSE DEBATE ON TAFT-RUSSELL  
AMENDMENTS**

During the delivery of Mr. MALONE'S speech,

Mr. WHERRY. Mr. President, will the Senator yield for an inquiry?

Mr. MALONE. I yield for a question.

Mr. WHERRY. I ask the Senator from Nevada if he will permit me, without prejudicing his right to the floor, to make a unanimous-consent request relative to the time to vote on the Taft amendment?

Mr. MALONE. I shall be glad to yield for any request that the Chair decides will not jeopardize my right to the floor.

The VICE PRESIDENT. The Senator from Nebraska desires to submit a unanimous-consent request. The Chair hears no objection.

Mr. WHERRY. Mr. President, I send to the desk a unanimous-consent request and ask that it be read.

The VICE PRESIDENT. The clerk will read the unanimous-consent request. The legislative clerk read as follows:

*Ordered*, That at the hour of 2 o'clock p. m. on tomorrow (Friday, April 1) general debate on the pending Taft-Russell amendments, providing for a 10-percent reduction in funds, shall close, and that the Senate proceed to vote on said amendments en bloc or upon any amendment that may be pending or that may be proposed thereon; *Provided*, That in the event any amendment may be proposed after said hour, the mover thereof may have 15 minutes in which to explain same, and the chairman of the Committee on Foreign Relations may also have 15 minutes to reply thereto.

Mr. LUCAS. Mr. President, reserving the right to object, let me say that I am surprised at the request. I discussed with the distinguished Senator from Nebraska not more than 15 minutes ago this very question. I told him that I would make a unanimous-consent request along that line. He said, "Do not do it. The Senator from Missouri has a long speech and he will object. The Senator from North Dakota has a long speech, and he will object, and I want to



wait until those two Senators get their speeches out of their systems." Now, before such a unanimous consent is suggested the Senator from Nebraska is, as usual, trying to take over the leadership of the Senate, I therefore object to the unanimous-consent request of the Senator from Nebraska.

Mr. WHEERY. Mr. President, I withdraw my request.

Mr. MALONE. Mr. President, I ask unanimous consent that the proceedings regarding the submission of the unanimous-consent request be placed in the RECORD following my address.

The VICE PRESIDENT. Without objection, that order will be made.

REPLY TO HON. WINSTON S. CHURCHILL

After the conclusion of Mr. MALONE's speech,

Mr. LANGER. Mr. President, yesterday afternoon the distinguished senior Senator from Texas [Mr. CONNALLY] inserted in the RECORD a telegram from Winston Churchill. The proceedings appear on page 3559 of the RECORD. The Senator from Texas spoke as follows:

Mr. President, referring to page 3335 of the CONGRESSIONAL RECORD of March 28, I want to quote very briefly from a colloquy between the Senator from Indiana [Mr. JENNER] and the Senator from North Dakota [Mr. LANGER]. The following occurred:

"Mr. LANGER. Mr. President, will the Senator yield?"

"Mr. JENNER. I yield."

"Mr. LANGER. Is the Senator from Indiana familiar with the fact that during the Spanish-American War the same Winston Churchill who now brags that he is half American, took up arms for Spain, and fought against the United States, and did all he could to defeat us?"

The Senator from Indiana [Mr. JENNER] then made a reply which it is not necessary to read at this time.

Mr. President, I have received a telegraphic message from Mr. Winston Churchill regarding this colloquy and the charges brought against him by the Senator from North Dakota [Mr. LANGER], and I wish to ask the clerk to read the telegram.

The PRESIDING OFFICER. Without objection, the Clerk will read the telegram as requested. The legislative clerk read as follows:

NEW YORK, N. Y., March 30, 1949.

Senator TOM CONNALLY,

Washington, D. C.

MY DEAR SENATOR CONNALLY: I understand that a statement was lately made in the Senate to the following effect begins Mr. LANGER "Is the Senator from Indiana familiar with the fact that during the Spanish-American War the same Winston Churchill who brags that he is half American took up arms for Spain and fought against the United States and did all he could to defeat us?" Mr. JENNER, "My reply is that I do not blame Winston Churchill for that. He was representing his country. He was doing what he thought was best for his country."

The statement made by Mr. LANGER is entirely devoid of truth. I visited Cuba and was with the Spanish Army as an observer during the months of November and December 1895. There was then no question of the United States being involved in a war with Spain. This war did not in fact begin until February 1898, or more than 2 years after I had left Cuba.

I should be grateful if you felt able to contradict this false charge by stating the facts to the Senate so that the truth appears in your RECORD.

Yours very sincerely,

WINSTON S. CHURCHILL.

The Senator from Texas continued:

Mr. CONNALLY. Mr. President, as we all know, the war with Spain did not occur until the spring of 1898. I happen to know, because I was a soldier. I was not stationed in Cuba—I did not get that far—but I was stationed in Florida, Alabama, and other places during that war, so that I have a fairly good idea as to when the war began.

Mr. Churchill, in his telegram, states that he visited Cuba in 1895, and was there a month or more as an observer. He was not in uniform; he was not a soldier; he was an observer with the Spanish Army. He stated that he left Cuba in the winter or fall of 1895, approximately 3 years before war against Spain was declared by the United States. I think Mr. Churchill is entitled to this vindication, and I have taken the liberty of asking the Senator from Nevada to give me 2 or 3 minutes to put into the RECORD the telegram which has been read.

I was trying to be courteous, and I had the office of the Senator from North Dakota [Mr. LANGER] notified that I was going to say something which would be of interest to him so that he could be present. I wanted the Senator to know all the facts.

Mr. LANGER. Mr. President, will the Senator yield? I am entitled to an opportunity to reply.

Mr. MALONE. Mr. President, I should like very much to continue my remarks.

Mr. LANGER. Mr. President, I should like a change to reply; but I shall not ask it at this time. If I cannot be extended that courtesy, I shall reply tomorrow.

Mr. President, so far as the courtesy of my distinguished friend is concerned, I did not know when I came to the Senate that he was going to discuss Mr. Winston Churchill or that he had a telegram from him. However, twice upon the Senate floor on previous occasions I had made the identical statement I made at the time I interrogated the distinguished Senator from Indiana [Mr. JENNER]. On April 18, 1946, nearly 3 years ago, I spoke on the same subject on the floor of the Senate, as appears in the CONGRESSIONAL RECORD at page 3963. I read an excerpt from my speech at that time:

Mr. President, the Winston Churchill to whom the Senator referred is the same Winston Churchill who so hated the United States of America that during the Spanish-American War he took up arms in behalf of Spain against the United States. He wanted to wipe out the United States of America at that time, and he wants to wipe her out today. As a young man 24 years of age, and as a newspaper reporter in Cuba, he joined the army of Spain in order to fight the United States of America. He is the man, Mr. President, whom the Democratic majority of the United States Senate invited to address the Senate. I wonder what some of the Spanish-American war veterans, whom he tried to kill, thought about it. Churchill was 24 years of age when the Maine was blown up in Habana Harbor. He was there as a press correspondent, and later although he was a Briton, he joined the Spanish Army. Yet the Members of the Senate listened to that cunning hypocrite when he addressed the Senate only a few short months ago. He came to this country after World War I in order to get all the money he could obtain out of the taxpayers of America. Now he is back again. I wish to show you, Mr. President, the utter contempt in which some Englishmen held President Wilson. I wish to read from chapter III of the book which I now hold, a book written by a man who is in this country now, or at least was here a few days ago, in an attempt to obtain a loan of \$4,000,000,000. This is what he said in November 1919, when the British hides had

been saved, and when the British thought it was safe to tell the truth.

Mr. President, the RECORD shows that my friend, the distinguished Senator from Texas [Mr. CONNALLY], was present on that occasion and answered the roll call.

Mr. CONNALLY. But I was not present on the second occasion when the Senator spoke.

Mr. LANGER. A few days later, Mr. President, I again spoke on the subject, and as my friend said, his name does not appear on the roll call at that time. I spoke on the 9th day of May, and I read an excerpt from my speech on that day from page 4724 of the CONGRESSIONAL RECORD:

Last week I made the statement that Winston Churchill fought on the side of Spain against the United States of America. From the State of our minority leader comes an editorial which denies that, and say it is not true, that I am entirely in error.

Mr. President, before I made my statement I looked the matter up. I might say that this newspaper, called the Telegraph and Press-Herald, of Portland, Maine, says that Churchill enlisted in 1895, and was not fighting against the United States, that he had left before the American boys got to Cuba.

Mr. President, I have in my hand International Who's Who for 1943 and 1944, and I wish to read from the sketch of Mr. Churchill. I presume Mr. Churchill prepared this article himself, because that is customary, as every Senator on this floor knows. I read from Who's Who:

"Rt. Hon. Winston Spencer Churchill, C. H., M. P., Hon. LL. D. (Harvard), F. R. S., F. R. C. S.; British politician and writer; son of Lord Randolph Churchill; born 1874, educated Harrow and Sandhurst."

I continued:

It says he entered the army in 1895, and served in Cuba with Spanish forces against the Americans. That is right here in International Who's Who. He served in the Spanish-American War against the Americans. If any Senator doubts that, I wish to show the article to him. Any Senator can come to my desk here and read it.

From there he went to Africa, fought in the Boer War, and did everything he possibly could against those poor Dutch in the Boer War, did everything he could to wreck them. He has been fighting on the side of aristocracy and fascism all his life, and did all he could to wreck this country, going to Cuba and fighting against it. That is the man the Senate invited to come here and address the Senate. If there had been a Spanish-American War veteran in the Senate, Winston Churchill would have been trying to kill him while he was fighting under the Spanish flag. I say again, that is the record. A record is a very good thing to have at hand at times when a newspaper criticizes a Senator. We are used to criticism. I do not mind it a bit. I have taken my share of it. The statement in the Maine newspaper is:

"Senator LANGER for perhaps the first time in his life is in error."

I will tell the editor that, so far as I know, I have never yet been in error.

Mr. President, I am not criticizing the distinguished Senator from Texas, the chairman of the Foreign Relations Committee. I understand Churchill very properly sent that telegram to him. But as I was saying, I did not know anything about what was coming up when I came to the Senate Chamber, but, very fortunately, I am fully prepared on this matter since on two other occasions I have



understand how he could have fought against the United States troops, when the United States did not enter the war until April 1898.

I have nothing further to say, except that is a very unfortunate incident that a distinguished foreigner, who has consistently expressed himself on the platform and through the press as a friend of the United States, should be attacked in the United States Senate, in the respects I have pointed out, which do not seem to me to be supported by any proof whatever.

Mr. LANGER and Mr. CHAVEZ addressed the Chair.

The VICE PRESIDENT. The Senator from North Dakota.

Mr. LANGER. Mr. President, I do not know what further proof any reasonable man would want than a man's own statement in three different publications of Who's Who in different parts of the world. What was Mr. Churchill's strategy? When he came to the United States there was not one word in the American Who's Who to the effect that he had ever enlisted with the Spanish forces to fight against the United States. But when he went over to see Joe Stalin, when he talked with Joe Stalin, he could say, "You may be afraid of me, because I am half American. But here is the International Who's Who. I will show you, Joe. I will show you right here. It is on page 144. I am not an American. Why, I joined the Spanish Army. I joined the Spanish Army, and I fought against the Americans, surely." It is the typical foreign propagandist who can go to a country friendly, the United States, point to a book and say one thing, and then can go to a foreign country and say exactly the opposite.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. CHAVEZ and Mr. LUCAS addressed the Chair.

The VICE PRESIDENT. The Senator from New Mexico.

Mr. CHAVEZ. Mr. President, I am sorry this matter has come up. I respect Mr. Churchill. I do not know all of his state of mind. I believe that my good friend the Senator from North Dakota is wrong in his accusation to the effect that Mr. Churchill fought against the United States. It is true, possibly, not only that Mr. Churchill represented the British Army, but even that in 1895 men from the United States Army could have been in Cuba as observers for the United States Army.

The only point I would make that might contribute something to the debate, which I hope is drawing to a close, so that the Senate may be allowed to act on the unfinished business, is this: Spain has been brought into the picture. It appears that in the minds of certain of our colleagues they, in the best of faith, believe that Mr. Churchill might have contributed something as against the interests of the United States when Spain had control of Cuba. But speaking of the philosophy involved in the

pending bill, speaking as to whether it is a good thing for this country to help the nations of western Europe, and whether Mr. Churchill is correct—and personally I believe he is—in advocating and in favoring the proposal now being considered by the Senate, I should say that, in addition to the countries now included among those who are to be helped by the ECA program, if we mean what we are professing, if the theory of the bill is right, if the Committee on Foreign Relations is correct in its philosophy of extending help to the western European countries, then Spain should also be included.

I know it has been stated by those who are now opposing the so-called Communists that Spain might have been of some use to the Germans during the late war. Only last week I caused to be inserted in the Appendix of the RECORD an article which was published in the Daily News of this city, written by Mr. William Philip Simms, wherein he quoted Winston Churchill to the effect that as a matter of fact Spain helped the United States, England, and the other allied nations, more than she helped the Germans. She was placed in a most difficult situation in Europe. But if we are in earnest in fighting communism, if we are sincere about it, and really mean it, why should we agree apparently, more with the Communists of Italy and the Communists of France and Germany—yes, and of England, if you please—than with those in Spain, who have been fighting communism, even looking at it from a selfish national standpoint. I do not believe we are selfish. I think we are trying to further the Marshall Plan in order that other nations may, with our help, and through our efforts try to reach the standard we now have in our democracy.

I am confused, I may say to the Chairman of the Committee on Foreign Relations, that when we are supposed to be fighting communism, and when the program is supposed to be directed against communism, when the people of the United States are asked to provide more than \$5,000,000,000 for that purpose, the only nation in Europe that fought communism is altogether left out of the picture. Those who are sincere in fighting communism, those who believe that the philosophy behind the effort is sound, are rather confused when they see that Portugal is included, Italy is included, and France is included, and when perhaps the supporters of communism in England will get some benefit from the legislation, poor Spain, the only country to drive Communists out of its borders, is left out. I hope it is not a mistake.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CHAVEZ. I yield for a question.

Mr. LONG. Along the line the Senator was discussing, is it not also true, that from a strictly military point of view, if Spain were included in the alliance, and if this country with the associated nations were ever forced into war, and the armies of the enemy came through northern Italy and through France and were successful, at least the Allies would have the Pyrenees Mountains to which they might retreat, thereafter to make another stand, if Spain were included in

the alliance, whereas there would be no such place if Spain were left out?

Mr. CHAVEZ. Besides having the geographical protection which the Senator from Louisiana has so finely outlined, we would not have in Spain the millions of Communists who are in Italy and France.

#### WINSTON CHURCHILL

Mr. KNOWLAND. Mr. President, nothing could be said on the floor of the Senate of the United States which could detract from or add to the standing of Winston Churchill. At a time when the world was desperately in need of leadership in western Europe, this distinguished guest of our country stood like the Rock of Gibraltar against the forces of fascism and nazism which threatened to overwhelm the world. His place in history, I believe, is secure. When most of us in this Chamber shall have long passed into oblivion, the people who believe in a free, democratic world will be saying a prayer of thankfulness that the world, in its most desperate hour, produced a man of the character, the capacity, the ability, and the courage of Winston Churchill, the former Prime Minister of Great Britain.

#### RECESS

Mr. LUCAS. Mr. President, before the Senate takes a recess until 11 o'clock tomorrow morning, I wish to announce that it is the hope of the majority leader, and other Senators who are interested in the pending legislation, that we may conclude the debate tomorrow. Therefore I think I am justified in saying that we will work rather late tomorrow evening.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LUCAS. I yield to the distinguished Senator from Ohio.

Mr. TAFT. What is meant by "rather late"? Does the Senator mean, until 10 o'clock?

Mr. LUCAS. Yes.

Mr. President, with that announcement, I move that the Senate stand in recess until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 5 o'clock and 51 minutes p. m.) the Senate took a recess until tomorrow, Friday, April 1, 1949, at 11 o'clock a. m.

#### NOMINATIONS

Executive nominations received by the Senate March 31 (legislative day of March 18), 1949:

##### APPOINTMENTS IN THE REGULAR ARMY

The following-named persons for appointment in the Regular Army of the United States in the grade of second lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), effective June 15, 1949, subject to physical qualifications, and with dates of rank to be determined by the Secretary of the Army:

Earl R. Adams  
James E. Allred  
George M. Alter, O955119  
Roger E. Anthony  
Elvin H. Asher, O957734  
Laurie V. Atkinson  
Jay W. Atman  
James A. Bailey



Lewis G. Bailey  
 Henry B. Baldwin  
 Francis E. Ball  
 De Forrest Ballou  
 Paul A. Bander  
 John J. Banks  
 Metullus A. Barnes, Jr.  
 Clarence D. Barry  
 Robert L. Bary  
 James W. Bentley  
 Robert J. Berens  
 Leon W. Berg, Jr., 0948636  
 Howard C. Berry  
 Kenneth D. Billings  
 Eugene R. Biringier  
 Thomas B. Blake  
 Willard R. Bliss  
 Frank E. Bloomenshine, 0947391  
 Samuel E. Bolt, 0957406  
 Lester M. Bornstein  
 Donald M. Bowman  
 Spencer M. Bracey  
 David A. Brissette  
 Thomas L. Brooks III  
 Wesley H. Brower  
 Latham H. Brown, 0953725  
 Orlando B. Brown  
 Rex N. Brown  
 Harold H. Brunkhorst  
 James E. Bunch, 0947793  
 Owen W. Burnham  
 John T. Buss  
 John W. Bussey  
 Jack Cambron  
 James G. Campbell, Jr.  
 Richard F. Casper  
 Jack C. Castleberry  
 Samuel W. Cathcart  
 Eugene H. Cathrall  
 David G. Chase  
 William M. Church  
 Benjamin E. Clark  
 James M. Clark  
 Burton Clifton  
 Loren C. Coatney  
 Frank Cohn, 0958916  
 Merrill R. Cohn, 0957305  
 Grady A. Cole, 0947957  
 James W. Collier, 0954139  
 Herbert W. Condor, 0956975  
 William C. Conrad  
 Charles D. Coppinger  
 Duane L. Corbin  
 Howard J. Costello  
 Charles B. Costen, 0954640  
 Roy E. Couch  
 Harris B. Craig  
 Robert T. Craig  
 Richard P. Crowley  
 Henry E. Damon  
 Robert L. Damrel  
 Harold L. Davis  
 Ovid M. Davis, 0954991  
 Preston A. Davis  
 Robert V. Decareau  
 Hamilton C. de Jong  
 Royce D. Delmatier  
 William L. Denend, 0949839  
 William D. Devitt  
 Malcom Dick  
 Paul J. Dickerson, 0954320  
 William P. Dickson, 0954711  
 Thomas J. Dilbeck  
 Ralph P. Dixon, Jr.  
 Stephen F. Dodd  
 Richard J. Doherty, 0958157  
 Henry J. Dombrkowski  
 David D. Dudley  
 Billy C. DuRant  
 Clarence G. Dye, 0959889  
 James H. Edgar, Jr., 0954664  
 John E. G. Eichorn, Jr.  
 James H. Evans  
 Robert R. Evans  
 Thomas C. Evans, 0956609  
 Karl R. Fassnacht

Charles S. Felner  
 John S. Finlay III  
 Robert W. Fisher, 0957138  
 Austin T. Flagg  
 Paul S. Fleming  
 Wallace N. Fluckey, 0949459  
 Robert F. Fly, 0957845  
 George L. Ford  
 Frank L. Frailey  
 Haywood G. France  
 Robert T. France  
 Donald P. Frandsen  
 Oscar R. Frandsen, 0953821  
 Rayfield S. Froeba, Jr.  
 John C. Gall  
 Charles W. Galloway, 0958968  
 Casimer S. Gappa  
 Oscar M. Garcia, 0954654  
 Lyle J. Garitty, Jr.  
 Marvin H. Gibbs  
 Marc A. Girard  
 Elder G. Glenn, Jr.  
 Frederick I. Glover, 0955375  
 Arthur L. Godfrey, 0956362  
 Carl F. Godfrey, 0955686  
 John E. Gray, 0954610  
 William T. Green, 0958042  
 Kenneth E. Gregg, Jr.  
 Sidney M. Groom, Jr.  
 Charles A. Grosche, 0960181  
 Carl M. Guelzo, 0957453  
 Allen R. Guillot  
 Walter E. Gunter  
 Frederick H. Gygax  
 Frederick J. Haesemeyer  
 Allen K. Hall  
 Arthur F. Halverson  
 Louis F. Hamman  
 Charles L. Hammell, Jr.  
 Beltron R. Hancey  
 Richard L. Hansford, 0954642  
 Albert H. Harding  
 Oscar J. Harrison  
 Thomas C. Hathaway, Jr.  
 Duane Hayes  
 Ralph P. Hebel  
 Harold P. Hecken  
 Harold D. Heise  
 Glen M. Hemsley  
 Linwood P. Hendrickson, Jr.  
 Lewis B. Herring III  
 Richard G. Hicks  
 Charles H. Hippert  
 Robert C. Hirst  
 George E. Hjorth, 0957530  
 Kenneth H. Holloway  
 Robert L. Horey  
 Warren W. Houghton  
 James E. Hughes, 0955653  
 James E. Hughes, Jr.  
 Robert B. Hurley  
 Milton L. Ilgenfritz  
 Benjamin F. Ivey, Jr., 0958283  
 Winston R. Jacobs, 0956597  
 Calvin R. James, Jr.  
 Nevon F. Jeffcoat  
 Hubert J. Jensen  
 Thomas L. Johnson  
 Douglas C. Jones, 0955567  
 George M. D. Jones, 0955183  
 James M. Jung  
 Mark I. Jurras, Jr.  
 Francis L. Kafka  
 Andre M. Kahn  
 Archer W. Kammerer, Jr.  
 Charles C. Kellogg  
 Neal D. Kennedy, 0955869  
 Milton E. Key  
 Lemuel G. King, 0956982  
 Albert C. Kitlas, 0955658  
 Louis H. Knipling, Jr., 0960539  
 Richard C. Kohl  
 Jurgen M. Kruse  
 Thomas S. Landis  
 Albert M. Lapidus  
 Arthur E. LaPorte, Jr.  
 Narian G. Larsen

Malcolm D. Latham, Jr.  
 Robert W. Lauber  
 James P. Laughlin, Jr.  
 Elbert E. Legg, 0949647  
 Francis R. Lengefeld  
 Anthony R. Lentini  
 Richard M. Levin  
 Giles F. Lewis, Jr.  
 Jack S. Liles  
 Thomas D. Lind  
 Richard T. Lindgren  
 Ronald A. Liston  
 Kenneth E. Lively  
 Leon R. Livingston, Jr.  
 Richard A. Lodwick, 0955125  
 Flynn V. Long, Jr.  
 Thomas C. Lyons  
 William F. Macatee, 0955264  
 Richard E. Mack  
 Robert A. Mampel  
 George P. Mandanis  
 John F. Marias, 0947915  
 Francis R. Marshall  
 Milton J. Marshall  
 David L. Martin  
 Samuel J. Martin, Jr.  
 Gerard J. Maynard  
 John P. McBride  
 James L. McCarthy  
 Max L. McCausland  
 George W. McClure, Jr., 0954104  
 Marvin R. McClure, Jr.  
 David D. McConaghy  
 Charles E. McCrary  
 Richard V. McGarey  
 Charles I. McGinnis  
 Paul A. McGowan  
 Robert B. McJilton, Jr.  
 Harry W. Meador, Jr.  
 Sinclair L. Melner  
 Glenn W. Metcalf, Jr.  
 Jules A. E. Meylan  
 Donald L. Miller  
 Rowlan L. Miller  
 Charles G. Mitchell, Jr.  
 Raymond A. Mix  
 Andreas J. Moller, 0953805  
 Donald H. Monroe  
 James T. Moore  
 Merl M. Moore, Jr.  
 William H. Moore  
 John W. Mueller, Jr.  
 Francis X. Munisteri  
 Edward L. Murphy, Jr.  
 John B. Murphy, Jr., 0948683  
 Clive E. Murray, Jr., 0947778  
 Michael Nakonechny, Jr.  
 Robert C. Nealey  
 William J. Nelson  
 Joseph C. Nesbitt  
 Jack W. Nielsen  
 John R. Nielsen, 0948511  
 Oliver M. Nikoloff II  
 James E. Niles  
 Oscar F. Noss, Jr.  
 George A. Nowak  
 Howard W. Nunez, Jr., 0958109  
 Thomas M. O'Hara, 0954101  
 Robert E. Olson  
 Frederick T. O'Neill  
 Sidney E. Ormes, Jr.  
 Donald M. Palmer  
 Richard A. Palmer, 0953737  
 Dwayne A. Panzer, 0947969  
 George M. Paris  
 David R. Parrish  
 Carl R. Patterson, 0954100  
 Noe O. Pena  
 Edward W. Pence  
 Oswald E. Perkins  
 Elroy F. Perrien  
 George E. Peters, Jr.  
 Frank W. Philippbar  
 Joe E. Pierce  
 Rocco Piganell, 0955684  
 Thelmus G. Plummer  
 Roger D. Powell











provide for judicial review of denials of applications made for the correction of sentences imposed by general courts martial; to the Committee on Armed Services.

By Mr. WHERRY:

S. 1487. A bill for the relief of Katherine L. Anderson to the Committee on the Judiciary.

By Mr. IVES:

S. J. Res. 73. Joint resolution to amend the joint resolution creating the Niagara Falls Bridge Commission, approved June 16, 1938; to the Committee on Foreign Relations.

#### INVESTIGATION OF COMMODITY CREDIT CORPORATION AND ALL OTHER GOVERNMENT CORPORATIONS

Mr. WILLIAMS (for himself, Mr. FERGUSON, Mr. KEM, Mr. JENNER, Mr. CAPEHART, Mr. DONNELL, Mr. HENDRICKSON, Mr. WATKINS, and Mr. MARTIN) submitted the following resolution (S. Res. 98), which was referred to the Committee on Expenditures in the Executive Departments:

Whereas the report by Stephen B. Ives, Director of the Corporation Audits Division of the General Accounting Office, to Hon. Lindsay C. Warren, Comptroller General of the United States, which report was, with a letter dated March 30, 1949, transmitted by Hon. Lindsay C. Warren, Comptroller General of the United States, to the President of the Senate, concerning the fiscal affairs of the Commodity Credit Corporation, a Delaware corporation, predecessor of the Commodity Credit Corporation, a Federal corporation, for the period ended June 30, 1945, reveals that the amount of \$366,643,129 recorded as due from sales made in the general commodities purchase program could not be supported or verified, and that there has been an apparent lack of appreciation by the management of the necessity for accurate financial reporting; and

Whereas it is important that the fiscal affairs of said corporations and of other Government corporations be investigated: Now, therefore, be it

*Resolved*, That the Committee on Expenditures in the Executive Departments, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete study and investigation into the fiscal affairs of the Commodity Credit Corporation, a Delaware corporation; its successor, the Commodity Credit Corporation, a Federal corporation; and each other Government corporation. The committee shall report to the Senate at the earliest practicable date the results of its study and investigation, together with its recommendations.

SEC. 2. For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to employ upon a temporary basis such technical, clerical, and other assistants as it deems advisable. The expenses of the committee under this resolution, which shall not exceed \$ , shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### RELIEF OF FISHING INDUSTRY OF THE UNITED STATES

Mr. O'CONOR. Mr. President, I submit for appropriate reference a resolution relative to relief for the fishing industry of the United States, and I ask unanimous consent that an explanatory statement prepared by me be printed in the RECORD.

The VICE PRESIDENT. The resolution will be received and appropriately referred, and, without objection, the explanatory statement presented by the

Senator from Maryland will be printed in the RECORD.

The resolution (S. Res. 99), submitted by Mr. O'CONOR, was referred to the Committee on Interstate and Foreign Commerce, as follows:

Whereas extensive hearings have recently been conducted by a subcommittee of the Committee on Merchant Marine and Fisheries of the House of Representatives on problems of the fishing industry; and

Whereas the men and equipment of the fishing fleets and the shoreworkers engaged in the preparation of the catches and the food resource thereby made available have been demonstrated to be and continue to be necessary to the national defense; and

Whereas it appears that the operations of much of the industry have been seriously curtailed by the steadily growing imports of fishery products into this country by other nations which produce at less expense because of lower standards for workers, Government subsidies, and other items; and

Whereas if imports continue to increase as it appears they will the domestic fishing industry faces possible destruction, which will drastically affect many coastal cities dependent on fishing activity for their support, cause unemployment for many thousands of workers, permit one of our most valuable natural food resources to become unproductive and occasion the further removal of management and capital to foreign lands, to the detriment of labor, the national income, and the general public welfare; and

Whereas such occurrences will deprive the country in time of international emergency of the trained men and equipment necessary to catching and preparing for human consumption the product of the seas; and

Whereas it appears from the great amount of testimony adduced at said hearings that certain segments of the fishing industry, particularly the fresh and frozen groundfish fillet industry, are already gravely affected by rising imports, and immediate relief is essential: Now, therefore, be it

*Resolved*, 1. That the United States Tariff Commission is requested to initiate an immediate investigation under the escape-clause procedure authorized by Executive Order 10004 of the imports of fresh and frozen groundfish fillets in order that relief for this industry, as demonstrated by the recent hearings to be necessary, upon substantiation by the Commission's investigation, may receive speedy consideration by the Executive.

2. That the Secretary of State be, and he hereby is, authorized and directed, through the embassies and consulates maintained in foreign countries by this Government, to investigate and report to the Senate, within 60 days of the adoption of this resolution, the costs of production of producers and processors of fish and fishery products, wages, and other remuneration paid to fishermen, shore workers, and all other labor engaged in the production of fish and fishery products in each nation exporting fish and shellfish and all byproducts thereof to the United States, together with a description of the standard of living enjoyed by the persons employed in the fisheries under the jurisdiction of such governments. The report shall further show the trend of growth and importance of the industry in each such country over the past 5 years with an indication of capacity currently under construction or anticipated. The Secretary shall also submit schedules showing the restrictions which the governments of such nations may have imposed upon the importation into their respective countries of any fish or fishery products: *Provided, however*, That should the Secretary require the aid of the Department of Commerce in the gathering of any of the afore-

mentioned data, the Secretary of Commerce is hereby authorized and directed to render whatever assistance may be requested of him: *Provided further*, That it is within the jurisdiction of his Department.

3. That the Secretary of the Treasury be, and he hereby is, directed to ascertain as required by section 303 of the act of June 17, 1930, as amended (19 U. S. C. A., sec. 1303), and report to the Senate, within 60 days of the adoption of this resolution, all subsidies, grants, and bounties of any kind whatsoever paid directly or indirectly by any foreign country or any citizen thereof presently exporting fish or fishery products to the United States, to any fishermen, producers, or processors of fish or fishery products within the territorial jurisdiction of such country.

The explanatory statement presented by Mr. O'CONOR and ordered to be printed in the RECORD as follows:

#### STATEMENT BY SENATOR O'CONOR

It is a matter of great concern to us in Maryland, and throughout the entire United States as well, that the fisheries industry has suffered a severe set-back in production and in the disposal of its catches and products because of the greatly increased and steadily growing imports of fisheries products from other countries.

The condition has become so serious that, generally, those engaged in the Nation's fisheries, as well as the workers on shore who process the catches, face a very uncertain future as to their employment and their livelihood. Like the other component parts of our great industrial population, these fisheries workers have enjoyed considerable increases in income, to the point where their products can be undersold by the fisheries imports from other lands, which produce at lower cost than it is possible to do here in America because of the lower standards among their workers and quite frequently because of Government subsidies.

If the current condition is allowed to deteriorate at the same rate that it has done so in the past few years, the first thing we know there will be no fishing industry worthy of the name remaining in America. Not only would this entail great unemployment, but it also would deprive our country of an important basic food industry. This industry made a notable contribution to the feeding not only of our own people but of the hungry millions in other lands during the war and the period immediately following. We may be sure that should another such emergency arise, and a comparable food-shortage situation develop, our country would be in a sad state without a going, well-equipped fisheries industry to assist in the production of food for our people and our allies.

Within the fishing industry itself, the unfavorable aspects of the current economic situation have been causing something approaching consternation. Not only has management found in it cause for concern, but the various labor organizations affected, both A. F. of L. and CIO, have joined forces in asking for consideration of possible relief from an intolerable situation.

I am, therefore, presenting, for appropriate reference, a resolution asking that the United States Tariff Commission initiate an immediate investigation, under the escape-clause procedure authorized by Executive Order 10004, of the imports of fresh and frozen groundfish fillets, as a basis for consideration, and that the Secretary of State be authorized and directed to investigate and report on the costs of production of producers and processors of fish and fisheries products, wages, and other remuneration paid to all those engaged in the industry, in each nation exporting such products to the United States, together with other pertinent information.



# ACADEMIC FREEDOM VERSUS COMMUNIST INDOCTRINATION—ADDRESS BY SENATOR MORSE

[Mr. MORSE asked and obtained leave to have printed in the RECORD an address on the subject Academic Freedom Versus Communist Indoctrination, delivered by him to the graduating class of the Federal Bureau of Investigation, National Academy, on April 1, 1949, which appears in the Appendix.]

## CANADA CUTS TAXES—EDITORIAL FROM THE WASHINGTON (PA.) OBSERVER

[Mr. MARTIN asked and obtained leave to have printed in the RECORD an editorial entitled "Canada Cuts Taxes To Halt Recession," published in the Washington (Pa.) Observer, which appears in the Appendix.]

## A LONDON LONGSHOREMAN IN CALIFORNIA

[Mr. KNOWLAND asked and obtained leave to have printed in the RECORD an article entitled "A London Longshoreman Doesn't Miss California," by Waldo Drake, and an editorial entitled "In Spite of All Temptations," published in the Los Angeles Times of March 24, 1949, which appear in the Appendix.]

## THE PROPER APPROACH TO SOCIAL ISSUES—EDITORIAL FROM THE ESSEX COUNTY (N. J.) DENTAL SOCIETY BULLETIN

[Mr. MURRAY asked and obtained leave to have printed in the RECORD an editorial entitled "Let There Be Light," published in the March 1949 issue of the Bulletin of the Essex County (N. J.) Dental Society, which appears in the Appendix.]

## WHAT'S RIGHT WITH AMERICA—RADIO COMMENTARY BY W. EARL HALL

[Mr. MUNDT asked and obtained leave to have printed in the RECORD a radio commentary by W. Earl Hall, published in the Mason City (Iowa) Globe-Gazette, which appears in the Appendix.]

## COMMITTEE MEETING DURING SENATE SESSION

Mr. O'MAHONEY. Mr. President, the Committee on Interior and Insular Affairs is in the process of holding a hearing upon the nomination of Governor Gruening to be reappointed as Governor of the Territory of Alaska. A large number of Alaskan citizens have come to Washington for the purpose of testifying at this hearing. We have been in session since shortly after 10 o'clock this morning. The schedule of the committee will be seriously interrupted and great inconvenience will be inflicted upon those citizens of Alaska unless we are permitted to proceed with the hearing during the session of the Senate. I therefore ask unanimous consent that the Committee on Interior and Insular Affairs may proceed with the hearing.

The VICE PRESIDENT. Is there objection?

Mr. WATKINS. Mr. President, reserving the right to object, I wonder if the distinguished chairman of the committee can tell us about how long we shall have to be in that hearing while the Senate is in session?

Mr. O'MAHONEY. I have no means of knowing exactly how long it will be. There are at least 40 persons whose names have been submitted, but I understand that only a fraction of that number will desire to be heard. It was the

hope of the chairman that the hearing might be concluded today.

Mr. WATKINS. I should like to attend the hearing, inasmuch as I am a member of the committee. I should also like to hear the discussion in the Senate on the pending question. However, in view of the statement of the chairman, I shall not object.

The VICE PRESIDENT. Without objection, permission is granted.

## LEAVES OF ABSENCE

Mr. THOMAS of Oklahoma asked and obtained consent to be absent from the Senate beginning at 5 o'clock today, until Monday morning.

Mr. FREAR asked and obtained consent to be absent from the session of the Senate on Tuesday next.

## TRANSFER OF FUNCTIONS OF REGIONAL AGRICULTURAL CREDIT CORPORATION TO THE SECRETARY OF AGRICULTURE—CONFERENCE REPORT

Mr. THOMAS of Oklahoma submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2101) to authorize the Regional Agricultural Credit Corporation of Washington, D. C., to make certain disaster or emergency loans, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title, and agree to the same.

ELMER THOMAS,  
GEORGE D. AIKEN,  
MILTON R. YOUNG,  
CLINTON P. ANDERSON,  
ALLEN J. ELLENDER,

*Managers on the Part of the Senate.*

HAROLD D. COOLEY,  
STEPHEN PACE,  
W. K. GRANGER,  
CLIFFORD R. HOPE,  
AUG. H. ANDRESEN,

*Managers on the Part of the House.*

The VICE PRESIDENT. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. KNOWLAND. Mr. President, will the Senator give us an explanation of what the conference committee did?

Mr. THOMAS of Oklahoma. Mr. President, the report is unanimous. It accepts the Senate version of the bill, which proposes relief for the persons who have suffered because of the severe winter in the Northwest. It makes available some unexpended funds; no new appropriation is called for, but some unexpended funds are made available, and the report proposes to make them available to certain persons who have suffered losses because of the severe winter.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHERRY. Does this have anything to do with the termination of the RAAC loaning agency?

Mr. THOMAS of Oklahoma. Yes; I think it does.

Mr. WHERRY. That is involved in this matter; and from now on the loans will be made by—

Mr. THOMAS of Oklahoma. By the Secretary.

Mr. WHERRY. By the Secretary?

Mr. THOMAS of Oklahoma. Yes.

The VICE PRESIDENT. The question is on agreeing to the conference report. The report was agreed to.

## WINSTON CHURCHILL'S SPEECH—COMMENT BY SENATOR MCMAHON

Mr. MCMAHON. Mr. President, one of the press services asked me yesterday to comment on the speech which Mr. Winston Churchill made last night. I herewith submit for printing in the RECORD my comment on the speech, and ask unanimous consent that it may be printed in the RECORD at this point.

There being no objection, the comment was ordered to be printed in the RECORD, as follows:

MARCH 31, 1949.

Mr. Churchill correctly judges the part atomic bombs play in presently keeping the peace. However, we shall not remain the exclusive possessors of the atomic bomb in the future and Mr. Churchill, unlike so many others, realizes it. I believe that he realizes, too, that the settlement of the control of armaments capable of mass destruction poses the heart question of our time.

## EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. CONNALLY. Mr. President, those of us who are deeply interested in the passage of the pending bill and also the vote on the so-called Taft amendment are extremely anxious that Senators shall remain in attendance during the debate and action on these measures. We should like very much to have the bill passed today. That cannot be done unless Senators remain in the Senate Chamber. We think the Senate has been very liberal in allowing full and complete debate by those who are opposing the bill and by those who have amendments to it. I simply wish to urge all Senators to be present if possible. We do not desire to have a session tomorrow; but the majority leader advises that unless we complete action on the bill today, he will insist upon having a session of the Senate tomorrow.

So in the interest of proper consideration and in the interest of obtaining action, I hope all Senators will be present and will permit us to discuss this matter and dispose of it promptly during the day.

The VICE PRESIDENT. The Chair would like to make this statement for the benefit of all Senators: The Chair's attention has been called by the clerks at the desk to the fact that a habit has grown up among Senators to come into the Chamber after a quorum call has been completed and the result announced, and have their names put on the roll as if they were here at the time when the roll was called. That sort of



habit makes it difficult to obtain a quorum; because if a Senator can come in after the quorum call has been concluded and still can have his name placed on the roll call as if he had been present at the time when the roll was called, there is no inducement for him to be here to answer to his name when the roll is called. That is a violation of the rules, of course.

From now on, no Senator's name will be placed on the roll as having been present, after the completion of the call, unless he actually is present and answers to his name when called. So if a Senator does not actually answer to his name in accordance with the rule, his name will not go on the roll call as being present.

There is no rule for the practice which has developed; it is simply something which has grown up here as a habit, somewhat like Topsy; but it makes it extremely difficult to obtain the presence of quorums; because if Senators can continue to indulge in that practice, they can remain in their offices perhaps all day long, and yet get their names on the roll call. Frequently it is very difficult under such circumstances to have Senators really in attendance in the Senate Chamber.

So all Senators are now given notice that if they are not in the Chamber in person to answer to a roll call, their names will not be placed on the record.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LUCAS. I should like to make an observation along the lines of the proper procedure in debate today. As the Senator from Texas has well said, I think we have been more than lenient and kind in permitting this issue to be debated rather fully, and certainly the rules of the Senate have not been strictly enforced at all in that connection. I am the last one who would desire to do that; but in order to expedite matters, it seems to me that the rule in respect of yielding for a question only should be fairly strictly enforced, and no Senator should make a speech of 5 or 10 or 15 minutes in some other Senator's time. I know it is done almost constantly, and, as a general rule, we do not object. But we are moving into the last phases of the consideration of this bill, and it seems to me we should have the rules enforced today. I believe that if we debate the issue, we can conclude action on this matter before night. As the able Senator from Texas has said, if we are not able to do so, we shall have to come back tomorrow, because of the deadline that is involved.

Mr. ROBERTSON. Mr. President, in view of the fact that I intend to vote against the Taft amendment and all other amendments to reduce, in an arbitrary manner the over-all authorization as unanimously reported by the Foreign Relations Committee, I desire to take a few minutes of the time of the Senate to explain why I shall take such a position.

No Member of the Senate is more deeply concerned than am I over the mounting expenditures of the Federal Government and the heavy burden of taxation necessary to support such ex-

penditures. No Member of the Senate is more anxious than am I to reduce these expenditures and ultimately to reduce the tax burden, to say nothing of avoiding, if possible, an increase in the tax burden at this session or the next session. But, Mr. President, in approaching a problem of expenditure I attempt to differentiate between essential and nonessential expenditures. In my opinion a military establishment to protect us from the consequences of attack in the event we should become so unfortunate as again to be involved in war, involves an essential expenditure. And I deem even more essential than a military establishment, assumed to be capable of winning a war if we get involved in one, any program reasonably calculated to keep us out of war. Certainly nothing could equal the cost of another war, to say nothing of the added destruction of civilization as we have known it.

There are Members of this distinguished body who do not think that a continuation of ECA and the rehabilitation of cooperating democracies of Europe is any contribution to the future peace of the world. They are entitled to their viewpoint. I am very happy to believe that a large majority of this body is of the opinion that the rehabilitation of the democracies of Europe with our help—and certainly there is no assurance that they can be rehabilitated without it—is a contribution to peace that justifies the necessary expenditure. So, I anticipate that when we come to vote on the Taft amendment which proposes a horizontal cut of 10 percent of the Administration's fund and 10 percent of the fund going to meet the dollar shortages of the cooperating countries, the real issue which will divide us will not be that the program is a contribution to peace, in that it will be calculated to stay the hand of a possible aggressor, but that the amount proposed is more than is reasonably needed for such an undertaking.

I shall not take the time of the Senate, because the distinguished chairman of the committee has already said we would like to complete action on this bill today if possible, to make any elaborate argument on the subject of the need for international cooperation. The program was wonderfully explained to us in the opening speech of the senior Senator from Texas [Mr. CONNALLY], and in the equally eloquent, cogent, and persuasive speech by the distinguished senior Senator from Michigan [Mr. VANDENBERG], the ranking minority member of the great Foreign Relations Committee.

I was also impressed with the testimony Ambassador Harriman gave to the committee on this point, and, in view of the fact that I am satisfied no Member of this body has read all the 584 pages of printed testimony taken before the Foreign Relations Committee, I shall take the liberty of merely reading several paragraphs from the testimony of Ambassador Harriman on the point of whether we need a program of this kind and what the alternative to it would be.

Mr. KEM. Mr. President, will the Senator yield?

The VICE PRESIDENT. For a question?

Mr. KEM. For a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Virginia cannot yield for a parliamentary inquiry.

Mr. ROBERTSON. I will yield for a question only, and I hope that it will be pertinent.

Mr. KEM. Mr. President, I have this question to ask—

The VICE PRESIDENT. The Senator cannot yield for a parliamentary inquiry.

Mr. KEM. I should like to ask the Senator—

Mr. ROBERTSON. I yield for a question only.

Mr. KEM. The Senator from Missouri had been recognized, and yielded to other Senators for formal matters, in view of the fact that the Senator from Missouri proposed to address the Senate at some length.

The VICE PRESIDENT. The Chair may say that the present occupant of the Chair had not recognized the Senator from Missouri, prior to routine matters. The Chair later recognized the Senator.

Mr. KEM. I understood the Chair to recognize the Senator from Missouri.

The VICE PRESIDENT. No.

Mr. KEM. As I recall, the Senator from Missouri said he proposed to address the Senate at some length, and would yield.

The VICE PRESIDENT. The Chair recognized the Senator from Missouri during the presentation of routine matters, but had not recognized him prior to that time.

Mr. ROBERTSON. I may add to what the Chair has said to my distinguished colleague that I was watching very closely to see who would be recognized, because I knew the Senator from Missouri planned to speak at considerable length on this subject, and I had only planned to speak extemporaneously for 10 or 15 minutes. Moreover, I have an urgent call to return to the Subcommittee on the Treasury and Post Office supply bill which must consider and act upon an urgent appropriation bill. Therefore, I was keeping close account of what was happening here, to the end that I might make the statement I now wish to make.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Colorado?

Mr. ROBERTSON. I yield.

Mr. JOHNSON of Colorado. I should like to ask the Senator whether he read in the press this morning a United Press dispatch from London, dated March 31, reading as follows:

Britain ended its 1948 fiscal year tonight with a budget surplus of 831,000,000 pounds (\$3,324,000,000), sources close to the Treasury disclosed. This is 42,000,000 pounds (\$168,000,000) more than had been estimated, the sources said.

My question is, Can the Senator say that the United States is going to end its



fiscal year with any surplus, while Britain is ending hers with a surplus of \$3,000,000,000, and while we are proposing, as I understand, to take out of a deficit the money to be sent to Great Britain?

Mr. ROBERTSON. The Senator has asked me four questions, and I cannot answer them all with one answer. But I shall start down the line and answer them as best I can.

No. 1. I did not read the United Press story.

No. 2. I learned a few years ago not to believe everything I read in the newspapers.

No. 3. I do not believe that the United Kingdom has in a reality the kind of surplus to which the news story referred, because it has solemnly and definitely made a demand upon us to meet a dollar shortage of approximately a billion dollars.

No. 4. I do think we shall face a deficit in our current fiscal year, as estimated in the President's budget last January, of \$600,000,000, and it may be more than that, because the revenue anticipated at that time may not be realized, and we shall not know until after April 20 whether the March returns showed a collection for 1948 of the sum anticipated when the President submitted his budget to us in January of the current session.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield for another question?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Colorado for a further question?

Mr. ROBERTSON. I yield for a question.

Mr. JOHNSON of Colorado. I should like to ask the Senator whether he read the Associated Press dispatch from London, dated March 31 of this year, reading as follows:

Britain disclosed today that it plans to loan Russia 9,000,000 pounds (\$36,000,000) for purchase of nonmilitary supplies from Britain in the next 12 months.

I ask the Senator that question, and I also ask this question: Is the Senator able to make a distinction between nonmilitary goods and military goods, in these days of modern warfare, when all goods have a potential military value?

Mr. ROBERTSON. The Senator has asked me three questions in one, and I shall try to answer each one of them.

No. 1. I did read the item to which he refers.

No. 2. Great Britain is lending Russia pounds sterling, and not dollars. Great Britain does not have a shortage of pounds sterling. She does have a shortage of dollars.

No. 3. The goods to be furnished Russia, as indicated in the story to which my friend refers, were to be, very definitely, nonmilitary goods. The Senator asked me if there was any difference between military and nonmilitary goods, and I say, yes, there is a very great difference between nylon hosiery and an airplane, for instance. We want to rehabilitate Great Britain, the best ally we have, an ally from whom we have inherited our democratic principles, as well as our language, our religion, and

our culture; an ally who has always been brave to make a fight for personal liberty, and, I am convinced, is one ally at least, without casting any aspersions on any others, who will stand up and make a fight, as Mr. Winston Churchill so eloquently said at Boston last night.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. ROBERTSON. I have not yet finished answering the question asked me by the Senator from Colorado.

Mr. TAFT. Excuse me.

Mr. ROBERTSON. There is no difference whatever between Great Britain's making a loan of a few million pounds sterling to Russia to buy nonmilitary supplies from her textile mills and making a loan to purchase some drugs, for instance, and a few other items which are mentioned in the article.

The article also said that some British agency would very carefully screen and rescreen everything that went out under the loan to Russia in order to make certain that not one single item of military value would be shipped out of England to Russia. If Great Britain can find a market for her woolen goods and her textiles generally, I do not have to tell the Senator that the United States will not need to take them. Great Britain has to sell them somewhere. Would we not rather have the textiles go out of Great Britain to Russia than have them come here and compete with the textile mills of New England and of the South? We must be consistent one way or the other about this proposition. If we want people to be our friends, and if we want help in the event a nation too big for us to handle alone should jump on us, we must adopt a policy of live and let live, or else we must do what I shall read directly from the testimony of Ambassador Harriman.

Yes; we can keep all our dollars at home. We can tell everyone to "go to," if we want to. We can say, "We are not concerned about what happens to you." We can become an armed camp; but what will it cost in the end, not only in the loss of world trade but in the establishment of a military outfit that could compete with a government which can use 200 divisions when we do not have 10 which could compete through making submarines faster than we can build them? We must compete, if it comes to that kind of a conflict, with a government that has direct control over 300,000,000 persons in its own country and, as Mr. Churchill said last night, is rapidly gaining control over the 900,000,000 persons in China and India. Where would we be? We would be on this continent, which we call North America, without a friend in the world, without a military base, and with no trade except among ourselves.

I trust I have answered all the Senator's question.

Mr. JOHNSON of Colorado. Mr. President, I have another question, if the Senator will yield.

Mr. ROBERTSON. Is it another news item on which the Senator wants me to comment?

Mr. JOHNSON of Colorado. It is in regard to the loan to Russia. Does the

Senator realize that it is a loan, and is not an exchange of goods; that Great Britain is furnishing the money to enable Russia to buy goods from Great Britain? An additional question is this: Does the Senator not believe that if England should make similar loans to a great many nations, she could sell the surplus goods about which the Senator from Virginia complains?

Mr. ROBERTSON. The Senator asks me four different questions in one question. He asks if I realize it is a loan. I trust the Senator realizes that Great Britain has a managed currency which is not geared to gold, and can print money just as easily as we can print money—and that is what both of us are doing. I realize that Great Britain has no shortage of pounds sterling. I realize that Russia, with all her faults, has been honest in the payment of her debts, and the loan would, on the basis of a business transaction, be a sound loan, whereas a loan to Greece might be in a different category, because Greece is bankrupt.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield to the Senator from Ohio.

Mr. TAFT. Does not the Senator realize, however, that by taking the men and materials required, the British are diverting materials which might go to dollar areas and reduce the payments we are called upon to make?

Mr. ROBERTSON. I do not think that is true at all, because, up until this year—I do not know about this year—the textile mills in Great Britain have been operating from 60 to 65 percent of capacity, because they did not have a market for what they could produce. A man who is trained to weave cloth cannot be employed to make steam engines. Industries must be operated by men trained to the particular work. Great Britain is now seeking a market for the things she has traditionally made and exported. In a few days or a few weeks or a few months, when we come to consider the reciprocal-trade-agreement program, no Senator is going to be more vigorous in his opposition to that program than is my distinguished colleague from Ohio, because he does not want to take into this country the things which the program contemplates we will take on a mutually profitable basis. You will ask us to turn down that program. You will not want this country to take one yard of cloth or one pair of knit socks that will compete in any way whatever with goods manufactured in this Nation. You have never yet voted for reciprocal trade agreement.

Mr. TAFT. That is not the fact. I voted for a reciprocal-trade-agreement act of last year.

Mr. ROBERTSON. I stood on this floor for an hour to show what a farce that agreement was. Please do not tell me that the Senator from Ohio favored it, when he hamstrung it so it could not possibly work. I know something about reciprocal trade agreements, and I know what a farce the bill of last year was.

Mr. TAFT. Do I correctly understand that the Senator is in favor of admitting



goods which will destroy American industry?

Mr. ROBERTSON. Please do not try to put words into my mouth. We are taking at this time more imports than ever before in our history, and they have not destroyed American industry. If the Senator will be good enough to go back to 1929, before our bankers led us into a whirl of bank-credit inflation and broke our backs over the barrel of the stock exchange, he will find in that year, when our farmers had the highest level of prosperity in their history, when our industries had the largest employment, the largest pay rolls, and the largest earnings, that we took more imports than in any previous year in all our history.

So it is not a fact that imports destroy our prosperity. On the contrary, they tend to balance the economy by which our farmers can keep going, by which our automobile manufacturers can keep going, by which our machine tool producers can keep going, by which the business machine tool manufacturers can keep going, by which our dollar watch factories, if there is a desire that we make any more dollar watches, can keep going, and our sewing machine factories can keep going. But I shall not keep going, because I know I can never convince the Senator. He is against the whole program.

Mr. TAFT. Mr. President, will the Senator yield?

The VICE PRESIDENT. The Chair wishes to state that it is a violation of the rules to refer to another Senator in the second person. The Chair has called attention to that, and it seems to the Chair the rule should be observed. Furthermore, inasmuch as the Chair is going to be asked to enforce the rules governing debate, the Senator can yield only for a question, not for a statement.

Mr. TAFT. Mr. President, will the Senator from Virginia yield for a question?

Mr. ROBERTSON. I shall yield, but before I yield, I have somewhat of a moral commitment to the junior Senator from Missouri, who is all steamed up to go, and I told him I would take only 10 or 15 minutes. I should rather finish and then yield the floor.

Mr. TAFT and Mr. KEM addressed the Chair.

The VICE PRESIDENT. Does the Senator from Virginia yield, and, if so, to whom?

Mr. ROBERTSON. I yield to the Senator from Ohio.

Mr. TAFT. Does not the Senator feel that by diverting goods for shipment to Russia, when the English might be building up their textile industry and shipping textiles to the dollar areas, they are diverting goods and manpower from a source which will reduce their deficit, so that we have to advance so much more money?

Mr. ROBERTSON. I do not know of any dollar area to which Great Britain could ship her goods, except to the United States. She is trying to get us to take all we are willing to take. Resentment is being built up now every week and every month against the possibility that we are taking too much, and when the bloom of

the inflation rose has begun to fade, excessive imports would be very disastrous to our domestic economy. Great Britain knows that. They are just as smart as we are, if I may say so, and I think it is a very good thing if Great Britain and the other participating countries can find means of rebuilding their essential industries without expecting too much of us in the way of furnishing dollars, of which they have an acute shortage.

Mr. TAFT. Does not the Senator realize that the moment the British stop exports to the dollar areas—and the dollar areas include South America, Canada, and many other countries besides the United States—we are then called upon to give them the dollars?

Mr. ROBERTSON. I do not think that is true. I wish I had time really to expound the philosophy of that for the Senator, but I desire to come to the point we are really discussing, because with all due deference to my distinguished colleagues who have been debating this issue for nearly 2 weeks, very few of them have stuck to the issue. I concede their right to talk about anything they please, and certainly when I have held the floor on one occasion for 6 hours, I cannot blame any other Senator for exercising the same privilege. But, in view of the fact that we are now getting into something of a log jam, I think it would be in the interest of friendship and brotherly love if, when we have an essential bill before us, we could center on that bill, discuss the bill all we care to, but talk about the bill, and then vote. Then, when the Atlantic Pact comes before the Senate, let us talk about that, and when the reciprocal trade agreement bill comes up, talk about that. I think that would promote orderly procedure as relating to the legislative program.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. TAFT. Was it not the Senator from Virginia who diverted attention to the reciprocal trade agreement question, rather than the Senator from Ohio?

Mr. ROBERTSON. Oh, yes; because I had to answer the Senator from Ohio, since he raised an issue which involved that one question.

Mr. TAFT. Will the Senator yield for one more question?

Mr. ROBERTSON. Yes.

Mr. TAFT. If the aid to Britain shall be cut, in a rather minor degree, assuming they get a 10-percent cut, equally with others, under the amendment—it might be smaller or larger according to what the Administrator might decide—does the Senator realize that Great Britain has other assets by which she could easily make up the deficiency if she had to do so?

Mr. ROBERTSON. I was coveting the opportunity to get to the point where I could tell my distinguished friend from Ohio, and any other colleagues who do me the honor of sitting here to hear my extemporaneous views on this subject, that I did not by any means intend to commit myself, morally or in any other way, to the full amount of this authorization, by voting against the amendment proposed by my distinguished colleague

from Ohio. I do not consider that any Member of the Committee on Appropriations will be bound by such a vote, or that any Member of the Senate will be bound by such a vote. But I do intend to indicate, if I get the chance, why I think it would be far more orderly, far more effective, far more logical, to analyze this program with the technical staffs, first of the House Committee on Appropriations, then of the Senate Committee on Appropriations, and then bring the matter back to the floor where amendments could be offered, considered, and voted on just as well as they could be offered today. But if without a full knowledge of what is involved we make an arbitrary cut, we will have tied our hands and the hands of the Committees on Appropriations, no matter what a full investigation of the facts might disclose to be the urgent minimum needs of these dollar-hungry countries, whose rehabilitation will mean much to us.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. TAFT. Is the Senator aware of the fact that the British have on deposit with the Reconstruction Finance Corporation securities of the value of \$900,000,000, against which their obligations now to the RFC amount to only \$132,000,000, so that they have a borrowing power, if they wish to exercise it—of course, the money would have to be repaid—of more than \$750,000,000, to make up a deficit of perhaps \$94,000,000, assuming the figures to be correct.

Mr. ROBERTSON. In the spring of 1946, when I spoke in the House of Representatives in behalf of the loan to Great Britain, I went fully into the assets Great Britain had in this country and the assets she had pledged with the RFC. She has pledges with the RFC, which at that time amounted to about \$500,000,000, and the assets amounted to something in excess of \$600,000,000. I did not know that the loan had been reduced as much as it has been. I think it is very fine and very commendable of the British to have so reduced it. But I also know that included in the assets the Senator is discussing are certain trust assets belonging to Americans, which have been left to British relatives, and that it would be morally unjust if Great Britain liquidated those and spent the proceeds for governmental purposes, when they are private property. And the British are honorable people.

Mr. TAFT. Will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. TAFT. Having borrowed \$425,000,000 on those securities, which debt has now been reduced to \$132,000,000, from the income from securities alone, does the Senator think there would be any great moral objection to their borrowing the same money again?

Mr. ROBERTSON. Let us consider the facts which existed when they borrowed it. They were under the German guns, and did not know whether they would have anything left. They responded to the appeal of Churchill when he said, "We will fight on the land, on the water, and in the air, until we win



the victory." That is when they borrowed the money, and now that the war is over and they have won the victory, they do not want to confiscate private property for governmental purposes. Let us be fair and consider the conditions when they borrowed it, and why they borrowed it.

Mr. TAFT. Does the Senator object to my stating the figure so that it will be in the RECORD? I think the Senator is correct in saying that originally it was \$600,000,000. I am advised by the RFC today that those securities are worth \$900,000,000, and much of that amount is owned by the British Government, only a part of it is borrowed. The rest was taken by the British Government and the owners reimbursed. At that time they borrowed \$390,000,000. That was the maximum. That has been reduced to \$132,000,000, and the value of their securities, the same securities, has risen to \$900,000,000. So that they now have an equity in securities of some \$768,000,000.

Mr. ROBERTSON. Frankly, I am surprised that the securities are not worth more than that. I was this morning going over some figures of the Migratory Bird Commission, concerning the purchase of some land in Wisconsin. We have bought in various areas over a million acres as wildlife preserves at \$7 an acre, and when we went to buy some more marshland, to protect the diminishing flocks of ducks, the owners asked as high as \$145 an acre, and an average of \$77 an acre for it. Of course, that is high, but values now are inflated. The cost of everything in this country has gone up.

Mr. President, if some other Senator does not have a pertinent question to ask, I shall endeavor to return to my original theme. I was proposing to quote a paragraph or two from the hearings of the Senate Committee on Foreign Relations, which I said, comprise 584 pages. I make the assertion, Mr. President, that no Member of this body has read the whole volume. If there is any Member of the Senate on the Senate floor who has read those 584 pages, I yield for him to rise and say so.

That testimony is divided into four general categories. Mr. Hoffman and his aides told what had been done in Europe. He told of the progress that had been made over there. He told what they proposed to do, and he told what he thought it was going to cost. At least one part, of more than 100 pages of this volume which I hold in my hand, is devoted to a discussion and an analysis of what the cost would be. That is the only issue before us now, because, as I said, some Members of the Senate are going to vote against this program if there are but 10 cents in it, but those of us who think the program is headed in the right direction and that it will mean a contribution to peace, want to know what is necessary to be expended in order to do the job. We do not want to do a halfway job. As the Senator from Michigan [Mr. VANDENBERG] said last year, if a 20-foot rope is necessary to pull a drowning man out of the water, we do not want to throw him a 16-foot rope and say, "It is just too bad if you cannot

swim the other 4 feet and get to the end of the rope."

Mr. President, I wish to read from the hearings what Ambassador Harriman said about the over-all program.

It is true that the American people have a certain humane sympathy in the people of western Europe, but I put that aside rather quickly because the sums are so vast.

A second aspect, of course, relates to world prosperity. I think there is an understanding in the United States—certainly I believe it—that it will be very difficult for us to have a prosperous America unless there is a prosperous and expanding world economy.

The third field—

Now listen to this, because it is the gist of the whole program:

The third field is to me the most important of all, and that is the question which is uppermost in the minds of all of us, and that is peace and security of the United States. The hope for peace, to my mind, is the preservation of a free society in as large an area of the world as possible.

I pause at this point to comment again on the speech delivered by Winston Churchill last night when he told about the movement of the anti-God ideologists to substitute the control of the state for individual liberty. He promised us in that speech that the British people would certainly continue with us to fight for the preservation of what we are pleased to call American Constitutional liberty.

I continue to read from Ambassador Harriman's statement:

In western Europe have developed the democratic traditions from which we have sprung. We have taken them and expanded them, but there is a community of outlook in terms of freedom of the state serving the individual rather than the individual serving the state—

Mr. President, Mr. Churchill used exactly that expression. I know he has not read this testimony. It simply shows that men with a common objective are thinking in common terms. That is the real essence of what we are doing.

But there is a community of outlook in terms of freedom—

I repeat—

of the state serving the individual rather than the individual serving the state, and I am convinced—

Said Ambassador Harriman:

In my own mind that if we can reestablish the vitality of western Europe, and I believe we can, that we will have allies in the cause of freedom and peace which, combined with our strength, will be in the first place undefeatable, and in the second place will prevent another war.

He goes further than I would in that respect. I do not know what will prevent another war. There never has been anything devised yet in human experience that has permanently prevented another war. Everything has been an interlude between wars. But I can look back in history and read this fact. The strength of Caesar's Roman legions preserved peace in the world for more than 400 years. They were so strong that no nation dared to challenge them. I feel justified in saying that if the initial virtues of the Roman people, their vigor, their strength, their democracy, and their sense of justice—and they were lawgivers—had been preserved and not un-

dermined by corruption and rottenness and softness they might have preserved the peace of the world for another 400 years.

We are trying, Mr. President, to make our people strong, to have a military establishment that will give pause to any aggressor who may seek to attack us; and we want across the Atlantic Ocean allies like Great Britain and the democracies of the continent who are now so eager to cooperate with us in this program.

I continue the reading from Ambassador Harriman's testimony:

And so I want to emphasize the fact that I believe that this is an investment in peace, and if it is carried through to conclusion, if we do not turn away from it, if we carry through with courage and determination, we can look forward to a peaceful world.

Then a question was asked of the witness by the distinguished senior Senator from Wisconsin [Mr. WILEY]. I do not have a warmer friend, a more esteemed friend, in this body than the senior Senator from Wisconsin. He made a noble and a notable contribution to the settlement of the issue that was dividing us over the proposal to change the rules of the Senate, and he makes a contribution here which I am very happy to call to the attention of my colleagues on this floor. The question is by the Senator from Wisconsin:

Senator WILEY. What is the alternative? If we do not go on, what do we get?

Ambassador HARRIMAN. I think we face living in an armed camp for an indefinite future.

Senator WILEY. And would you be willing to give your estimate as to what you think that would mean in addition to what we are spending for armed services?

I will leave the testimony for a moment to make an observation. I do not know as yet what we shall spend this year for armed services. I am glad that I am on the subcommittee of the Committee on Appropriations which will have to make the first decision on that matter. I understand the President's budget contemplates about fourteen and one-half billion dollars. I understand the chairman of the Armed Services Committee of the House has proposed that one and one-half billion dollars be added to that sum. There seems to be quite a sentiment in Congress as well as among the people of the Nation, that we would do well to increase our Air Force units from the 47 or 48 we now have, by at least 10 more, and some would like to see them increased to a total of 70 air squadrons. So I say we do not know before we have completed action on the appropriation bill for the armed services what figure was being referred to here. But take it to be what you please, this answer still is correct:

Ambassador HARRIMAN. I am not really in a position to give that figure. I believe that if the vitality of western Europe is developed, as I believe it will be, we can hope for a peaceful world at some time in the future where our military expenditures need not be as high as they are today, but I would not want to predict when that time would come, because at the moment the preservation of peace depends very largely—no, I will not say very largely; depends substantially—upon our Military Establishment.

Senator WILEY. What was that?



Ambassador HARRIMAN. I say the preservation of peace depends upon the strength of our Military Establishment.

Senator WILEY. Putting it concretely, if we did not invest in the Marshall plan, you have said it would mean that we would be in an armed camp. Well, we have not quite arrived at an armed camp yet. That would mean billions and billions on top of what we are spending now. That is what you would mean?

Ambassador HARRIMAN. For the indefinite future, with a strengthening opponent rather than a reducing opponent.

Those of us who give some thought to the budget know that 70 percent or more falls in the general category of appropriations for past wars and items to protect us against possible future war. Only 25 or 30 percent of that budget is for our domestic affairs. But I am definitely of the opinion that our major concern today should be with that domestic program, because as Ambassador Harriman says, if we adopt a constructive approach to the problems of peace we may find the time when we can cut five or six billion dollars from our military establishment and end the ECA, or military aid on the lend-lease basis which we may see fit to give under the Atlantic Pact, and items of that kind. They can be temporary. It is the domestic program that will grow and be permanent. If we do not set our hearts resolutely against increases in that program, it may ultimately reach a point equal to the total of our present budget.

I am not too much disturbed about what we are putting into defense and international cooperation, because if we live right and the Lord is with us, and we treat others as we would have them treat us, there is a possibility, as Mr. Churchill said last night, of a retreat, such as took place when Genghis Khan died. They had the necessary forces, but possibly God's hand was there. Genghis Khan died, and when they rushed back to select a new generalissimo they decided that they would not set forth on any more conquests. We are not asking for anybody to die, but it is possible for a man's heart to change. It is possible that there may be a realization among the Russians that it would be better for the Russian people, as well as their leaders, to cooperate on a friendly basis, rather than to persist in a program of constant pressure, irritation, and threat of a future conflict.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. SALTONSTALL. I should like to ask the Senator from Virginia two questions regarding his colloquy with the Senator from Ohio [Mr. TAFT], but I do not wish to ask them until he reaches an appropriate point for interruption.

Mr. ROBERTSON. Before I yield the floor, I shall be glad to come back to that point. I was about to proceed to another point.

I wish to come now to the question of what should influence our vote on the Taft amendment for a horizontal cut of 10 percent.

I have been discussing what I believe to be the majority sentiment of the Senate—and certainly it is the majority sen-

timent of the Nation; make no mistake about that. The fear of war hangs like a dark cloud over the peace and contentment of the people of the Nation. They want us to do what we reasonably can to prevent war, rather than to assure them that we can win it. They do not want it to start. The American people believe in international cooperation. I do not know how many millions listened to Winston Churchill last night, but there were plenty of them, and they were with him.

So far as our finite minds and human limitations will permit us to lift the curtain of the future, this is the program best calculated to keep us out of war.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. LUCAS. Does the Senator realize that not a single responsible organization in this country appeared before the Committee on Foreign Relations to oppose the Marshall plan?

Mr. ROBERTSON. No, I did not, but that confirms what I have already said. None of us has read all the hearings. I have not read them all, and I am satisfied that other Senators have not read them all. I know how busy I am, and I concede that other Senators are just as busy as I am.

Mr. LUCAS. I asked the question to confirm what the Senator stated a moment ago, that the people of the country are supporting the program.

Mr. ROBERTSON. I feel that way about it, and I appreciate the suggestion from the distinguished majority leader. No organized body appeared before the committee to oppose the program, and the committee was unanimous in submitting its report to us.

I now take up the question of what Mr. Hoffman said would be the cost of the program.

Mr. KEM. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. KEM. Did I correctly understand the Senator to say that no organization appeared before the committee in opposition to the bill?

Mr. ROBERTSON. That is what I understood.

Mr. KEM. Will the Senator please refer to page 484 of the hearings? I invite his attention to the statement submitted by Merwin K. Hart, president of the National Economic Council, Inc., of New York City.

Mr. LUCAS. I was speaking of responsible organizations.

Mr. ROBERTSON. The question which the distinguished majority leader addressed to me was whether I knew of any responsible organization which appeared before the committee in opposition to the bill.

Mr. KEM. Will the Senator direct his attention to page 555 of the record?

Mr. ROBERTSON. If my distinguished colleague from Missouri will permit me to do so, I should first like to invite his attention to page 9 of the record. If he will center his attention on that point in the record, I shall be glad to look at some of the pages to which he refers. I ask his leave to proceed. I have not

yet reached the real issue upon which we are to vote.

Mr. KEM. If the Senator wishes to make wild statements and does not want to have them challenged—

Mr. ROBERTSON. I am glad to yield for a question. I am sure that the Senator from Missouri will have time to present his views after I conclude.

Mr. SALTONSTALL. Mr. President, will the Senator yield for two questions in connection with the colloquy with the Senator from Ohio [Mr. TAFT]?

Mr. ROBERTSON. It is difficult for me to resist any request of my distinguished friend from Massachusetts.

Mr. KEM. I appreciate the Senator's courtesy. I should like to clear up one question in my own mind.

The colloquy to which I refer concerned, first, a loan, in pounds, from the British Government to Russia. As I understand the purpose of the pending authorization bill, it is to help other countries to help themselves. If that will result in better trade, we will say, between Russia and England, so as to build up the volume of British export trade, and thereby put Britain in a better position, eventually there will be a better opportunity for her to deal in dollars with us, and therefore accomplish the object of this authorization.

Mr. ROBERTSON. I think that is absolutely correct. That is one of the points I am coming to. When this subject comes before the Committee on Appropriations we shall look into it. Perhaps Britain will be a little better off than she was last fall, when she told us how many dollars she needed. If so, we can reduce the amount of the appropriation. I do not mean an arbitrary, across-the-board reduction. But if the figure requested for Great Britain is \$1,000,000,000, we may decide to reduce it to \$750,000,000. We shall recommend the allocation which we think would be proper.

Mr. SALTONSTALL. The second question is this: The Senator from Ohio stated that the British Government had securities in this country of a face value of \$600,000,000, and a market value of \$900,000,000, on which there are at the present time loans of approximately \$132,000,000. It is my understanding that the ECA program contemplates both grants and loans. If the British Government has these assets here, it is perfectly possible for the ECA to get more dollars into England in the form of loans rather than grants, is it not?

Mr. ROBERTSON. That is correct; and I am thoroughly in sympathy with that idea. Frankly, I have been a little disappointed with the cooperating countries. They do not seem eager to say, "We want a loan." What they have said—and it may be only human nature—is, "We prefer a grant." But we are reaching the point where we are scraping the bottom of our financial resources. I feel that while we are in a common undertaking we must ask of others the same type of sacrifice we ask of our own people. If we find that Great Britain has unpledged securities which she could put up as collateral for a loan, we should insist on reducing the grant,



or the unsecured portion, and increasing the amount of the secured loan.

Mr. SALTONSTALL. Mr. President, will the Senator yield once more, to permit me to ask a final question?

Mr. ROBERTSON. Yes, indeed.

Mr. SALTONSTALL. This is perhaps a more personal question. The Senator from Virginia is a member of the Appropriations Committee, as am I. I do not understand that by voting for this authorization—whether we vote for it in the full amount or in the amount provided by any of the amendments—we shall be binding ourselves in any way when this question comes before us in the Appropriations Committee, as to the final amount which we shall then, as members of that committee vote to have the Senate appropriate. Is that a correct statement?

Mr. ROBERTSON. That is absolutely correct. I have said I would assume no moral obligation or other kind of obligation, when I vote against the Taft amendment, or later to vote to cut the appropriation as much as 10 percent, 15 percent, 20 percent—whatever we may feel the facts justify when the matter comes before our committee; but I do not want to have my hands tied now; and in that connection I shall read something which will indicate that we do not yet know all the facts.

I am very glad to have the suggestion made by the distinguished Senator from Massachusetts, who is on the Appropriations Committee with me; and I think we should call on the distinguished chairman of the committee, who is also chairman of the subcommittee which will handle the ECA program appropriation, for a statement. I am sure he will tell the Senate that no member of the subcommittee and no member of the full committee will feel in any sense bound by the vote of the Senate on the authorization bill. We shall feel that the amount stated in the authorization is the maximum to which we can go; but judging from the debate and, perhaps, from the closeness of the vote—it may be closer than we think; I read in the newspaper a statement that the Taft amendment will lose by only one vote, but, of course, the vote may be the other way around—and knowing that we face a deficit this year and next year, our committee will, with the greatest care, examine all these items and will cut them down if it thinks it proper, but will not, I hope, cut them below the point where an efficient job can be done.

Mr. SALTONSTALL. Mr. President, will the Senator yield, to permit me to ask a further question?

Mr. ROBERTSON. Yes.

Mr. SALTONSTALL. The Senator from Ohio used the example of textiles sent to Russia from the dollar areas. That struck rather close to home, so far as a New Englander is concerned. Is it not far better to have textiles go to Russia under those circumstances, and thus permit the countries sending the textiles to Russia to have dollars in hand—for instance, so that England will have dollars in hand—which can be used in the making of purchases in our country?

Mr. ROBERTSON. Yes. For many years we in Virginia bought all our textiles from New England; but I am proud of the fact that today we have in Danville, Va., the largest cotton mill in the world; in fact, it is so large that in 1 day that mill can turn out a piece of cotton cloth which would stretch from Danville to New York, clear around the Empire State Building, and back to Philadelphia.

So I think it is a great deal better to have some clothes put on the ragged Russians, and thus have dollars placed in the hands of persons in Europe who thus will be able to send their orders to us for goods we produce and they need.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield for a question.

Mr. CONNALLY. If a vote on the authorization would be binding on the Committee on Appropriations, what would be the sense in having the regulation in respect to authorizations? What good would it do, if the first vote would be binding on the subsequent vote as to the appropriations? I think the answer is evident. Of course it is not binding. Therefore, the Senate has adopted the system of placing a ceiling, through an authorization, and then allowing the Appropriations Committee the utmost liberty and freedom in fixing the details below that ceiling. Is not that correct?

Mr. ROBERTSON. The Senator is absolutely correct. Of course he knows that in the early days of our Government, each committee handled the appropriations for the matters under its jurisdiction. At that time it was not the custom to have, first, an authorization, and subsequently an appropriation; but each committee would simply report a bill together with the necessary appropriation. However, it was found that so much specialized pressure was placed on those groups that we could not afford to continue to handle appropriations in that way. So we ended that practice, and said that one committee would work on matters pertaining to the Army, another on matters pertaining to the Navy, another on matters pertaining to interstate commerce, and so forth, but that when a committee approved a program calling for an appropriation to implement it, the appropriation would subsequently have to go to an independent Appropriations Committee which would review the whole matter and would report an appropriation for such funds, if any, as it thought appropriate to implement the legislative will.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a further brief question?

Mr. ROBERTSON. Yes, if it is brief, for I have an engagement which I must keep.

Mr. SALTONSTALL. I think it extremely important for us to make as clear as possible in the debate the fact that the authorization cannot be taken by the other countries of the world as indicating the final amount which will be approved. My question to the Senator from Virginia is this: Have not the

Senator from Texas [Mr. CONNALLY], the Senator from Michigan [Mr. VANDENBERG], and other Senators emphasized that point, so that in the opinion of the Senator from Virginia the Appropriations Committee will be perfectly justified in cutting down the amount, if it feels that is the proper thing to do?

Mr. ROBERTSON. I agree 100 percent as to that. No nation should assume that the vote which may be had in this Chamber on the authorization bill, or in the House of Representatives, when the bill is acted on there, commits us to the total of this proposed \$5,500,000,000 program.

Mr. TAFT. Mr. President, will the Senator yield for a question?

Mr. ROBERTSON. Yes.

Mr. TAFT. Does the Senator from Virginia realize that practically every newspaper in the country last year took a different position and said that the authorization was a promise to the foreign nations? Does the Senator from Virginia realize that practically every newspaper in the United States took that position?

Mr. ROBERTSON. I may say to the Senator from Ohio that my mental activities do not cover so broad a field as does his great mind, and when I get through reading the Virginia newspapers I do not have much time to read the Ohio, Pennsylvania, Massachusetts, and other newspapers. I know they are equally as good, but they do not vote in my district. So I cannot say what position all the newspapers took, but I do not remember that our Virginia newspapers took the position that when we in the Senate pass an authorization bill we have bound the Appropriations Committee, hog-tied it and destroyed its freedom of action.

Mr. TAFT. Mr. President, will the Senator yield for a further question?

Mr. ROBERTSON. Yes; for a question.

Mr. TAFT. Does not the Senator from Virginia feel that an authorization made at practically the same time that the corresponding appropriation is made carries a much greater obligation in respect to the determination of policy than does one of the usual authorizations which covers a number of years?

Mr. ROBERTSON. I concede that to be true; and when one debate follows so closely on the heels of the other, and when it is argued here—as has been so eloquently done by other Senators—that the entire amount which has been mentioned is needed, the echo of that debate may well linger in these Halls as we come to vote on the final appropriation. But I wish to give assurance as solemnly and earnestly as I can to my able and distinguished friend the Senator from Ohio that we on the Appropriations Committee will look into this matter in a thorough way and will provide a record from which all Senators can ascertain the facts; and then they will have just as much right to offer an amendment providing for a reduction as they have today, and then there will be time to consider that matter fully, by itself.

Mr. President, I do not have further time to discuss this question because I



have an engagement for a meeting which is most important. I apologize for that, and I also apologize profusely to the Senator from Missouri for taking so long, after I said I would take only a few minutes, to explain why I shall vote against the amendments providing for cuts in the amounts. So I shall not take time to read all the marked committee testimony I have before me, but I wish Senators would read Mr. Hoffman's statement, beginning with the third paragraph on page 9. In substance, he said that each dollar-shortage country made a survey of its needs and presented a request; that our European agency screened that request and made reductions in it; that the request then came to Washington and was screened again and reduced again; and that at the end of those two careful screening processes we have arrived at the conclusion. I quote his exact words:

The aggregate figure is realistic and extremely conservative, because it is a sum of minimums.

Mr. President, now I wish to bring out two points. First of all, there is not one word of testimony available to any Member of the Senate to contradict the statement I have just read—not one word. We can sit here and hazard a guess, of course; we can say, "Oh, well, it is so big that it is bound to be too much"; we can say, "Oh, well, we know the tendency of bureaucrats. They are wasteful; they simply hand money around freely."

We can make such guesses and we can indulge in such unsupported assumptions, of course. But I challenge any Member of the Senate to look into the printed record, which contains all the testimony we have before us, and show one word of contradiction of the final concrete estimate of Mr. Hoffman, that in his opinion it is a minimum, it is realistic, it is conservative. The record shows that nobody in the great Foreign Relations Committee went behind the statements of Mr. Hoffman and his aids that they had screened these things. The committee does not have the technical staff to do work of that kind. The Appropriations Committee does have it on the House side, and the Appropriations Committee has it on the Senate side. Who is going to screen this proposal when it goes over to the House? My old friend, Representative CLARENCE CANNON, and my old friend, Representative JOHN TABER. They are very experienced screeners. They have hearts devoted to the subject of economy. The appropriation bill on the subject must first be reported by their committee. It then goes to the floor of the House for consideration and debate. Then, when it reaches the Senate, it will be referred to the subcommittee on deficiency. That is the largest subcommittee of the Senate Appropriations Committee, deliberately made so because we have among other things this very vital ECA program to handle, and we also have the civil functions of the Army to handle, as well as deficiencies. I say the appropriation feature must be carefully analyzed, and this one phase of it,

namely, the exact dollar needs of each country, has not been carefully analyzed.

I have checked through the hearings and I have talked with the chairman of what is called the watch-dog committee. I do not know whether most of the Senators know there is such a committee, but there is a watch-dog committee of five, composed of some of the ablest international bankers and economists in the country. They are checking and screening all the time, because they want the program to work, and they want to save the American taxpayer from any unnecessary waste. I have the assurance of the chairman of the watch-dog committee that his committee will be available on the House side and on the Senate side.

But let us have a full analysis of the alleged dollar shortages of the participating countries who have said, "We need so many million dollars," and "We need so many million dollars." We are going to see that that is screened in the best possible way.

Mr. President, in view of that approach, I feel that I am fully justified in taking the position I announced at the outset of my remarks, that I intend to vote against any horizontal and arbitrary cut in the over-all authorization, because I think it will be more orderly, more effective, more in keeping with sound legislative and administrative practices, to get all the facts which are necessary for intelligent decision before we attempt to act.

#### AMOUNT TO BE AUTHORIZED FOR ECA—1949

##### I. THE PROBLEM OF EUROPEAN RELIEF SHOULD BE LOOKED AT IN ITS TRUE PERSPECTIVE

Mr. KEM. Mr. President, I was very much interested in the remarks just made by my friend, the Senator from Virginia [Mr. ROBERTSON], particularly in his admonition to the Senate to place the subject now under discussion in a tight compartment, and not to discuss anything else in connection with it. I was particularly interested to note that in the very next breath the Senator from Virginia was discussing reciprocal trade agreements, and that in the breath following he was discussing operations in the State of Wisconsin under the migratory-bird law.

I think that well illustrates the fact that unfortunately the problem of European relief is only one of many important problems with which the present Congress will be called upon to deal. Each will be considered by the Congress in regular order, but each, in a sense, must be considered in connection with the others. To use Mr. Churchill's phrase of last evening, we must look at their integrity as well as their relationship.

##### (A) FARMERS AND THE SOIL

High agricultural production in recent years has placed an unprecedented burden on the soil of the United States. Tremendous crops of grain and other products have been raised. A large part has been shipped overseas to Europe. Too much has been taken from our soil, and too little retained or returned to it. It has been estimated that if the present

policy of heavy production and under-fertilization is continued for the next 5 years, ten to twelve million acres will be threatened with a permanent loss of fertility. Despite this, vast amounts of fertilizer have been shipped and are being shipped to Europe to build up their land, while our farmers have been unable to get fertilizer in adequate quantities at any price. Of particular interest to farmers is the fact that there is still 1,500,000 miles of unimproved dirt roads in the United States.

While we are considering the gifts of billions of dollars to the governments of foreign countries under the Marshall plan, we might remind ourselves that the amount of money involved in the Marshall plan, \$17,000,000,000, would restore the fertility of every farm in the United States, and would arrest the ruin being caused each year by erosion. Incidentally, it would also gravel every dirt road in the country.

##### (B) SCHOOLS AND SCHOOL TEACHERS

It is estimated by the National Education Association that at least 50,000 American children are being deprived of schooling entirely this year as a result of a teacher shortage brought about by low teachers' salaries, while at least 2,000,000 more children are receiving sub-standard, inadequate instruction.

Furthermore, our school buildings and equipment are grossly insufficient. If we apply the \$17,000,000,000 called for under the Marshall plan, we could put our schools in decent condition and, at the same time, every teacher in the United States could have his or her salary increased from the present \$2,550 annual average to nearly \$4,000 a year for the next 10 years.

##### (C) CHILDREN

Mr. President, the hearts of Americans always warm at the mention of their children. During the past few years our people have been exposed to barrages of propaganda concerning ill-fed, poorly clothed, unhealthy children in Europe. Is it inappropriate to point out that many of our own American children also are underprivileged? All surveys point to the need for better food for the children of the United States. Nor is this condition of recent origin. General Hershey, wartime director of the selective service, estimated that from 40 to 60 percent of the selectees who were rejected for military service were rejected, in part, because of malnutrition.

May we not remind ourselves of the very trite adage that charity begins at home?

##### (D) AGED AND NEEDY PERSONS

In that connection, Mr. President, there is the problem of the aged and needy persons. Last year a considerable portion of the Marshall-plan funds went to the Socialist-controlled Government of Great Britain, so that its Government could afford to pay larger benefits to its old and needy persons—larger benefits, I may say, to its old and needy persons, than our Government was able to pay to its aged and needy persons. It has been facetiously suggested that perhaps



our older citizens should move to England.

The European situation with respect to food has, of course, greatly changed since this matter was under consideration in this body last year. A recent dispatch from the European correspondent for the Kansas City Star appeared in that newspaper under date of March 27, 1949. Mr. Marcel Wallenstein, an able and well-informed European correspondent for that paper, reported as follows:

After the end of hostilities, millions were in want in Europe. There was widespread suffering. The return of more normal conditions in western Europe, assisted by immense American shipments, has alleviated this condition. I have seen no evidence of starvation, nor of actual want. In Germany, particularly, the children seem well fed and well clothed. American troops and civil organizations supply children there not only with necessities, but with some luxuries, such as candy.

#### GETTING PLENTY OF FOOD

In all the cities visited in Germany there was no sign of malnutrition, even in the camps where German refugees from the Polish and Russian zones are living. Goods of all kinds were on display in the shops. German motor cars were on the roads. Enormous meals were obtainable in German restaurants and were being bought and eaten by Germans who patronized these places. The same is true in France, where the people seem at least as well fed as in the United States. The variety of food here is amazing, and if prices are high, they are not so high comparatively as in the United States.

Then Mr. Wallenstein concludes his dispatch as follows:

The United States has been holding Europe above the Communist tide since the war. The story becomes one of billions rather than millions. Presently additional money will be asked to arm European forces against possible Russian aggression. This may be necessary for the general safety. But somehow, somewhere, a halt will have to be called, as must become apparent when Congress seriously examines the cost.

That, Mr. President, is what we have to do—seriously examine the cost. I know it has been argued here today and at other times that we can authorize the full amount now and depend on the Senate Appropriations Committee and the House Appropriations Committee to decide on the amount. I think every Senator will remember, very definitely, that the same argument was made when the ERP bill was originally under consideration. After the authorization was made a great hue and cry was raised that we had made a moral commitment to the people of Europe that we could not and should not deny.

Mr. President, I just read what Mr. Wallenstein saw in Germany when he was there recently. In that connection, a dispatch appearing in the New York Times of March 27, last Sunday, is interesting. It has this to say:

HAMBURG, GERMANY, March 26.—An amateur psychologist here has it all figured out. The reason, he says, why Hamburgers love the American song, *She's Too Fat for Me*, is that everyone now eats so well that they can afford to be choosy and persnickety about waist lines again.

There appears a paragraph in this dispatch which would be of no personal in-

terest to any Senator, but it might as well be put into the RECORD. It is as follows:

Sex, indeed, is so blatant here that it causes grave concern to the strict-minded followers of the Lutheran Church. Experts in such fields attest that Hamburg's Herbetstrasse is the most notorious street in the world. Scantly dressed girls stand behind flood-lighted plate glass, like dummies in a department store window, for inspection by passing males.

I cannot help but wonder to what extent, if any, the money of the American taxpayers is financing directly or indirectly this exhibition.

#### (E) PUBLIC WORKS

Then, Mr. President, there is the matter of public works.

Since 1940 there has been virtually a moratorium on the construction of public buildings in the United States. Practically no public buildings have been constructed since November 23, 1940.

While billions of dollars of the American taxpayers' money have been going into all sorts of construction of public works on the Continent of Europe and in the British Isles, and the Lord knows where else in the world, our own people have been denied buildings that are reasonably required for the necessities of our own people.

In the meantime our existing highway system has been rapidly deteriorating.

Forty-three billion dollars, it is estimated by the Department of Public Roads, would be required to restore our highway system to first-class condition, and in order to meet an ever-increasing traffic load. Forty-three billion dollars would be required to restore that system, for instance to the level of the world-famous Auto-Bahns of Germany. Seven billion dollars would be required to bring up to date our waterworks and sewage systems, \$6,000,000,000 for hospitals, desperately needed in certain areas, and one and a half billion dollars for public-service plants and recreation programs.

#### (F) PUBLIC EMPLOYEES

In that connection, Mr. President, I wish to mention in passing the problem of our public employees. At the present time there are nearly 2,000,000 Federal employees who are finding themselves in serious financial difficulties as a result of the squeeze of high prices. There is no disagreement that this problem must be solved if the efficiency and the morale of the Federal Civil Service is not to be destroyed.

#### (G) HOLDERS OF THE PUBLIC DEBT

Then there is the problem of the holders of the public debt. At the present time the Federal Government has a national debt of over two hundred and fifty thousand million dollars. The interest payment alone amounts to over \$5,000,000,000 annually. The Congress has a solemn obligation to protect this huge debt held by the citizens and financial institutions of our country. It is only common sense to say that now, in a period of unusual prosperity, is the time to tackle this Goliath.

It is no wonder that our people are heard to say, "If you can authorize so much money to be sent to foreign coun-

tries, why can we not afford to have a little more of it right here at home?" If we cannot cut ECA expense we cannot cut any expense. We cannot have at one and the same time economy and frugality at home, and profligacy and extravagance abroad. If we open wide the sluice gates on public spending abroad, who among us will undertake to keep them closed at home?

#### (H) THE TAXPAYER—PERHAPS THE FORGOTTEN MAN

Mr. President, if one sat long in the galleries of the Senate, one might get the idea that the taxpayer was the forgotten man.

Federal taxes take 25 percent of our national income. Taking into consideration State and local taxes, the average wage earner in the United States works 1 out of every 3 days for his Government. In the other 2 days he must work enough to support himself and his family.

Last year every man, woman, and child in the United States paid about \$282 in taxes to the Federal Government. Taking into consideration State and local taxes, the average American family paid about \$100 a month to the Government before spending a penny for the necessities of life. The President of the United States has suggested that there should be an increase in the tax take from the American people of \$4,000,000,000 a year. I disagree with the proposal to increase the tax burden on the American people.

I am impressed, on the contrary, with the soundness of the plan recently suggested by certain distinguished members of the House Ways and Means Committee. Their plan is that the people be given relief from the burden of taxes by revision of the wartime excise taxes to prewar levels. When we are considering sending something like \$5,000,000,000 as gifts to the people of Europe, is it inappropriate to talk a few minutes about these hidden excise taxes?

I call them hidden taxes, Mr. President, for two reasons. First, because our citizens pay them with little knowledge of their presence; and second, because these taxes tend to hide the cost of government. In reality, of course, excises are nothing more than sales taxes, the incidence being on selected items. It will be recalled that Samuel Johnson defined an excise in his dictionary as a "hateful tax on commodities." The present excise rates run as high as 25 percent on the cost of over 50 items and services, many of them part of the daily existence of the average American.

Before the war, in 1940, excise-tax collections amounted to nearly two billion a year. During the war the rates of existing taxes were sharply increased and new taxes imposed. It is estimated that in the current fiscal year almost \$8,000,000,000 will pour into the Federal Treasury from these hidden taxes alone.

When wartime excise taxes were imposed, the American people were solemnly promised they would be terminated 6 months after the end of the war. Today, 43 months after VJ-day, they are still in effect. Like Tennyson's brook, are they destined to go on forever, or



will Congress take the bit in its teeth and remove them, and, if so, when?

An attempt has been made to popularize excise taxes by calling them luxury taxes. This is a misnomer, almost, I am tempted to say, a fraud. While some luxury items are on the list of excise taxes, many of them are imposed on common household necessities. For example, baby oil is now subject to a 25-percent excise tax.

The women of America are particularly hard hit by these excise taxes—handbags, cosmetics, low-cost jewelry are all subject to 20-percent levies. American family life today is built around the automobile. There are heavy excise taxes on automobiles, trucks, tires, tubes, and accessories. Our telephone and telegraph services are back to normal, yet our people still pay the wartime excise tax on these services.

I shall not take the time to go into all these hidden taxes, but I do want to say one thing more about the tax load. It is sometimes argued that most of the burden of the tax load falls on the rich who are quite able to bear it. Plain, cold figures do not bear out this contention. They refute the contention. The truth of the matter is that the average wage earner—the little man—is the one who is hardest hit by the taxes levied by the Federal Government. It is estimated that at the present time over 50 percent of the individual income-tax revenues and about 80 percent of excise-tax revenues are taken from individuals with incomes of less than \$5,000 a year. Excise taxes, therefore, are a special burden on the low-income groups. This is because low-income individuals spend a large proportion of their earnings on consumer purchases subject to excise levies. The more children in a family, the larger the part of the total income that must go for basic necessities.

Persons on relief, the unemployed, the student veterans, retired employees—all are especially burdened by wartime excises. It is in effect a tax with no exemptions, except for the rich, who alone are exempt on the income that they save and do not spend.

So much, Mr. President, for the general background with due consideration for which I believe we should approach this problem.

Mr. MALONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Missouri yield to the Senator from Nevada?

Mr. KEM. I yield.

Mr. MALONE. In the Senator's opinion, how much relief do the working men get, speaking particularly of those in the low- and moderate-income classes, by exempting them from income tax and transferring the tax to corporations and to companies and businesses which in the long run produce the commodities about which the Senator has spoken?

Mr. KEM. I am very glad the Senator from Nevada has brought up that point. It seems to me that we are going to be faced with this proposition: We have been warned by Senators on both sides of

the aisle that it is doubtful if the American economy can stand an increase in taxes at this time. If we appropriate these moneys and send them all over the world in considerable amounts, we are also warned that an increase in taxes is inevitable. If, because of economic conditions, employers are unable to sell their goods, then those in the lower income tax brackets who are employees will be out of jobs. It does not do men and women who are out of jobs very much good to tell them that they are relieving the distress on the Continent of Europe.

Mr. MALONE. Mr. President, will the Senator yield for a further question?

Mr. KEM. I yield.

Mr. MALONE. What I had particularly in mind to ask was whether the Senator has made any study respecting how the taxes which are placed directly on the corporations and the businesses, which are producing the materials, the clothing, the products the wage earners must purchase, are passed on? In other words, if a working man in the moderate income group is exempted from paying income taxes directly, and that same amount, or an additional amount, is loaded on the companies or individuals or organizations producing the things he must buy, how are those taxes paid? Are they paid through increase in the cost of what the man buys, or are the taxes simply absorbed in some mysterious manner?

Mr. KEM. I have just stated that figures show 50 percent of the income taxes are paid by people in the lower income tax brackets, that is, people with incomes of less than \$5,000 a year. The figures also show that 80 percent of the excise taxes are placed on people similarly situated. So that the taxes necessarily, in the last analysis, to a large extent fall upon the ultimate consumers of goods in this country.

Mr. MALONE. Mr. President, will the Senator yield for a further question?

Mr. KEM. I am very glad to.

Mr. MALONE. Let us consider, for example, bread. We place taxes on the corporation making the bread. Is not the price of the loaf of bread increased in accordance with the additional tax and any other expenses involved in the production of the bread, and does not the consumer then pay a tax directly each time he buys something over the counter, instead of paying his share in the beginning?

Mr. KEM. I think that the tax, to a large extent, is figured as a part of the cost of doing business, of producing the loaf of bread, and is figured into the cost paid by the ultimate consumer of the bread.

Mr. President, I now want to address myself to another question to which considerable reference has been made in the present debate. I think the gifted senior Senator from Michigan [Mr. VANDENBERG] referred to it in his opening address delivered near the commencement of the debate. The question is whether the balance of international trade to which the ECA program is addressed can be remedied during the period of the program, namely, in 4 years.

## II. THERE IS GRAVE DOUBT WHETHER PRESENT CONDITIONS CAN BE REMEDIED IN 4 YEARS

When this program was first proposed, many of us in the Senate had grave misgivings as to whether it would accomplish what its backers thought it would. When, however, Mr. Hoffman entered upon his difficult task, he did so with the good will and the best wishes of every Member of the Congress. I feel sure of that. We have followed his operations with a sympathetic, and, I hope, an intelligent interest. For my part, it would be pleasant to be able to report that whatever doubts I may have entertained have been removed. However, I should be utterly lacking in frankness if I were to say so. I still believe, in view of our experience the past year, that there is grave doubt whether we shall be able to do what we have set out to accomplish in the time designated. In other words, I am far from being convinced that ERP will be any more successful than any of its ill-fated predecessors, all of which are now unhonored and unsung.

### (A) ARE THE MEANS WELL CHOSEN TO ACCOMPLISH THE END?

In the first place, Mr. President, are the means well chosen to accomplish the end? The program which is now being carried out is based on a fundamental premise which I believe to be unsound. This is the idea that friendship, cooperation, can be bought with money. What will happen, Mr. President, when the end of the rope is reached, when the program is terminated? Will we be gratefully thanked for what we have done when we could do it, or will we be bitterly recriminated against because we are not carrying on forever?

It is not long since we heard bitter cries emanating from across the Atlantic of "Uncle Shylock." I am very much afraid they will be resumed when we cease to pour out our economic lifeblood in what I regard to be an unfortunate enterprise. What will we be called next? It may be "Uncle Sap."

### (B) CAN THE JOB BE COMPLETED IN FOUR YEARS?

So, Mr. President, I think we ought seriously to address ourselves to the question, can the job which we have set out to do be accomplished in 4 years? It is already clear that at the end of the present 4-year program a new program involving large gifts on the part of the American people will be proposed. In a report entitled "The ERP," prepared for delivery before the Foreign Policy Association on April 15, 1949, Prof. Seymour E. Harris, eminent professor of economics at Harvard University, who I believe has been one of the ardent supporters of the program, reviews—and I think very intelligently—the possibility of a continuing deficit in the balance of trade at the end of the present 4-year plan. His conclusion is:

Surely, in the light of the optimistic estimates made, a reasonable forecast would be a dollar deficit of \$2,000,000,000 or \$3,000,000,000 in 1952-53. This would not be a mean achievement; the reduction might be about two-thirds from 1947 and one-half from 1948-49. We would then need a little Marshall plan for 1952-57.



That is the statement of Professor Harris, an ardent advocate of the plan. Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. VANDENBERG. I interrupt the Senator because he quoted me as being optimistic as to the objectives in 1952.

Mr. KEM. I am always glad to yield to the Senator. He is always fair, and always interesting.

Mr. VANDENBERG. I should like to tell the Senator, if I may be permitted to do so under the rules, upon what I base my statement.

The interesting thing is that my statement almost completely parallels the figures just quoted by the able Senator from his Harvard authority. One evening a few months ago I had the privilege of sitting with the high council of the OEEC. The council consisted of the top economic experts from various countries. They very frankly said that evening that in 1952 the participating countries probably would fall \$2,000,000 or \$3,000,000 short of the objective—almost the same figure the Senator is quoting. Therefore, I think the figures probably are sound.

The thing of great interest to me that evening was, first, that the figures were being frankly produced by the beneficiary countries themselves; secondly, that they were being frankly recognized by the beneficiary countries; and, third, but most impressive of all to me, that the figures were being developed not for the purpose of substantiating any supplementary claims for additional current aid or subsequent aid after the conclusion of the plan, but for the purpose of bringing home to the cooperating countries themselves the fact that they were not yet sufficiently in self-help gear to reach the target. I think it was greatly to their credit that they produced the figures, and even more to their credit, that the purpose of their production was to inspire a still further effort of self-help in the direction of reaching the target.

Mr. KEM. I thank the Senator for his very interesting observation. It seems to me that that is additional evidence that the ERP program is exactly what the Senator from Michigan so interestingly and accurately characterized it as being in the opening day of the debate, a "shot in the arm." In other words, we are sending out a great amount of money and it is accomplishing a certain purpose during a period of time. But there is every reason to believe that at the end of that time we shall again be asked for one of these periodic continuing grants of aid to Europe. In other words, on the basis of the figures I do not think there is any reason to conclude that this program will be any more successful than UNRRA, the British loan, the Turkish-Greek transaction, Bretton Woods, or the first year of ERP.

Let me continue with the statement of Professor Harris:

This does not mean that western Europe will become either a mendicant or a permanent pensioner of the United States. Western Europe's income seems to have risen to within about 10 percent of the 1938 level by 1947; and the anticipated gains for 1952-53

are 35 percent above 1947 and 20 percent above 1938. Her deficit in the balance of payments is already about one-third less than in 1947.

I ask Senators particularly to attend to this language:

These are not mean achievements; but they do not justify a forecast of a balanced dollar market by 1952-53.

So, Mr. President, just as the Senator from Michigan has said based upon his conversation with the high council of the E. E. E. C., at the end of the 4-year period we shall again be met with the problem of the balance of trade with Europe, and application will be again made to us for substantial sums in relief. The name of the future program has already been brought forward. Apparently it is going to be called the little Marshall plan.

When the Senator from Virginia [Mr. ROBERTSON] was addressing the Senate a few minutes ago I understood him to say that no responsible body appeared before the Foreign Relations Committee in opposition to the bill or in criticism of the bill. Of course, the hearings show that a great deal of the testimony was in the nature of a mutual-admiration society. Various employees of the ECA appeared and patted each other on the back and told what a wonderful work the others were doing. But there were very responsible bodies whose representatives appeared before the committee and criticized the operation of the ECA. One of those was the Detroit Board of Commerce, representing more than 6,000 members in the Detroit area. They presented a brief dealing with the European-aid plan. They very frankly stated in that brief that last year they went on record as favoring the program. In the hearings before the Senate Committee on Foreign Relations on the pending bill this same organization, representing 6,000 Detroit businessmen—the official organization of Detroit business, as I understand—presented a second statement, containing their views after observing the operation of the program the first year. This significant statement is made:

Permanent industrial aid has, however, lagged seriously and unless changes of thinking and organization take place quickly, we doubt very much the ability of the European nations to carry on after 1952 without continuing aid from this country.

The plain truth is that the long-term effect upon Europe in what we are doing will be inconsequential. The decline of European trade has taken place over a period of 75 years. It is not proximately caused by the late war or even the last two wars put together. These wars have aggravated a situation which was caused primarily by the rise of the American economy. As I have said, this situation has been 75 years in the making. In my opinion, it is utterly unrealistic to say, and I hope no Member of the Senate will be naive enough to believe, that we can change the balance of trade between the Old World and the New World in 4 years by spending seventeen billions of American money.

Mr. MALONE. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. STENNIS in the chair). Does the Senator from Missouri yield to the Senator from Nevada?

Mr. KEM. I am glad to yield.

Mr. MALONE. I am very much interested in what the Senator is saying—namely, that perhaps the difficulty is caused by, we might say, the prosperity of our Nation; or, in other words, that if we were no better off than they are, there would be no question at this moment of providing this aid, but each nation would be trying to take care of itself.

However, the point the Senator now presents is a little different, namely, that we cannot change the balance of trade by means of the administration's plan for this three-phase free-trade program; or, in other words, this program for unrestricted trade and the unrestricted flow of products from the low-wage countries into our country, with no leveler of the difference in the cost of production—that is to say, import fees to take care of the differential in production costs between this country and other countries which are in competition with us; and, of course, that difference is chiefly due to the difference in the standard of living. If those differences were removed, could not the trade balance shift almost immediately?

Mr. KEM. I think that is the one way it could be accomplished. But certainly, regardless of whether that will do it, it cannot be accomplished by spending a certain sum of money over a relatively short period, such as 4 years.

Mr. MALONE. Mr. President, will the Senator yield for another question?

Mr. KEM. Yes.

Mr. MALONE. Then the purpose of this proposal, if it is to accomplish anything, is to make up the trade-balance deficits in the interim, while this additional part of the program is being made permanent in the United States, so that through the division between ourselves and our foreign competitors of the markets in the United States, their trade-balance deficits will become progressively less?

Mr. KEM. Exactly; or, in other words, it is to enable those foreign countries to live beyond their means, beyond their income.

Mr. MALONE. Mr. President—

Mr. KEM. I am glad to yield.

Mr. MALONE. That is exactly what they are doing now. However, if we nail down free trade as the settled policy of our country, that will mean that American labor receiving \$2 a day will be in competition with foreign labor being paid 40 cents a day. Of course, some of the foreign labor is just as efficient as any workman can possibly be; I have in mind, for instance, labor in Scotland, Ireland, and England. If the low-paid labor in those countries is placed on an exactly equal basis with labor in the United States, and if the products of such foreign labor are permitted to flow unrestricted into the United States, then I ask the Senator if it is true that only two things can happen: Either our workmen will have to change to wage standards and living standards comparable to those of the rest of the world—which



would be accomplished by slowly lowering the level of our standard of living, until finally it was equal to the standard of living of the rest of the world, and also lowering the wage levels in this country to the levels of wages in other countries, in which case the foreign workmen would be earning their way, but would be dividing our markets, with the result that they would be earning their way at the expense of the American workingmen; or we could continue to make up the trade-balance deficits of these foreign nations and, as the Senator has so ably said, continue to allow them to live beyond their means, and we would simply make up the deficit at the end of the year. Is that correct?

Mr. KEM. I see no alternative. It seems to me obvious that that is the necessary condition which confronts us.

In that connection, Mr. President, let me say that I hope we shall fool neither the American people nor ourselves by the paltry device of calling this proposal a 4-year plan. Let us tell our people frankly that it is the opinion of competent authorities—university professors and hard-headed businessmen—that the present conditions of trade cannot be materially changed in 4 years, and will not be remedied in 4 years, and we do not want anyone to believe that they will be.

### III. "THE CHEAPER THAN WAR ARGUMENT"

Mr. President, I am surprised that I have gotten this far in my remarks without having some Senator raise the argument, "Is not this plan cheaper than war?" That question is asked almost every time we begin to discuss the Marshall plan with one of its earnest advocates or proponents. They state the proposition in approximately this way: "Is not this plan cheaper than another war? Wouldn't you prefer to send money to Europe, rather than to send arms? Wouldn't you rather send commodities to Europe, instead of sending your young men in uniform over there?"

Yes, Mr. President; of course we would. But we have heard that argument before.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. JENNER. I believe the Senator from Missouri has left out another argument which is made by the proponents. They say, "In case of another great world catastrophe, don't we want to have friends over there?"

Mr. KEM. Oh, yes, Mr. President; that argument also is made, but it assumes that we can buy friendship with money.

Mr. JENNER. Does the Senator from Missouri think that can be done?

Mr. KEM. There is nothing in experience or recorded history, so far as I know, to indicate the possibility of making such a purchase.

Mr. JENNER. I thank the Senator.

Mr. KEM. Mr. President, as I have said, we have heard the argument about preventing another war by adopting this program. When the British loan was being considered, we were told by an eminent authority, the Secretary of the Treasury, "This clearly is an investment, not

an expenditure." And we were told that we could not afford not to make the loan. Of course, the idea was that we could invest the money in the British loan and thus could prevent another war. The same thing was said when the Bretton Woods agreement was before this body. The same thing was said when the Greek-Turkish program was before us.

This morning the Senator from Virginia [Mr. ROBERTSON] read the testimony of Mr. Harriman, a special ambassador under the ECA plan. He was asked what the alternative was to going forward with the ECA program; and he replied:

The alternative is living in an armed camp.

When the present European recovery program was proposed, the Honorable James Forrestal appeared before the Senate Foreign Relations Committee and testified, in part, as follows:

Our own objective in the present recovery program for Europe is the prevention of war.

Secretary of the Army Royall followed him before the committee, and declared—and he was a little more precise:

Without such effort—

Meaning the ERP plan—

the Army budget and the Army itself should be increased.

Very well, Mr. President; that is what they said. We gave them what they asked; we gave it to them practically in full; the European recovery program was adopted substantially as proposed. It is true that it was cut a few hundred million dollars, but it was adopted substantially as proposed. Nevertheless, within a few weeks it became apparent that ERP was not an adequate substitute for national defense, because the same gentlemen who had been testifying before our committee in favor of ERP, came back and asked for the largest peacetime appropriation for national defense in the history of our Nation.

Mr. JENNER. Mr. President, will the Senator yield at this point?

Mr. KEM. I am glad to yield.

Mr. JENNER. I ask the distinguished Senator from Missouri if it is also a fact that, assuming the Marshall plan were adopted in toto and assuming that we continued our great defense expenditures, would it not be only a few weeks until the same leaders would come before our committees and say, "This crutch is not enough. We now have to give all those European nations armored cars in which to ride around"? They are going to ask us to ratify the North Atlantic Pact and arm those countries, at an initial expense of \$1,800,000,000, projected into a cost which no man can foresee. Estimated on the number of divisions which it is said will be necessary in western Europe, it would be around \$20,000,000,000 a year.

Mr. KEM. I think that is a very interesting observation. It seems apparent that ERP is not only not an adequate substitute for our own national defense, but it does not take the place of the American people arming the people of western Europe.

Mr. MALONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Nevada?

Mr. KEM. I yield for a question.

Mr. MALONE. Does the Senator from Missouri remember that at about the time the Marshall plan, then known as ERP, I believe, was placed before the Senate, or at least placed before the Foreign Relations Committee, many statements were made by representatives of the national defense organization of the United States, notably by the Secretary of the Army, and others, to the effect that unless the Marshall plan, or ERP, were passed without amendment and without reduction in the amount, it would become necessary to spend this great amount of money on armament, indicating directly that it was a substitute measure? Is that not true?

Mr. KEM. It seems to me the words of the Secretary of the Army, Mr. Royall, are plain and direct. I quote:

Without such effort, the Army budget, and the Army itself, should be increased.

Mr. JENNER. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Indiana for a question?

Mr. KEM. I am glad to yield.

Mr. JENNER. Does the Senator recall that at the beginning of the debate on the Marshall plan the plan which was brought to the Senate of the United States provided for an initial authorization of \$17,000,000,000, and that those in charge of the measure said, "We want all or nothing"? Today the same leadership is saying the appropriation asked for at this time in connection with ECA is also sacred. If what the Senator has cited in the way of deficits at the end of the 4-year period is correct, these same countries are going to have a trade deficit of between \$2,000,000,000 and \$3,000,000,000. Perhaps the American taxpayers, through their representatives in the Senate, would have been wise to accept the \$17,000,000,000, all or nothing. Does the Senator from Missouri agree with that?

Mr. KEM. I think it is clear that \$17,000,000,000 could not accomplish the task. As we go deeper into it, we see that we have embarked on an impossible enterprise, and that the authorities are beginning to warn us of the necessity of a "little Marshall plan" when we get through the big Marshall plan. I trust that answers the Senator's question.

Further answering the question of the able Senator from Indiana, I may say it is my belief that while we still have substantial resources at home we should spend as much as necessary to build the national defense so strong that no aggressor nation will be under the slightest temptation to attack us. But I further believe that the strongest national defense we have and can have is a sound economy at home, and I look with dim eyes upon ERP, because I believe its inevitable result is to weaken the economy of the United States.



Mr. JENNER. Mr. President, will the Senator yield for a question?

Mr. KEM. I yield for a question.

Mr. JENNER. The Senator spoke of maintaining strong defenses at home. I wonder whether the Senator from Missouri noticed the recent statements of Mr. Krug, Secretary of the Interior, in regard to our becoming a have-not nation in the very strategic materials and resources which we need to maintain in order to build that strong defense?

Mr. KEM. I think it was the Senator from Indiana who referred to that point a few days ago in the debate. I was very much interested in it and I was impressed with the evidence he presented, that we are reaching or nearing the bottom of the barrel in the United States, and that it is time for us to take stock of just where we are.

#### IV. WE ARE BUILDING COMPETITION TO PLAGUE US LATER

Mr. President, I now want to address myself to another and a different proposition, namely, that under the ERP we are building competition abroad which, like Banquo's ghost, will rise to plague us later.

In addition to the drain on our economy due to the tremendous payments required by the ECA program, there is another effect of the program which, for my part, I do not believe has received the attention and consideration it deserves by this body or by the American people. This was brought out in a striking way in statements made by the distinguished Senator from Georgia [Mr. GEORGE], during hearings before the Senate committee. As the Senator said:

What we are doing is modernizing, for instance, textile plants in Great Britain and elsewhere.

Again:

You may be putting a whole lot of industry in this country pretty well out of business.

The distinguished Senator from Georgia said further:

When unemployment multiplies and things begin to get tight, then there will be a tremendous kick-back in this country.

Finally, this colloquy occurred:

Senator GEORGE—

He was addressing this to Administrator Hoffman.

Senator GEORGE. What I want you to remember is that I warned you that you may be greatly aggravating the problem we have been dealing with all the time in liberalizing trade policies and you are going to greatly emphasize the necessity of more and more protection. I have warned you.

"I have warned you." It seems to me, Mr. President, those words are prophetic. They remind one of the great Roman Senator who climbed to the rostrum day after day, saying "Carthago delenda est." Continuing the quotation:

Mr. HOFFMAN. Yes, sir.

But later on Mr. Hoffman made his thoughts and ideas very plain about the matter. He expressed himself as bluntly as did the Senator from Georgia, when he said:

Sir, I cannot tell you how little concerned I am about European competition.

I repeat Mr. Hoffman's statement:

Sir, I cannot tell you how little concerned I am about European competition.

Upon being pressed further, Mr. Hoffman expressed his opinion thus:

If any manufacturer in this country is not in a position to manufacture at a sufficiently low cost, as a result, as I say, of perhaps lying awake nights figuring things out, we should not worry too much about him.

In other words, he says, "If any manufacturer is not able to meet this European competition, we should not worry much about him."

Mr. President, that seems to me to be the doctrine of economic survival pushed to the nth power.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield for a question.

Mr. MALONE. I should like to ask the distinguished Senator from Missouri if that is not right in line with the three-phase free-trade program, to allow the whole world to compete with the United States, and simply to say that the survivors will be the fabricators and the manufacturers of machinery? At least, they will be the longer survivors, because, under the plan, the machinery necessary to manufacture large fabricated equipment, such as agricultural equipment, road machinery, automobile machinery to manufacture automobiles, compressors, and so forth, is being shipped to Europe, and it will mean only one thing, which is that all workmen will be alike throughout the world because their living standards will be leveled. Is not that true?

Mr. KEM. It seems to me it is the exact result of what Mr. Hoffman has said. It also seems to me that Mr. Hoffman's statement affirms in every respect the remarks of the able Senator from Nevada on that subject.

Mr. BRICKER. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Ohio for a question.

Mr. BRICKER. Does the Senator regard the statement he has just read as being one made in disregard of the interests of the American business man?

Mr. KEM. It seems to me it is an expression of the law of the jungle—let the stronger survive.

Mr. BRICKER. Would it not appear that this whole program is being administered by Mr. Hoffman, according to his own testimony, without any consideration of its effect upon American business interests?

Mr. KEM. None whatever, apparently.

Mr. BRICKER. In the judgment of the Senator from Missouri, can we disregard the interests of business and the employment of labor?

Mr. KEM. There is nothing in history which indicates that that can be successfully done.

Mr. BRICKER. The ultimate conclusion, then, from what Mr. Hoffman has said, is that, "I shall administer this fund in Europe without regard for American business or American labor." Is that correct?

Mr. KEM. "Let American business take care of itself."

Mr. BRICKER. American business will go down and labor will go down with it. Is not that true?

Mr. KEM. That is it, exactly. I shall deal with that subject further in a moment.

Mr. MALONE. Mr. President, will the Senator yield for a question?

Mr. KEM. I yield to the Senator from Nevada.

Mr. MALONE. I ask the distinguished Senator from Missouri if he agrees with my conclusion that there has long been a paradox with relation to workingmen in America, speaking again of the moderate-income groups who work with their hands? The administration has been following the same plans, during the past 10 or 12 years, as have the very rich, the very top of the manufacturing, producing, and investing groups. It has always seemed a paradox that though they never meet on a common ground in any other way, they are both for the same program. I said yesterday that the administration is giving lip service to labor legislation, and pulling jobs right out from under labor's feet. The able Senator from Missouri is making it much more clear than I was able to do yesterday. But I wish to ask the Senator if it is not possible that one explanation of Mr. Hoffman's statement might be that money is fluid, and that if one man or a group of men control a billion dollars—and many men control much more than that—if an import fee is to be lowered on a certain type of textiles manufactured in New England, in the Southern States, or anywhere else in the United States, and it is known when it is to be lowered, they can pick up a telephone, and, through a broker, can buy into a textile plant in Scotland, or anywhere else in the world, which manufactures the same type of material? Could that be one explanation of it? At long range the workingman does not see this. He sees the immediate legislation, but misses the implication of the lowering of economic levels with the lowering of the import fee. He does not see that, in the long run, it is against his best interests. Is not that correct?

Mr. KEM. I think that is exactly true. Mr. Hoffman says to the American manufacturer, "If you lie awake nights and cannot figure out how to meet European competition, then just close up shop." But, as the able Senator from Ohio [Mr. BRICKER] suggests, what about the employees of the American manufacturer who has to close up shop?

Mr. MALONE. Mr. President, will the Senator yield for a further question?

Mr. KEM. I yield.

Mr. MALONE. I believe the able Senator is putting it right on the nail head. Is it not a fact that we must meet the competition of \$2 labor, which is just as efficient as is our own, or even more so, because of the customary habits of working long hours in Scotland, England, and other countries? Is it not, as a matter of fact, reasonable to suppose that Mr. Hoffman knows that, in order to meet this competition, labor will have to lower its standard of living, and that the manufacturer will force the workingman down to a lower stand-



ard of living on a par with that of the workers of the rest of the world?

Mr. KEM. Mr. Hoffman is an able and experienced man, and it seems to me he must know that. But I cannot help but wonder whether he thinks that the working man or woman who gets a close-down slip in his or her envelope can lie awake at nights and figure out the answer.

Mr. President, I pose this question: Are not the American workers, who have made America strong, entitled to some consideration at the hands of the American Congress? Are we willing to say to them, "We cannot tell you how little concerned we are about European competition"?

We are told, Mr. President, that history has a way of repeating itself. There is a story of a Roman emperor who sat on the wall of the Imperial City playing a fiddle while Rome burned. We may imagine a slave calling the conflagration to his attention, and his reply: "Sirrah, I cannot tell you how little I am concerned about fire." He was a Roman emperor, and he could do as he pleased.

Then, Mr. President, there was a queen of France who was told that the people were without bread. "Let them eat cake," she said.

So, Mr. President, are we of the American Congress to say to our fellow citizens who earn their bread by the sweat of their brows, "My friends, we cannot tell you how little we are concerned about European competition"?

Mr. MALONE. Mr. President, will the Senator yield for another question?

Mr. KEM. I am glad to yield.

Mr. MALONE. As a matter of fact, are not those of us who are in the Congress, who have to vote on these important matters, making up our minds as to whether or not the standard of living of the workingmen in the United States is too high, and whether we want to lower the standard below the critical point I described yesterday, which represents the differential between the cost of producing articles here and in countries under other standards, where there is competition? Are we not making up our minds as to whether we should uphold our standard of living in some manner, while assisting the countries where standards of living of the workingmen are low?

Mr. KEM. I think the Senator from Nevada is exactly correct. I cannot help feeling that if the working people of the United States understood this subject they would make up our minds for us.

Mr. PEPPER. Mr. President, will the Senator yield for a question?

Mr. KEM. For a question only.

Mr. PEPPER. I am not sure I caught the full import of the statement of the able Senator. Was he inferring that the working people of the country were against the proposal we are discussing?

Mr. KEM. I was inferring that any working man or woman in the United States who understood it ought to be against it.

Mr. PEPPER. Would the able Senator not consider that great workingmen's organizations such as the Ameri-

can Federation and the CIO are capable of understanding issues of this character, and does not the Senator recall that they have evidenced their support of the proposal by their resolutions?

Mr. KEM. I have the highest regard for the leaders of those organizations, but I have known them to be wrong before.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. MALONE. Is the Senator from Missouri aware of the fact that some organizations which have adopted resolutions stated in the resolutions in no uncertain terms that certain import fees were too low at this time, and are not protecting the workingmen and that they are concerned about that? Is the Senator from Missouri aware of the fact that they did not, in the brief submitted to the Committee on Foreign Relations of the Senate, wholeheartedly support this free-trade theory?

Mr. KEM. I appreciate the suggestion of the Senator from Nevada.

Mr. President, I am not going to pursue this matter further. I am going to let it rest on the solemn warning of the Senator from Georgia.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. KEM. I yield.

Mr. DONNELL. In connection with the Senator's very powerful statement a moment ago about the warning of the Senator from Georgia, I am wondering if the Senator would have objection to language used by the Senator from Georgia being inserted at this point.

Mr. KEM. I am always glad to have a suggestion from my able colleague from Missouri.

Mr. DONNELL. I thank the Senator. Immediately preceding the response by Mr. Hoffman, "Sir, I cannot tell you how little concerned I am about European competition," which response my colleague has quoted, the Senator from Georgia stated:

I do not mind putting our own people to the test and I go all the way on a rehabilitation program. When, however, you are going to put a weapon in the hands of a competitor in France or Great Britain or Germany or elsewhere, with which they can certainly undo us, there is another day coming in this country, and somebody is going to be held responsible for it, Mr. Hoffman.

I ask the Senator if that is not in itself a very strong warning.

Mr. KEM. It emphasizes the statement of the able Senator from Georgia. Let me say that the able Senator from Georgia has just entered the Chamber, and I express the hope that some time during this debate he will give the Members of this body, and, through them, the American people, the benefit of the solemn warning he gave in the committee.

#### V. INDUSTRIAL DEVELOPMENT IN FOREIGN COUNTRIES

Mr. President, I wish to speak a little further about the matter of industrial development in foreign countries. The Marshall plan, supplemented, as the Senator from Nevada told us yesterday, by the reciprocal trade program and the ITO is, of course, definitely building up industry abroad owned privately and

owned by governments, all at American expense. This operation is bound to have serious effects on American business and American industry.

Mr. MALONE. Mr. President, will the Senator yield at that point?

Mr. KEM. I yield.

Mr. MALONE. In line with the question I asked a moment ago, I ask the Senator to permit me to preface my next question by reading one of the paragraphs from the statement made by Mr. Walter J. Mason, national legislative representative of the American Federation of Labor, before the Senate Committee on Finance, found on page 675 of part 1 of the hearings on House bill 1211, where he said:

In supporting the trade-agreements program, we recognize the need of safeguarding American labor in some activities, especially where wages are a relatively heavy factor in the cost of production, against competition that threatens to undermine our labor standards.

Is not that exactly what the distinguished Senator from Missouri has been trying to outline, that this protection must remain?

Mr. KEM. That states the proposition better than I could state it myself, and I thank the Senator from Nevada.

Mr. President, many of the countries in which we are building up industry are important sources of raw materials for American industry, and many of the countries from which we draw these raw materials are only too glad to be put in a position where they can process the materials themselves.

Let us not deal in generalities. Let us get right down to brass tacks. Let us look at some specific instances of what is going on. Let us look to our great neighbor to the north, "The Lady of the Snows."

#### (A) CANADA

Canada has put up numerous barriers against the export of timber, logs, pulpwood, and the like, to the United States, in order, frankly, to force processing of those materials in Canada. Quotas provided by law limit the export of wood for plywood and pulp. The land laws provide that the timber taken from certain lands may not be exported. In the Government administration of timber leases contracts often provide that the timber taken from the land shall not be exported.

It goes without saying that plywood, paper mills, and pulp mills in the United States have been hurt by these provisions. It is not surprising, therefore, that we find the Celanese Corp. putting up a factory in Canada because of the greater availability of wood there.

Much of Canadian nickel is processed in Canada, but some in this country, for instance, in Huntington, W. Va. I am informed that removal of these plants to Canada is likely to increase the proportion manufactured in Canada. It is a well known fact, which was brought out in the debate in the United States Senate on the St. Lawrence seaway project, that the quantity of iron ore in the United States is decreasing and the supply is running short. Canada has relatively abundant supplies. May we indulge the



hope that the Canadian policy with respect to wood will not be repeated in the case of iron ore?

(B) SCANDINAVIA

Let us now look at Scandinavia. The United States has been shipping paper-making machinery to Scandinavian countries to put them in a position to manufacture paper by using the very latest American machinery and technology. What we are doing is to put them in such a position that they can manufacture paper instead of exporting pulp to the United States.

We hear that there is a shortage of pulp in the paper mills in New England. I cannot help but wonder how much of the pulp which would otherwise have gone to the paper mills in New England is being processed in Marshall plan plants in Norway and Sweden.

Mr. MALONE. Mr. President, will the Senator yield for a question at that point?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Nevada?

Mr. KEM. I yield.

Mr. MALONE. I wish to ask the distinguished Senator from Missouri if he thinks it is a good thing for the United States to foster and keep up the illusion of wealth among the foreign countries which we have encouraged? In other words, the people of every foreign nation with which I am familiar believe that every man, woman, and child in the United States is wealthy. They believe our Treasury is a bottomless pit. Therefore their attitude is that they are entitled to this machinery and the money we are forwarding to them each year under some name—different at times, it is true, beginning with lend-lease, then UNRRA, then the British loan, then the Marshall plan, and ECA, and continuing indefinitely, but all fostering the idea that we are an ultra-rich nation, that our strategic and critical materials with which these things are manufactured are inexhaustible; that our wealth is inexhaustible. Therefore they have no compunction whatever in accepting the machinery to which the Senator has so aptly referred. But does the Senator from Missouri think it is a good idea to have that illusion kept up, or should we describe to the people of the various countries in some detail that presently, perhaps not very long from now, we in the United States are likely to experience some of the difficulties and conditions they are now experiencing?

Mr. KEM. The statement of the Senator from Nevada calls to mind the very apt characterization of the Senator from Indiana a few days ago when he spoke of the United States as the playboy of the western world. It also calls to mind the observation made by a leading businessman of the largest city in my State who has just returned from Europe. He said the Americans have demonstrated that they have a lot of money and darned little sense.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. JENNER. Does the Senator from Missouri know whether or not the Voice of America has been playing "Stop the

Music" to the rest of the world; whether the people of other countries might have gotten that idea from some radio program of that kind?

Mr. KEM. It is entirely possible, but I should think they could have gotten it from the operations and the ministrations of the ECA.

Mr. JENNER. Mr. President, will the Senator yield for another question?

Mr. KEM. I yield.

Mr. JENNER. Is it not a fact that the national debt of the United States, which is approximately \$257,000,000,000, is greater than the national debts of the 16 western European nations that are under the Marshall recovery program?

Mr. KEM. Perhaps that is why some of our European friends are supposed to be joking about us as "Uncle Sap."

Mr. JENNER. I thank the Senator.

Mr. MALONE. Mr. President, will the Senator yield for another question?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Nevada for a question?

Mr. KEM. I am glad to yield.

Mr. MALONE. I ask the indulgence of the distinguished Senator from Missouri to allow me to read a very short dissertation in preface to my question. It is taken from the January 1947 issue of American Affairs. The article is headed "The American proposals for a collectivist world system," and is written by Garet Garrett. I read:

The one brilliant solution that has been offered is that we shall regularly and in a systematic manner give our surplus away instead of lending it and expecting ever to receive it back.

This is apropos of the question to be propounded to the Senator from Missouri as to the attitude and the belief of others respecting why this policy is consistently being carried on by America.

This suggestion comes from the Eastern Economist, New Delhi.

I may say I had a long visit with the publisher of the Eastern Economist when I was in New Delhi. He really understands things very well, and has a penetrating mind.

Mr. McMAHON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McMAHON. Is the statement now being made by the Senator from Nevada to be interpreted as being a question?

The PRESIDING OFFICER. The Chair desires to see how it is put. The Chair does not know how it will turn out. The Senator from Missouri yielded to the Senator from Nevada only for a question.

Mr. MALONE. Mr. President, I had asked the Senator from Missouri if he agreed with the interpretation of the Eastern Economist of what we are doing. I can repeat it from memory, virtually, but it would be very helpful if I were permitted to quote the language exactly.

Mr. McMAHON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McMAHON. If a Senator may read for 2 or 3 hours, and then ask, "Now, do you agree with that?" then of course, the rule would cease to have any meaning whatsoever.

The PRESIDING OFFICER. The Senator from Nevada will state his question.

Mr. MALONE. I thank the Chair. I am asking the Senator from Missouri if he agrees with the interpretation of the Eastern Economist in the excerpt I now propose to read, which I assure the Senator from Connecticut, will not require 2 or 3 hours to read. I can, of course, understand the assumption of the Senator from Connecticut that anything which does not agree with the customary methods—

Mr. LUCAS. Mr. President—

The PRESIDING OFFICER. The Senator from Nevada will proceed with his question.

Mr. MALONE. I read:

The United States lend-lease plan of helping the Allies in the recent war has been acclaimed as an act of unparalleled generosity, and so it was. But it was also a brilliant and ingenious way of solving what would otherwise have been an intractable problem resulting in a world malaise.

The productive power of America has multiplied itself so fast that it is now admitted that she cannot continue to give 60,000,000 jobs unless she is able to have a large export trade. But in the long run—not so long as even a decade—exports cannot continue unless imports are allowed to flow in. But United States economic organization is such that the possibilities of her being paid in imports are not very bright. Lending her surplus would mean only a postponement of the day of reckoning and accounting. Sooner or later imports should enter America in a flood. But imports will or at least might create unemployment. In such circumstances it would not be such a foolish thing—as some might imagine—to give away goods to other countries, for on balance it would be better to part with surplus goods than to create unemployment.

Now, Mr. President—

Mr. McMAHON. Mr. President—

Mr. MALONE. Mr. President I ask—

Mr. McMAHON. I ask the Chair to enforce the rule, because what the Senator from Nevada has just now done certainly does not comport with it.

The PRESIDING OFFICER. The Chair will have to enforce the rule.

Mr. MALONE. I ask the Senator from Missouri to answer my question.

The PRESIDING OFFICER. Very well; the Senator may do so.

Mr. KEM. Mr. President, I appreciate the contribution of the Senator from Nevada.

(C) ARGENTINA

I know that Argentina is not a Marshall plan country, at least not yet; but it is interesting, since Argentina is the source of considerable raw material which used to be processed in the United States, to inquire just what General Peron and Madame Peron are doing in that country.

Argentina a few years ago decided it would be more profitable to process her hides and skins locally than to ship them to the United States. She has therefore developed a tanning industry, and this has been an important factor in the shortage of hides in the United States. Similarly,



Argentina has been processing at home her own dyewood formerly exported to the United States.

(D) INDIA

Now let us look at India. India decided to manufacture her mica into built-up mica rather than to send so many splittings, as they are called, to the United States to be manufactured here. This threatens to cause a shortage of unmanufactured mica in the United States. The American plants cannot get raw material with which to work because such material is being processed elsewhere in the British Empire. India has also placed higher export taxes on raw jute than on manufactured jute; and the inference is permissible that they are trying to encourage their industry at home.

Mr. MALONE. Mr. President, will the Senator yield for a question?

Mr. KEM. I yield.

Mr. MALONE. Does the Senator understand that India is a part of the sterling bloc area, and that the import and export fees are slanted toward the sterling bloc, meaning that the fixing of the import and export fees favors the sterling bloc area? It is more profitable for businessmen to trade with that area; and there may be a deliberate purpose on the part of the sterling bloc area to bring about the very condition of which the Senator from Missouri is complaining.

Mr. KEM. My understanding is that there are three levels to the house of sterling. Members of the Empire get in on the ground floor, or the lower level. A preferred class comes in on the second floor. The hoi polloi are relegated to the third floor. Senators may not be surprised, Mr. President, when I say that Uncle Sam is on the third floor.

(E) CHILE

Chile is developing a local copper-fabricating industry. As a result—I suppose I should say partly as a result—copper is in short supply in the United States.

(F) BRITISH EMPIRE

Let us look at the British Empire a little further. The British have what is called a tin cartel, in which they monopolize to a substantial extent the entire supply of tin of the world. They are enacting and have been enacting a series of laws and regulations to favor members of the Empire. England and some other countries in and out of the British Empire have increased their production of steel. Of course, that has contributed to the shortage of scrap iron in the United States.

Let us consider the subject of cocoa beans, vast quantities of which are processed in the United States. Great quantities are consumed by Americans of all ages. This production is in the hands of a highly organized and skillfully operated cartel. The world's supply is allocated by the International Emergency Food Committee of the United Nations. The United States producers of chocolate and cocoa are of the opinion that competing countries obtain the beans at lower prices than those paid by the United States, partly because of the

exchange differentials caused by the three-storied house of sterling. At any rate the supply of the raw material is short in the United States, and in part it is due to the machinations of the British-controlled cartel.

Present supplies of essential metals such as manganese, chromium, tungsten, nickel, lead, zinc, copper, tin, and bauxite are far from abundant in the United States, and in several cases short. On the other side of the picture, the industrialization of South Africa and Australia, going on apace, is making demands on some or all of these metals.

VI. THE APPROACH OF ECA IS UNREALISTIC

Mr. President, I have talked long enough, and I am about to conclude. I wish to make just one more point, and that is that the approach of the ECA is wholly and utterly unrealistic. The proposed extension of industrialization to the under-industrialized countries will do two things—and these are the two principles things it will do: First, strengthen the announced programs of those countries to process their raw materials at home; second, so increase the demand for raw materials that they will be hard to get, even at advanced prices.

Mr. President, I claim no gift of prophecy, although I sometimes think that since I have been a Member of this body I have been more successful in prophecy than in persuasion. However this may be, it seems clear to me that soon—very soon—the Congress of the United States will abandon its evangelical approach to these problems and face with courage and decision the hard realities of an international existence in a very matter-of-fact world.

It has been pointed out by competent authorities on both sides of the aisle in this Chamber—by the able Senator from Georgia [Mr. GEORGE], to whom I have previously referred, on the other side of the aisle, and by the able Senator from Ohio [Mr. TAFT] on this side—that unless we cut expenses we cannot avoid higher taxes, and that higher taxes at this time would have an undesirable, and perhaps an unfortunate, effect upon the economy of the United States.

I shall vote to reduce the authorization in the pending bill.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 2101) to abolish the Regional Agricultural Credit Corporation of Washington, District of Columbia, and transfer its functions to the Secretary of Agriculture, to authorize the Secretary of Agriculture to make disaster loans, and for other purposes, and it was signed by the Vice President.

EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. TYDINGS and Mr. VANDENBERG addressed the Chair.

The PRESIDING OFFICER. The Chair has no list before him. He does not know whether or not any Senator has made previous arrangements to speak.

Mr. DONNELL. Mr. President, does the Chair mean that it is appropriate or proper that a list should be prepared?

The PRESIDING OFFICER. Not necessarily. Sometimes the Chair makes a moral commitment.

Mr. DONNELL. I should like to voice a word of criticism, not of the present occupant of the Chair, in whose judgment I have the greatest confidence, as he well knows. However, I think it has been previously pointed out in this Chamber that the practice of having a list is entirely contrary to the rules. As one Senator I desire to voice a word of opposition to any such precedent being established or countenanced. Again I say that my statement is not meant in criticism of my good friend from Mississippi.

The PRESIDING OFFICER. The Chair appreciates the remarks of the Senator from Missouri. The Chair merely wished to ascertain whether there was such a list.

The Senator from Maryland [Mr. TYDINGS] first addressed the Chair. The Senator from Maryland is recognized.

Mr. TYDINGS. Mr. President, I have had nothing to say in the long course of this debate; and perhaps a continuance of that silence would be just as well as an effort to bring some small arguments to the support of the pending measure. However, this debate has taken such a wide range that I am literally astounded at some of the arguments which I have heard on this floor in opposition to the proposal.

For the moment I am not addressing myself to the pending amendment, which seeks to reduce the amount by 10 percent, but to the arguments of those who would oppose the program in toto. Certainly they have been some of the most unique arguments I have ever heard.

For example, it is argued that under this bill we are furnishing money to Great Britain so that she may embrace and further the socialistic experiment on which she is in part now engaged. The inference clearly sought to be drawn from that assumption is that we are furnishing the money to socialize the British Government and people, and that if we did not furnish the money Britain would not go in for socialism to the extent that she is now embracing it.

As I see this proposition, the contrary is true. If it were not for the aid which comes to Britain under the Marshall plan, the need and the urge for socialism in government there would be infinitely greater than it is now, with the money that is going to Britain, for that money acts as a deterrent against widespread socialism. So I cannot accept for a moment the premise that the grant of money to Great Britain under the Marshall plan is made in furtherance of British socialism. Heaven knows, if there is anything in the British picture that is slowing down the march of so-



cialism, it is the aid which Britain is receiving from the United States under the Marshall plan. All the talk that this money is aiding the socialism of Great Britain, on its face is mere tommyrot, for without this financial aid, Britain would be embracing a far greater measure of socialism than she has so far embraced. That is simply common sense. Socialism by governments springs primarily from a need to spread what little there is over a wider and thinner area.

I have also heard the unique argument that we shall be better off from a military and security standpoint if we stand alone, rather than if we take those who are likeminded with us and bind ourselves together with them in a common purpose to keep the peace. That is so childish, according to my lights, that I find it difficult to find the words to meet such a ridiculous argument. To oversimplify it, it comes down to this: that one man can fight another man with more assurance of success than nine men together can fight another man. That is about where that argument seems to end.

Then, too, I have heard some wonderful military strategy in the course of this debate. I have heard statements made—and with some accuracy, I think—about how few divisions we had in Europe and in Japan during the last war, and that therefore all the money for the North Atlantic Pact and the Marshall plan and for military support is money thrown down the drain. Mr. President, it seems to me that those who embrace that idea have entirely overlooked the significant fact that American air power, plus British air power, was equal to many dozens of divisions in the effect it had upon beating Germany under Hitler to her knees. We are assuming that we are discussing land operations as they existed in the time of Napoleon. But, Mr. President, actually we are talking about, not the science of war as it existed under Napoleon, but the science of war in the years 1938 to 1950. Therefore, we did not need the great number of divisions, once we had established a foothold on the Continent, to keep up the pressure which eventually brought the victorious Allies into Berlin, because there were divisions in skies which were heaping devastation upon the cities of Germany, the bridges of Germany, the transportation systems of Germany, at a rate greater than the rate at which a thousand artillery brigades could level such destruction. Yet I have heard it said that we should not associate ourselves with these other European countries, because mere numbers of divisions do not count.

Mr. TAFT. Mr. President, will the Senator yield, merely for an inquiry?

Mr. TYDINGS. Yes.

Mr. TAFT. The inquiry relates in general to the matter the Senator from Maryland has been discussing. He is, of course, the distinguished Chairman of the Armed Services Committee. I notice in the column by Mr. Marquis Childs, appearing in this morning's Washington Post, the following statement:

That secret has to do with the war plan conditionally agreed to by the United States

Joint Chiefs of Staff. While the details of the plan are carefully guarded, it is rather generally known that it is based on the broad assumption that the Continent must be retaken after it has been occupied by the Russian invader.

Many of America's own military planners are pretty unhappy about the assumptions on which the war plan is based. They had an opportunity in World War II to see how close conquest, occupation and liberation came to erasing the structure of civilization in western Europe.

Is the Senator advised of any such plan or of the nature of the military plans which seem to be involved in the North Atlantic Pact?

Mr. TYDINGS. Mr. President, the Senator from Maryland appreciates the compliment, implicit in the question asked by the Senator from Ohio, that he would be able to answer such a question on the level of high military strategy. I cannot live up to that implied compliment by my good friend, the able Senator from Ohio, but I think I can say this without losing my amateur status: I know, as I am sure the Senator from Ohio knows, that in our military planning against any contingency in the future every phase of the problem is taken into consideration. For example, if we were to be confronted with a war against country X, we would assume that certain bases would be in our hands, that they might be lost, that we might have to regain them, that we might hold them, that we might lose them permanently, that we might have to drop back to other bases. So I think the question implied by the article from which the Senator from Ohio has read, stems from the fact that that is one of the contingencies which would have to be embraced in a plan, so that every reasonably emergent circumstance would have been covered, and a plan adopted to deal with it.

I hope that answers the question asked by the Senator from Ohio.

I have just come from the marble room, Mr. President, behind the Senate Chamber, where the great globe rests on its stand. Alongside that globe is a yardstick by which one can measure the distance by air between any two points on the globe. It is startling almost beyond belief to find that the distance from Maine to Moscow is only 3,500 nautical miles; that is all, 3,500. How far is it from Honolulu to New York, Mr. President? I think it will be found to be more than 3,500 miles. However, only 2 weeks ago a gentleman in a plane—one of the old-fashioned single-motored planes—left Honolulu and flew all the way to New York, nonstop; and that distance is greater than the distance from Maine to Moscow. Yet, some gentlemen seem to have the idea that Moscow is 10,000 miles away from us. Actually, the distance from here to Moscow is only the distance of the width of this country plus half that distance again. Only 2 or 3 months ago, we read that one of our great planes, a B-36, had flown nonstop 3,800 miles without refueling. There is a plane capable of going almost half way around the earth.

What does all of this have to do with the Marshall plan, Mr. President? It

has this to do with it: First of all, we cannot use World War II as a yardstick by which to gage the possibilities and contingencies which might exist in World War III. Science and invention have moved so far ahead that for the first time in the history of man it is possible to bomb Europe from the American continent and for the first time in the lives of men it is possible to bomb the United States from the European continent. That is an entirely new circumstance, which never existed before. Therefore, when we concede that we are trying to build up western Europe, we are trying to keep from falling into enemy hands the possible bases which might otherwise fall into the hands of potential enemies even before the war starts, and from which they could attack us instantly on the outbreak of war.

Already we have seen Poland picked off. Already we have seen Czechoslovakia picked off. Already the pressure has been brought on Greece. Already the pressure has been brought on Turkey. Pressure has been brought on Italy, and a gigantic internal uprising was fomented, born of a desire to have allies of Russia take over Italy and her government, if possible. That effort was largely frustrated by the effect of the first Marshall plan. The same thing happened in France. It was not long ago that little Norway was threatened with being put in the nutcracker. Are we now to sit down here and twiddle our thumbs until this pattern, already in effect and with much of Europe already gobbled up, take over the whole of the European continent, in this day of intercontinental bombers and the atomic bomb? That is something we might ponder. I for myself would rather have the bases and the potential abilities of the great countries that line the Atlantic Coast in western Europe on our side rather than on the other side, and particularly on our side prior to the time war starts.

I admit that as presently constituted, perhaps, a great country like Russia, as it exists today, could roll down to the Atlantic seaboard. There is very little there in the way of enemy opposition to withstand such a Russian thrust. But 4 or 5 days or 3 or 4 weeks, now, are more important than 3 or 4 months were in World War I or World War II. Warfare is not the slow overland proposition it once was. It is a matter of exceedingly great swiftness. The plane that left Guam and flew to Nagasaki and dropped the bomb that killed so many people consumed in the operation less than 24 hours. Think of it. In 24 hours, from a distance far, far away, an entire city with its entire population behind the enemy lines was wiped out. I like to think that, as of the moment, 3 or 4 weeks might be decisive at the present juncture of things, and if we have friends who can delay a possible enemy advance for such a length of time, we could shorten the war immeasurably, in my opinion, and we could save life, save treasure, and save the western alliance and western European civilization.

So it seems to me that most of the arguments which have been advanced against the over-all policy of our coun-



try are not well grounded in fact. I think it is perfectly obvious to say that Great Britain would be more socialistic than she is now, if it had not been for the Marshall plan, for, without Marshall-plan aid, the need in Britain would have been greater, and socialism thrives more on need than it does on ideology. It is possible to attract converts to socialism because people are hungry or out of work or poorly housed, just as it is possible to attract people to communism, the more extreme doctrine down the road of political ideologies. So the argument that all we are doing is furnishing money to help socialize England is not true. What we are doing is furnishing money to slow down the socialization of the great British Government. It stands to reason that without this money there would be more socialization than there is with it. That is merely plain common sense. Nobody has offered any proof thus far to the contrary.

It is my opinion, too—and it is as good as an opinion on the other side—that without our aid to Italy, during the last year particularly, it is perfectly possible that the number of seats held in the Italian Government by the Communists would have been much greater than the number actually is.

The same thing is true of France. There has been a turning point. I shudder to think what might have been the conditions there without the Marshall plan. But how gentlemen can take the position that we can, sit here and twiddle our thumbs, while all Europe is taken away, state by state, and still be more secure than we would be by resisting an attack on the western European states by an enemy country, is beyond my comprehension.

The Marshall plan may not hit the bull's eye every time; it may be possible to point out some transaction which is not altogether to my liking; it may be possible to point out some phase of it which could be held up to scrutiny, and about which it might be said, "Is not this bad?" and I should have to agree. But I am arguing the over-all general effect, and this is the way I see it: A strong western Europe, with stabilized currency, with a reasonably well employed people, devoid of immediate wants, is a Europe that can help the United States of America financially, economically, and physically to share some of the responsibility of fighting communism and keeping world war III in check.

I do not want to look ahead for a hundred years, and I am not prophesying that far, but I am prophesying that for the 4 years contemplated by the Marshall plan western Europe will be much stronger than it would have been without the Marshall plan aid, and that, the stronger Europe is, the less need there is for the United States of America to be as strong as she would have to be if Europe were weaker. The more divisions France has, the more airplanes Britain has, the more tanks Belgium has, the more machine guns Holland has, the less we have to have here. The more men who march under the colors of the countries of western Europe, the less need there is for military training in this country, and

the lower our defense expenditures will be.

Moreover, in my humble judgment, for the long pull, we ought to get back from the employment of the help given under the Marshall plan financial advantages of great worth. Once there has been achieved some degree of foundational stability in Europe and we all stand together, it will not be so necessary for us to appropriate the huge sums necessary for our own defense, as would be necessary for us to appropriate for our own defense if we were standing alone. It stands to reason, Mr. President, that if we are going to stand alone, we must make up our minds to spend many more millions of dollars for our national security, to have larger forces for national security than we now have, to impose heavier taxes on our people for our national security than are now imposed upon them. If we are going to stand alone, we must have bigger and better everything, including taxes and restrictions on our economy, in order to support the load. To those who want to know where the money is going under the Marshall plan appropriations, my answer is, "You will spend just as much, and more besides, if this Nation stands completely alone. You will spend \$600,000,000 this year alone for universal military training; and that is merely a starter."

The testimony before our committee shows that when universal military training has been in existence for a couple of years it will probably cost \$2,000,000,000 a year. That is one expense we will have to undertake if we stand alone.

We have been talking about a 70-group Air Force. That runs into an enormous sum of money. There is another thing we shall not be able to spread over the years if we are going to stand alone—and that is what some arguments on the floor have indicated—and that is that we must have that 70-group Air Force immediately; and if we have it immediately, we shall have to have higher taxes. My good friend from Maine [Mr. BREWSTER], who is a military man, I am sure will bear out that observation. In other words, while it may be said that our appropriations to aid those who might assist us in time of war are large, we will spend many times more here at home, because we will be standing by ourselves.

The position of my good friend from Indiana [Mr. CAPEHART], who does me the honor of listening to me, is this: He says he would rather have nothing to do with any of the countries of Western Europe; he would rather have them bear none of the share of responsibility for keeping peace in the world; he would rather have American dollars, American boys, and American resources meet Russia by itself than to have the help of our allies in the western area of Europe—

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Indiana.

Mr. CAPEHART. Mr. President, the able Senator was never more wrong in

his life. I have never made any such statement. He must be wrong.

Mr. TYDINGS. Then I take it back. I had inferred from the remarks of the Senator a day or two ago that he considered all Marshall plan expenditures very inadvisable.

Mr. CAPEHART. Mr. President, the Senator is wrong again. I did not say any such thing. All I said was—and I still stand on it, and I shall make a speech a little later in regard to it—that I felt we might well reduce Marshall plan expenditures from \$5,800,000,000 to \$3,000,000,000. At no time did I say anything that the able Senator from Maryland is intimating I said. I believe, in order to keep the RECORD straight, that the able Senator from Maryland should either quote what I said, or withdraw his statement, because I am certain it is not true.

Mr. TYDINGS. Mr. President, I am very glad to have that statement of the Senator from Indiana. I take his statement at face value. If he says he said nothing of that kind, or conveyed no inference of that kind, or intended to convey no inference of that kind, I withdraw all I have said in that respect about him. But I renew the attack to say that the Senator feels that it is not a good thing to appropriate the sum requested. Am I wrong in that?

Mr. CAPEHART. I am perfectly willing to appropriate \$3,000,000,000, and I shall make an effort, a little later today, to show how I arrived at the sum of \$3,000,000,000. I have said repeatedly on the floor of the Senate, and I think the RECORD will bear me out, that Mr. Hoffman has done an excellent job. I think the recovery in western Europe has been splendid. My position is simply that we can reduce the amount and still get the job done. That has been my position straight through, and I do not think the RECORD will show that it has been anything other than that.

Mr. TYDINGS. Mr. President, I am certainly glad that I asked the Senator directly the question which I asked him, because he has disabused my mind of a thought I had when I listened to him a day or two ago, that he was in general opposition on the broad front to what we may call cooperation. If he says he is not in opposition to that, I am certainly glad to hear it. I am glad to know that he approves of the Marshall plan, differing only as to the amount of the contribution. I am glad to know that he is not a party to the philosophy which believes that America should stand alone and have no commitments with western Europe in the form of the Atlantic Pact and related institutions, for its own security and for its own protection.

Mr. CAPEHART. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator can yield only for a question.

Mr. TYDINGS. I yield for a question.

Mr. CAPEHART. The question is simply this: The records of ECA show that in practically every instance production in western Europe and in England has increased above prewar levels. The record also shows that as of January 29, 1949, only \$2,300,000,000 of last year's



appropriation had been sent. The record likewise shows that \$2,700,000,000 of last year's appropriation is not to be sent. The record shows that we are now asked to appropriate \$5,800,000,000. I am delighted that western Europe has had such an excellent recovery. If they have had such a fine recovery on \$2,300,000,000, then if we send \$2,700,000,000 more out of last year's appropriation, and appropriate \$3,000,000,000 for the next year, that makes a total of \$5,700,000,000, which is approximately the same amount we are asked to appropriate for next year. My position is that that is sufficient to do the job, in light of the fact that this Nation has a debt of \$250,000,000,000, and will possibly have a deficit for the fiscal year ending June 30, 1950, in my personal opinion, of anywhere from \$5,000,000,000 to \$10,000,000,000, because in the present fiscal year we are likely to have a deficit, according to the President's statement yesterday, of from \$600,000,000 to \$700,000,000.

My position is that the people of western Europe are our friends, and we are their friends; and that we have been trying to help them, and I think we have done a good job, and that, as our friends, they should be willing to see our position, which is simply that we have a \$257,000,000,000 debt, that we are at the present time running a deficit, and that next year, due to falling prices, we are going to have less income, and that they as well as we ourselves, should be interested in maintaining a strong economy in this Nation. That is my position. That is the basis on which I arrive at my position; I feel that it is a sound position, and I propose to offer an amendment in keeping with it. I hope I shall not lose a single friend on the floor of the Senate as a result of my position, because I believe it to be in the best interest of the United States to do what I propose, as well as in the best interest of all those we desire to help, because all of us—

The PRESIDING OFFICER. The Senator from Maryland can yield only for a question. The Chair has some obligation to the other Members of the Senate, and while not desiring to cut off any Senator, the Chair will have to enforce the rule.

Mr. CAPEHART. In view of the fact that the able Senator from Maryland brought me into this discussion originally by stating what he understood I had said, I think I am at least entitled to defend myself at this particular point in the RECORD.

Mr. TYDINGS. I am very glad, even if the Chair had to stop the statement of the Senator by enforcing the rule, to have had his remarks. I congratulate the Senator, because while I do not agree with him in toto, I think basically he is more or less in accord with the program, which means that we cannot go along forever being the great big boy who carries all of his little brothers by the hand, and that back of this program is the desire to help the little brothers from year to year to the point where they can stand alone, and then, as they become men again in the society of nations, they can help us to carry some of the burdens, financial, moral, physical, and

otherwise, in keeping peace in the world and stopping communism.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. TYDINGS. I can yield only for a question.

Mr. CAPEHART. The question is, Should we, in leading these little brothers until such time as they grow up to be men, take too big a gamble so that we might likewise break our own backs in the process of leading them?

Mr. TYDINGS. I can see that some might take that view, but I think we are taking less of a gamble in what is proposed. I should like to point out in a phrase or two, using the remarks of the Senator from Indiana, why I differ slightly with him in his conclusion. The Senator has pointed out that the testimony abundantly shows that Britain has made a phenomenal industrial production recovery. I concede that, and if all the other facts which existed prior to World War I were in consonance, then the productive record of Britain would be sufficient to enable us to say, "There, you are back in good health. Throw away these American canes and walk down the international street."

The truth of the matter is that Britain, prior to World War II, and to a greater extent before and after World War I, was a nation which never did balance its budget, which always bought more in dollars than it sold in dollars. So that even if Britain's production had risen to mountainous heights, it would not fill the void of the losses which have resulted from the cessation of the flow of income on investments overseas, an income that has come in as a result of her being the world's carrier of the water commerce of the world for many years, from her great and far-flung banking income, from her tremendously large insurance income. Britain's insurance company is among the primary insurance companies of the world. Her insurance has largely gone to pot, the banking income has gone to pot, her investment income has gone to pot, her merchant marine has likely gone to pot, so, even though her production was greater than it was before the war, there is nothing yet to take care of the other void which has appeared.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. CAPEHART. Will not the able Senator admit that we likewise have a \$257,000,000,000 debt which will be left to our great great-grandsons to pay, and will not the Senator likewise agree that we have the largest peacetime budget in the history of our Nation, and will not the able Senator from Maryland likewise agree that we are now running, even this year, in the red, and that we are going to run in the red next year? Will not the able Senator agree that we went into debt to the extent of almost \$200,000,000,000 as a result of World War II, with approximately a million men killed and injured, and will not the Senator admit that there should be some degree of mutuality, and that if we give the participating countries \$3,000,000,000 under all the circumstances, they, as well as we, will be better off?

Mr. TYDINGS. I think the Senator has a good point, but I do not see the situation as he sees it, and I will tell him why. Let us assume he and I are both medical doctors, and have been attending a sick patient who has been through a very harrowing experience, equivalent to what England and the other countries of western Europe passed through as a result of World War II. The Senator and I meet at the bedside of the patient in this year, 1949. We take the patient's pulse, we take his blood pressure, we ask the patient to stick out his tongue, we take the blood count, and do the other things necessary to size up his condition. The Senator from Indiana says to the Senator from Maryland, "Our patient is coming along better than I believed possible." The Senator from Maryland says, "I agree with you." The Senator from Indiana then says, "I do not think he need take this medicine for more than 80 days more." The Senator from Maryland says, "Well, you know, we should guard against a relapse. We are assuming that everything during the year 1949 is going to conduce to the patient's continued recovery. It is true that he has surpassed our diagnosis up to now, but so long as we have him coming out of the slough of despond, out of his sick bed, let us keep up the treatment, just to make certain that we have not underestimated his vitality, until he can stand on his own feet beyond question, and help our taxpayers and help our soldiers, our sailors, and marines to bear some of the responsibility of meeting the onslaughts of communism, so that our own country will not have to do it all by itself, in the event this good old sick man is unable to stand with us when the emergency comes."

Mr. CAPEHART. Mr. President, will the Senator from Maryland yield?

Mr. TYDINGS. For a question.

Mr. CAPEHART. My question is this: I can certainly agree with the able Senator from Maryland that we do not want a relapse of our patient, but, by virtue of the same reasoning, does the Senator want—I certainly do not—the doctor who, in the first place, is the United States, to catch the disease which the patient has, and then have both of them on our hands, both of them in bed, both of them crippled, neither one of them able to walk, and neither of them able to help to defend the world against the communistic threat.

Mr. TYDINGS. If I were to be completely frank with the Senator from Indiana, I would assume that if we cut out the Marshall plan entirely its immediate effect upon the economy of this country would be disastrous. First of all, to take the Senator's argument, we would lose the sale of many hundreds of millions of bushels of grain. In my judgment the farmers of Indiana would ask for some sort of treatment in the form of a subsidy, perhaps, from the Treasury of the United States if we were to withdraw the purchasing power which the Marshall plan puts into the grain market, because the price would go down so precipitately that farmers would ask for a floor at some point higher than it is today.

Mr. CAPEHART. Mr. President, will the Senator yield?



Mr. TYDINGS. I have not finished yet. I have only come to grain. I am going to take up some other products, but I shall yield to the Senator before I come to them. What the Senator from Indiana says in effect is that it would be a good thing for the wheat and the hog and the cattle farmers of Indiana if they lost now the market for a part of the products which are at the present time going to Great Britain.

Mr. CAPEHART. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator yield for a question?

Mr. TYDINGS. Yes, I yield.

Mr. CAPEHART. If our economy is so weak and so synthetic at the moment that it depends upon the difference between \$3,000,000,000 and five and a half billion dollars, when the able Senator from Maryland admits that in 1950 or 1952 we are going to stop the Marshall-plan spending—I say if our economy is so weak at the moment, and if we are so dependent upon about \$2,500,000,000 appropriations to be used in the Marshall plan, then, in all seriousness, we had better keep the five and a half billion dollars. If our economy is so weak I hate to think of what is going to happen to this Nation. I am sincere and honest in that statement.

Mr. TYDINGS. I can yield only for a question.

Mr. CAPEHART. That admission that the economy of the United States is on the way out is one of the most frank admissions I have ever heard. I simply cannot conceive of \$2,500,000,000 making the difference between the success and failure of this Nation, when we have a national income of \$260,000,000,000 a year.

Mr. TYDINGS. Let us take the reverse of the Senator's statement. Instead of reducing the appropriation \$2,500,000,000, let us, for the sake of illustration, increase it by \$2,500,000,000 and serve notice on the farmers of this country that a large proportion of the \$3,000,000,000 is going to be used to buy farm products. If the Senator does not think that would be important in raising the price of American farm products, then I do not know how to add up the figures 2 and 2 to make 4.

By the same logic, those who are talking about cutting down this program being good for America may conceivably have an argument which may apply over a longer period of years. But after our farmers at the request of the Government have gone forth to raise the largest crops in history, and produce cattle and hogs in such number that our cattle and hog population is one of the largest of all time, if we were to announce that we are going to cut the Government's purchases of these agricultural products by 50 percent in order to cut down the expenses of the Government, I am sure many of the farmers of Indiana would say, "Well if that is all you have in mind, we would rather not have the cut made until we can work the surplus out of our feed lots, out of our granaries, and get down to a normal production where supply and demand will equalize, so we will not be at the mercy of those who have the money

to speculate while we do not have the money to store or keep our products." That is only the agricultural part of it. That is merely one little side of the agricultural part of it.

How about the people in industry? How about all the various products which are coming from industry? I understand that in the last 2 or 3 months the unemployment figures have gone up considerably. Four labor men stopped me in the lobby today to tell me that employment has tumbled quite a little momentarily. It stands to reason that if we withdraw the effect of the purchases which come under the Marshall plan this year from the industrial market, there is bound to be more unemployment.

Mr. CAPEHART. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Indiana?

Mr. TYDINGS. Yes.

Mr. CAPEHART. The question is very simple. Are we appropriating money now to stop communism, to promote peace in the world, or are we appropriating money in order that our own manufacturers and our own people may enjoy a certain degree of prosperity?

Mr. TYDINGS. I shall be glad to answer the question. Will the Senator allow me to answer his question?

Mr. CAPEHART. Yes; I should like to have the Senator answer the question, because it is something which is bothering many people.

Mr. TYDINGS. Without the threat of communism, without the threat of world war III, without the threat of more Russian aggression such as we have already witnessed, in my judgment we might make only a small appropriation for the aid of western Europe, which would be directed primarily to food, clothing, and shelter. That would be all. But, with the threat of communism we have had to go further. We have had to look around to the next international election.

Mr. CAPEHART. The Senator says "international election?"

Mr. TYDINGS. Just a minute. The next international election, just as the Senator from Indiana and the Senator from Maryland sometimes have to look around to the next State election. We have to size up the counties that are likely to be with us in the next election, and the counties that are likely to be against us in the next election. Just as we try to weaken the forces of our opponents while building up our own forces, so we do with Russia, that is, we take those European "counties" that are likely to be with us in the next international election, and we try to make them so strong—

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. TYDINGS. I will not yield until I have finished. We try to make them so strong that when Uncle Sam comes out of this election and all the votes are counted, we will have a majority, and we will have peace, civilization, and a perpetuity of what may reasonably be called democratic liberty.

Mr. CAPEHART. Will the Senator please answer my question as to whether

we are appropriating this money to stop communism and establish peace, or whether we are appropriating this money in order to give business and our manufactures and farmers a certain degree of prosperity.

Mr. TYDINGS. I thought I had answered that question, but I shall do so in a sentence. We are doing it to stop communism and, incidentally, as the result of that effort we are able to help our own people in what might have been for certain groups such as farmers one of the most critical economic periods in the history of our country. But primarily the motivation for it, the reason for it, the sine qua non, without which there would not be any legislation, is our desire to survive vis-à-vis communism as it encroaches from the east farther and farther toward the west.

Mr. President, have I answered the question?

The PRESIDING OFFICER. The Senator from Maryland can yield only for a question.

Mr. CAPEHART. The Senator said "Yes" and "No," "but do not quote me." The Senator said "Yes, we were doing it both to stop communism"—

Mr. TYDINGS. I did not say "do not quote me."

Mr. CAPEHART. "And also to help our manufacturers."

The PRESIDING OFFICER. Just a moment. Will Senators suspend for a moment, please?

Mr. CAPEHART. My question was this—

The PRESIDING OFFICER. Will Senators suspend a moment, please? The Senator from Maryland has the floor.

Mr. TYDINGS. I yield for a question.

The PRESIDING OFFICER. The Senator from Maryland yields for a question only.

Mr. CAPEHART. My question is: Does the Senator think it is good business, does he think it is ever good business to do such a thing? I am talking now about the Senator's philosophy, or premise that we should do what he suggests in order to help our manufacturers and farmers. When we do it as we are doing, that is, giving money away to various countries, are we not in the same position as though I would give the Senator \$10,000 and say to him, "Now, go out and find somebody you think might like to buy what I am making—give him the \$10,000 and then give him the merchandise, too"? If the Senator wants to discuss it from an economic standpoint or a practical standpoint, that is his—

The PRESIDING OFFICER. The Chair rules that that is an argument.

Mr. TYDINGS. Mr. President, I am going to ask the Senator from Indiana the same question he asked me; and if he cannot answer it because of the parliamentary situation, I shall answer it for him.

The Senator from Indiana asked me whether I was supporting this appropriation as a means of halting communism or as a means of aiding the people of the United States. I tried to give him what I thought was a pretty honest answer. I take it that he is supporting the proposal because he is doing it primarily



to aid the people of America. I am glad that I interpreted the Senator's state of mind so accurately.

Mr. CAPEHART. Mr. President—

Mr. TYDINGS. I yield for a question.

The PRESIDING OFFICER. The Senator from Maryland has been recognized to make a speech. He has no authority to ask the Senator from Indiana a question.

Mr. CAPEHART. Mr. President, in one breath the Presiding Officer says that I cannot answer, and then the able Senator from Maryland desires that I answer. What am I to do?

The PRESIDING OFFICER. Let the Chair make this statement: The Chair was indulgent in the interpretation of the rule because he thought the Senator from Maryland, in undertaking to quote the Senator from Indiana, had made a remark which gave the Senator from Indiana the privilege of answering in the form of a speech. To that extent the Chair indulged the Senator from Indiana. The Chair rules that the Senator from Indiana has fully covered his position. The Senator from Maryland may not ask the Senator from Indiana a question. The Senator from Maryland is recognized to make a speech, and for that purpose only.

Mr. TYDINGS. Mr. President, I do not want to put the Senator from Indiana in a false position. Inasmuch as he rose very promptly when I pointed the question in his direction, I think it would be only fair to assume that he is supporting this proposal not because it helps the people of the United States, but because it is directed against the spread of communism. I think that is a pretty fair interpretation. I am supporting it for both reasons; but I do not want to put the Senator from Indiana in a false position.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. TYDINGS. No; I cannot yield further. I wish to finish.

Mr. CAPEHART. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. CAPEHART. I do not understand exactly what the Senator is saying.

Mr. TYDINGS. Mr. President, that is not a point of order.

The PRESIDING OFFICER. The Chair believes that the RECORD will reflect the situation.

Mr. CAPEHART. Mr. President, I rise to a point of personal privilege.

Mr. TYDINGS. The Senator cannot rise in my time. I should be very glad if the Senator from Indiana could do so without my losing the floor; but I cannot yield to him.

Mr. WHERRY. Mr. President, I ask unanimous consent—

Mr. TYDINGS. Mr. President, I do not yield for any purpose whatever. I cannot yield for a unanimous consent request. I will yield for a question only.

The PRESIDING OFFICER. The Senator from Maryland yields for a question only.

Mr. CAPEHART. Mr. President, will the Senator yield for a question?

Mr. TYDINGS. I yield for a question.

Mr. CAPEHART. Will the Senator restate his understanding of the position of the Senator from Indiana? It is not clear to me. The Senator's last remarks were not clear to me. I did not hear them.

Mr. TYDINGS. The Senator from Maryland will request the official reporters to furnish him at the earliest opportunity a transcript of the last question he asked the Senator from Indiana; and if the Senator from Indiana will indicate that the Senator from Maryland has unfairly assumed what the attitude of the Senator from Indiana is, the Senator from Maryland will be very glad to correct it.

Mr. CAPEHART. I did not say unfairly—

Mr. LUCAS. Mr. President—

Mr. TYDINGS. Mr. President, I cannot yield except for a question.

The PRESIDING OFFICER. The Senator from Maryland is recognized for the purpose of making a speech.

Mr. DONNELL. Mr. President—

Mr. TYDINGS. Does the Senator wish me to yield for a question?

Mr. DONNELL. Yes.

Mr. TYDINGS. I yield for a question.

Mr. DONNELL. The Senator indicated that the Marshall plan instead of furthering socialistic designs in Great Britain, has held them back.

Mr. TYDINGS. That is correct.

Mr. DONNELL. The question I desire to ask first is this: Did not the Senator himself, at page 509 of the hearings, quote from the remarks made by Mr. Mayhew, which the Senator stated were couched not in the language of a politician, but of a statesman?

Mr. TYDINGS. I did; and if the Senator had been sitting opposite me and looking at me, he would have known how to interpret that remark. Quite obviously, to anyone who is not too naive, the humor is self-evident.

Mr. DONNELL. I should like to ask this further question: The speech by Mr. Mayhew, quoted by the Senator from Maryland—

Mr. TYDINGS. In derision.

Mr. DONNELL. Is that the one beginning on page 493 of the RECORD?

Mr. TYDINGS. Mr. President, I can yield only for a question.

Mr. DONNELL. That is a question.

Mr. TYDINGS. I do not know. I have not the book before me.

Mr. DONNELL. I have it before me; and the Senator has a copy of it before him.

The VICE PRESIDENT. The Senator from Maryland cannot yield to the Senator from Missouri to read from a book.

Mr. DONNELL. I ask the Senator from Maryland if Mr. Mayhew, a member of the British Parliament, did not make a speech before the United Nations Economic and Social Council on February 23 of this year?

Mr. TYDINGS. My answer is that I think he did; and in order to anticipate the next question of the Senator from Missouri—

Mr. DONNELL. I have not asked it.

Mr. TYDINGS. I have the floor. The Senator will have to listen, whether he is anticipating it or not.

Mr. DONNELL. Yes; it is compulsory.

Mr. TYDINGS. The Senator is about to use the illustration of Mr. Mayhew to prove that the British would have been less socialistic without Marshall plan aid than they have been with it.

Mr. DONNELL. Mr. President—

Mr. TYDINGS. That is what the Senator is obviously leading up to.

In the first place, I do not think Mr. Mayhew is a competent witness. In the second place, I doubt very much whether the Senator from Missouri even knows Mr. Mayhew.

Mr. DONNELL. No; I do not.

Mr. TYDINGS. In the third place, I do not believe the Senator from Missouri has ever read Mr. Mayhew's autobiography. In the fourth place, if he had, neither he nor I would take Mr. Mayhew's statement as an answer to the question which is implicit in the preliminary interrogation of the eminent and able Senator from Missouri.

Mr. DONNELL. Mr. President, the Senator from Maryland now having anticipated the question, and having made a statement about my lack of biographical research, I should like to ask him a question.

The VICE PRESIDENT. Does the Senator from Maryland yield for that purpose?

Mr. TYDINGS. I yield only for a question.

Mr. DONNELL. This is a question, if the Senator will wait. [Laughter in the galleries.]

The VICE PRESIDENT. The Senator will suspend a moment. It is against the rules of the Senate for occupants of the galleries to give vent to any expression of approval or disapproval. The Chair hopes that the occupants of the galleries will cooperate in observing the rule.

Mr. DONNELL. The first question I ask is this: If the Senator will look at the book before him, he can answer the question whether or not, at pages 493 and following in the hearings there appears an address by Christopher Mayhew, a member of Parliament, to the United Nations Economic and Social Council on Wednesday, February 23, 1949.

Mr. TYDINGS. I accept the word of the Senator from Missouri that it is there.

Mr. DONNELL. It is. Will the Senator yield for another question?

Mr. TYDINGS. I yield for a question.

Mr. DONNELL. I do not propose to read all of this speech, I assure the Senator; but if he thinks I am merely quoting excerpts out of their context, I shall be glad to read it all.

I ask the Senator from Maryland if Mr. Mayhew did not make the following statement, among others:

ERP aid began arriving in the middle of 1948. It arrived just in time to save western Europe from a truly desperate position. It gave us a breathing space in which to renew our efforts to solve the dollar problem, by expanding exports to the Western Hemisphere, and by increasing dollar import saving production in the countries of western



Europe and in other countries outside the dollar area. United States lending to other countries, though on a smaller scale, continues to assist them to meet their needs for dollar supplies.

Then did not Mr. Mayhew say this, after some intermediate portions:

Let me emphasize this point, which some may not have fully understood. The purpose of Marshall aid is to set us free from dependence on America. We have not the slightest intention of modifying our economic, our social, or our political plans in order to qualify for aid. On the contrary, we are using aid, as it comes to us, to forward those plans on which we know our particular future depends.

I ask the Senator from Maryland if Mr. Mayhew did not make the following further statement:

This means concentration on capital investment, increasing productivity, integration with Europe, strengthening the sterling area, and liberalization of our trade with the whole world.

Mr. TYDINGS. In legal terms, this is called cumulative interrogation.

Mr. DONNELL. I ask the Senator if Mr. Mayhew did not say further:

In capital investment, Britain is currently devoting one-fifth of her gross national production to the reequipment and modernization of her production resources. This is an investment of some £2,000,000,000, or \$8,000,000,000, and just under one-half is new investment. More than 700 new factories have been completed since the end of the war.

Then this sentence:

Our new investment covers vast coal-modernization plans, huge steel and electric power plants, and very considerable developments in agriculture.

Did he not also state as follows:

A major element in the success which Britain has been able to achieve has been the great weight we have given in all our planning to what we may call human welfare and social progress. The years since the war have seen a great ferment of ideas and social experiment in Britain. We have set in train a great expansion of education—including technical education—a unique system of national insurance, linked with a comprehensive system of industrial injury insurance and a complete national health service, great plans for town and country planning, and a reorganization of our key industries and services under public ownership.

Then did not he not further say, finally:

From what I have said, Mr. President, it is clearly time to cease talking of the recovery of Britain. We have long passed that stage. For us, the social and economic standards of the prewar years are not things to be recovered but rather things to be repudiated. Big problems still face us but we are no longer interested in recovery—but in breaking fresh ground, in terms of new social and economic experiments.

Did not the gentleman so testify; and does not that indicate to the Senator from Maryland that Mr. Mayhew, regardless of what the Senator may think of him, thought the ERP aid was highly material in furthering those programs of modernization and socialization, including coal modernization plans, developments in electric power and in agriculture, human welfare, and social progress, national health service, great public ownership plans, and town and coun-

try planning? That is my question of the Senator from Maryland. [Laughter.]

Mr. TYDINGS. Mr. President, does the Senator have his whole question in now?

Mr. DONNELL. For the present; yes.

Mr. TYDINGS. Then if the Senator from Missouri will be as patient with me as I have been while I listened to these cumulative interrogatories, I shall try to give him an answer.

First of all, I appeal to the Senator's good, old-fashioned, native-Missouri, horse-sense intelligence.

Mr. DONNELL. I thank the Senator.

Mr. TYDINGS. When I appeal to that, I know the Senator will agree that if there had been no Marshall-plan aid for Great Britain, Britain would have had a harder time to come out of her difficulties than she has had with Marshall-plan aid. I am assuming that the Senator will answer that in the affirmative.

Mr. DONNELL. I do.

The VICE PRESIDENT. A Senator who is speaking cannot command of a sitting Senator that he answer a question.

Mr. TYDINGS. Mr. President, I only requested, not an immediate reply, but that the Senator be cogitating with the good, old-fashioned, native-Missouri, horse-sense intelligence which I know he possesses.

The Senator from Missouri has already stated that without the Marshall plan, conditions in Great Britain would have been tougher than the present conditions there, which have been described by statesmen all over the world—both British, American, and those of other countries—as embracing one of the most austere programs in the history of mankind; and the British people have been described as embracing that program with a degree of patience, tolerance, and forbearance which has challenged the admiration of the world. It stands to reason that if it had not been for the Marshall-plan money, it would have been necessary from the British point of view to have carried the socialization faster and in a more widespread pattern than actually was necessary, inasmuch as many of the hardships were alleviated.

But finally to come back to the main premise of the Senator from Missouri and the main thing he wishes to know: If Mr. Mayhew, being a witness, had furnished testimony which had been decisive, so as to cause us to cut off at this good instant all Marshall plan money which either has now been pledged and expended or has been pledged but is unexpended, and thus to serve notice upon the British people that, "Beginning on April 1, 1949, you shall not receive another pound of wheat, another pound of flour, another pound of meat, another piece of machinery"; and if a great many British people knew that that decision and the loss of Marshall plan aid was due to Mr. Mayhew's testimony, if he were to return to Great Britain, notwithstanding their long reputation for law and order and having resort to the processes of the courts, they would meet Mr.

Mayhew at the pier with one of the biggest lynching parties ever held in that or any other country; and I am constrained to believe that Mr. Mayhew would take part in his own lynching, so outraged would he be, if such action terminating our aid to Britain under the Marshall plan were to occur.

The Senator from Missouri knows that in our own country, need is 90 percent of the urge for socialized programs, regardless of whether he or I agree with them. I am sure he will agree that all over the world the drive toward socialism has had its mainspring in hardship, need, wrong, and injustice, in many cases. So the greater the need, the greater the injustice, the greater the hardship, the more accurate it is to say that socialism moves along at an accelerated pace.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. TYDINGS. Yes, provided it is not more than 550 words long. [Laughter.]

Mr. DONNELL. I shall make it within that limit.

Mr. President, the question I ask the Senator from Maryland is this: Will he be kind enough to answer the previous question, which was this: Did not Mr. Mayhew, a Member of Parliament, in the language which I read, clearly indicate that, whether mistaken or not, it was his opinion that the relief by ERP had furthered and advanced the socialistic designs and progress of Great Britain?

Mr. TYDINGS. Mr. Mayhew may have said that, but that does not make it so, because the Senator from Maryland, for example, takes issue with him. It is simply human nature, as I have tried to focus the good, hard, common-horse-sense of the Senator from Missouri on the problem, that if there had not been any World War II, there would not have been any socialized program in Great Britain. Out of the hardships of that circumstance that socialized program has developed; and to the extent that our aid has alleviated those hardships, the less socialism will take place.

To prove my point again, let me say that one of the greatest deterrents, as the Senator from Missouri knows, to the inroads of socialism in Italy was the aid furnished by the United States; and one of the most effective measures in restricting the growth of socialism and communism in France was the aid coming from America; and one of the greatest restrictions upon the growth of socialism or communism, if you please, in Britain has been the economic aid we have furnished.

The Senator from Missouri, I believe, voted last year for the Marshall plan.

Mr. DONNELL. May I interrupt?

Mr. TYDINGS. I do not know that he did.

Mr. DONNELL. May I state—

Mr. TYDINGS. I cannot yield, except for a question.

Mr. DONNELL. Mr. President, is there unanimous consent that I may answer?

The VICE PRESIDENT. There is none as yet.

Mr. DONNELL. Then I ask unanimous consent that I may. My answer will be very brief. It arouses a very sad memory, but I should like to state this—



Mr. TYDINGS. I can yield only for a question.

Mr. DONNELL. I ask unanimous consent that inasmuch as the inquiry has been propounded to me, I may state the answer to it.

Mr. TYDINGS. Will the Senator limit his reply to 1 minute?

Mr. DONNELL. Well, Mr. President—

Mr. TYDINGS. The Senator certainly can state "Yes" or "No" in 1 minute.

Mr. DONNELL. The question cannot be answered simply "Yes" or "No." I shall have to state this, Mr. President: As I have previously stated, I was called to Missouri by reason of the death of my mother, which occurred on March 9 of last year. On the way back, I stopped for 1 day in St. Louis. Consequently I was not here at the time when the vote was taken on the Marshall plan. But I telephoned from Webster Groves, Mo., where my daughter has her home, to the effect that were I here, I should vote for ERP; and that is the way the matter is recorded in the CONGRESSIONAL RECORD.

Mr. TYDINGS. Then the Senator has been at least an indirect party for 1 year to the spread of socialism in England.

Mr. DONNELL. Mr. President, may I ask the Senator to yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Missouri for a question?

Mr. TYDINGS. I yield for a question.

Mr. DONNELL. Did not the Senator from Maryland understand that the question which I asked of him a few minutes ago, in which I quoted so extensively from Mr. Mayhew, was in substance designed to bring out the fact that, although the Senator from Maryland, in whose judgment and ability I have great confidence, as he knows, expressed the view that the ERP aid from this country had not furthered socialism in Britain, yet there is at least one man, namely, a member of Parliament, who has made those statements to the United Nations Economic and Social Council, who disagrees with the learned Senator from Maryland? Is not that correct?

Mr. TYDINGS. I think Mr. Mayhew's statement is probably subject to a different interpretation from that which the Senator from Missouri puts on it. But I would say that so far as the naked language at first blush is concerned, it does seem to support the interrogation by the Senator from Missouri.

Mr. DONNELL. I thank the Senator.

Mr. TYDINGS. But I do not believe that the facts in the case warrant reaching the conclusion which Mr. Mayhew reaches.

Mr. DONNELL and Mr. McMAHON addressed the Chair.

Mr. DONNELL. Mr. President, will the Senator yield for just one final question?

The VICE PRESIDENT. Does the Senator from Maryland yield; and if so, to whom?

Mr. TYDINGS. I yield first to the Senator from Missouri.

Mr. DONNELL. I appreciate very much the Senator's patience and the frankness of his last response, which I

know is characteristic of him. I do not limit it to his last response, for the Senator's responses have been perfectly frank throughout. The Senator himself has called attention to certain language of Mr. Mayhew's, without as I see it in any sense stating anything against Mr. Mayhew.

May I ask the Senator to state whether, on page 510 of the hearings, near the middle of the page, the chairman of the Foreign Relations Committee [Mr. CONNALLY] did not say this:

The CHAIRMAN. May I make just one observation? I may be in error; it is largely speculation. From the reading of Mr. Mayhew's address, it occurs to me that he wanted to acknowledge that the aid that had been already given them had put them in a fair way. He was talking over the heads of some of them to the labor government and to the radicals who were pressing for more nationalization: "Just keep your hats on, now. We are going to have nationalization, and more of it, because we are in fine shape toward recovery," and so on and so forth.

Did not the Senator from Texas [Mr. CONNALLY] so state?

Mr. TYDINGS. I would say to the Senator from Missouri that he has read the record accurately. But if I might interpret that, too, I should say that I think Mr. Mayhew, being one of the species of human beings, the genus to which the Senator from Missouri and the Senator from Maryland belong, who walk on two legs and depend in large part upon the support of people living in a local community for their prestige and position, Mr. Mayhew was making that speech for publication back in Britain to those who put him in power, more than he was making it for any purposes within the United States of America. I say that merely because I do not want to pick out Mr. Mayhew and put him in a class that is different from all the other statesmen who have trod the halls of legislation through time immemorial.

Mr. DONNELL. I thank the Senator for permitting me to propound that final question.

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Connecticut for a question.

Mr. McMAHON. Would the Senator from Maryland undertake to write the policy of this country on the basis of speeches made by certain of the Senators and by certain Members of the House of Representatives, who might travel around the earth and find occasion to express their individual impressions of the world situation?

Mr. TYDINGS. I certainly would not want to be compelled to adopt all that has been said by them.

Mr. BREWSTER and Mr. PEPPER addressed the Chair.

The VICE PRESIDENT. Does the Senator from Maryland yield; and if so, to whom?

Mr. TYDINGS. I should prefer that Senators would not ask me to yield further. If I yield to one, there are three other Senators desiring me to yield to them. I desire to conclude. There are other Senators who want to speak.

The VICE PRESIDENT. The Senator declines to yield.

Mr. TYDINGS. I am afraid if I continue yielding, my remarks will grow to such a length that I shall preclude other Senators from having an opportunity of speaking today. So I shall conclude, Mr. President.

The VICE PRESIDENT. The Senator from Maryland declines to yield.

Mr. TYDINGS. I shall conclude with these observations: Let us look backward for a moment, in dead seriousness, for none of us has a patent on tearing the veil from the future. As Patrick Henry said, "I know of no way of judging the future but by the past." If we will judge a little from the past, I think it will aid us in charting a course for the future. It is easy to look backward after something has happened and say what should have been done. If we had known 3 years before it happened that Pearl Harbor would be attacked on December 7, 1941, the course in this body would have been different. We would have been a stronger country. We would have been more united. We would have had to meet the enemy things which we never had. In the last analysis, we would not have had the defeat at Pearl Harbor. But we did not know. We did not give our country in all respects that degree of support to which the facts of life should have entitled them.

What happened in World War II. First Austria, then Poland, then Holland, then Belgium, and then France fell. Then there was Russia. And so the pattern went, country after country. As the plan unfolds, after having pursued a course of error twice before, costing our country billions of dollars and hundreds of thousands of precious human lives, we this time are trying to take from the lessons of the past the knowledge and the teachings of our error and apply them to the present and the future.

As this plan unfolds, the first thing is to try to build up countries that are like-minded with our own, having a common system of government with ours, having certain reservoirs of freedom similar to ours, so they can stand on their own feet, have a stable currency, a reasonably satisfied people, and a satisfactory standard of living, so that they will be so strong economically that the blandishments of new ideas and new ideologies will not be able to win them away from the orbit of liberty and of democratic institutions and free enterprise and all the other traditions we hold dear. That is my first point.

The second thing is this time to profit by the errors of the past. This time we are going to put the democratic world community behind a good strong iron fence. That fence is called the North Atlantic pact. It is not built for attack, it is not built for conquest, it is not built for aggression. The whole purpose and philosophy of erecting that fence is to protect civilization, world civilization, I should say, and the democracy and the free institutions we love and cherish. We are trying to do that so that in the coming emergency no one nation can be singled out without inviting attack from all the others on the aggressor nation.

To me it makes sense. To some Senators it seems to be a danger. They say,



"We will be stronger to let the world go hang. We will be stronger to stand here by ourselves, to have nothing to do with Britain or Denmark or Norway or Holland or Belgium or France. Let them stew in their own juice. Let them go communistic. Let them ally themselves with whomever they want. Let them make more agreements with Russia. That does not concern us. We will simply stand here by ourselves, and allow ourselves eventually to be surrounded by world communism. What of it? We will be better off."

It is a little difficult for me to adhere to that belief. I say, looking back over history, that those people gave us our Anglo-Saxon civilization, our form of government, and our present-day liberties, to a large extent. England, Scotland, Wales, Ireland, Holland, Belgium, Denmark, Norway are the whole warp and woof of these United States. They are our forefathers. They have our form of government; they think as we do; they are democracies, as we are; they fear communism as we do; they have less to offer than have we. We have said to them, "Come and join with us, and if you promise you will stand ready to fight when any one of us is attacked, we too will promise to stand ready to fight. If we do, we shall command over half the world's industrial plant, we shall command over half the world's natural resources, we shall command over half the world's wealth, we shall have as many people in our orbit as Russia will have in hers, eliminating Asia. Our people are a strong people. We have fought side by side in two recent wars. We know, by the bond of blood and sacrifice, that your ideals and ours are things we hold in common."

Mr. President, that is the policy of this administration, and I thank God that it is. I give it my wholehearted support, because the alternative is unthinkable.

A day or two ago, in a colloquy with an eminent Senator, there was taken, as an example, the fact that country X might be attacked by another country after the North Atlantic Pact had gone into existence, and that under that pact we might have to go to war instantly. Whether we went to war instantly or eventually, suppose we definitely had to go to war anyway, as we have done twice in the past. If we went to war instantly we would probably shorten the war, save lives, treasure, and a great national debt. We are assuming, too, that the next war will be like the other one. What an erroneous assumption that is. There will be no battle front in the next war, no place where men dig trenches in the ground and oppose each other, no place where the artillery shoots at the opposing army. The battle front will be every city in every nation that is engaged in the war. In this country the battle front will be Baltimore, St. Louis, Chicago, New York, Boston, and the countries of western Europe—men, women, and children. Already we have had an illustration of it in Nagasaki and Hiroshima, two cities in Japan, where a bomb on each one practically wiped out the entire population.

Mr. President, we need the countries in western Europe. We need them in peace and we need them in war.

Let me give another illustration before I come to the paths of peace in which we need them. If they were allied with us and could delay an attacking enemy for only a month, in this day when we can fly the ocean in a mere matter of hours, in this day of the atomic bomb, in this day of the guided missile, a month is almost the difference between survival and extinction, modern weapons being what they are. Never again will this country or the world have the luxury of time in which to get ready for the great scientific blood-letting that will come in the wake of world war III, if it shall come. The time to fight that war is now, by amassing the forces of democracy, the military forces, the financial forces, the spiritual forces, the natural resources, in a way so strong that no country on God's earth will dare to attack, because an attack on one is an attack on all, and such an avalanche of might and strength will be brought down upon the aggressor as will give him pause.

Therefore, I say the Marshall recovery plan is wise from a military standpoint. It is wise from the standpoint of building up the strength of the democracies as a preparedness measure against world war III. But it is also good as a peace measure.

Many people are talking about the future of the United States. Let us suppose that no country on earth bought one article manufactured here, or one product grown on our farms. Let us suppose we had no customers outside the United States. Then we should have to rearrange our economy. It is true that only a small percentage of our total production of farm and factory is sold outside the United States, but that small percentage is mountainous in its effect upon the over-all economy, the velocity of trade, the economic strength of our country, and the employment of our people. We must make up our minds that we can never sell to Great Britain, to France, or to any of the other countries in western Europe unless they can also sell to us. We cannot have one-way trade. The farmer must take his eggs—to use an everyday illustration—into town and sell them for dollars in order to get the dollars he needs to go into the store next door and buy for himself a pair of shoes. He cannot purchase the shoes until he sells his eggs. The British people cannot buy our products until they are in a position to produce something which they can sell to us or to other world customers, and thereby get the money to buy the things which we have in superabundance.

It is a belief of mine, and I think it is supported by most of the economists in the world, that the great need of a prosperous world is velocity in trade as well as volume in trade. The more countries that are able to produce and sell goods, the greater the volume, the greater the velocity of trade; and in the wake of the velocity of trade comes a quickening of transportation, a quickening of communication, more banking business,

more insurance business, more repairs, more agencies, more offices, more homes, more prosperity. A prosperous England will do more to make the United States prosperous than will a poor England. Create a whole world outside of the United States into one great, prosperous community, and the United States will be prosperous beyond the dreams of men. But put beyond our borders a world which is impoverished, without trade, without productivity, without means to get the wealth to buy the things we produce, and our prosperity will correspondingly decline.

Therefore, Mr. President, we need the Marshall plan, because every dollar we spend on it will be bread cast upon the waters. Revive the world, get it moving again, and increase the velocity with which money and goods find their way into other countries, and it means dollars and cents in the pockets of the people of the United States.

I can see no greater incentive to a great depression in the United States of America than would be an impoverished world outside of our own country. If it should remain impoverished, the doom of this Nation, to a large extent, is sealed, for then, and then truly, not only would we find in the back-wash of that economic circumstance the end of our own high standard of living, our own prosperity, but such a world would embrace communism very rapidly, because, as we all agree, communism grows and thrives on want, misery, and deprivation.

Therefore I see in this program, not money going out to aid the British, not money going out to aid the French, not charity for taking care of the poor, the victims of the recent great world catastrophe. I see money going forth in the self-interest of the people of the United States. I see our own security strengthened by strengthening the vitality of the people of western European countries. They have been our allies before in great wars, and I like to think and believe they will be our allies in any future war.

I see a lessening eventually in the burden of taxation, through the western European countries reaching a higher economic level than they otherwise would. I see in that a possible opportunity for us to reduce our own expenses, because without a strong western Europe we will have to have universal military training, if we are to stand alone. We will have to have a 70-group air force, and get it quickly. We will have to spend more money if we stand alone in this world, in its present state. We will have to have allies, or everyone of our citizens will have to be a part of the National Defense Establishment. That is plain common sense.

I would rather spend \$20,000,000,000 to help the Marshall program now than to spend four or five hundred billion or possibly a trillion dollars on world war III.

The pending proposal presents one of the best opportunities, through the strengthening of the participating countries quickly, spiritually, and eventually, through alliance, militarily, to serve notice on the world that the day of world



wars is over, that united we stand, and, God willing, no aggressor will ever start again picking off one nation at a time, as Japan did in the Orient, as Germany did in Europe, and as Italy did in Europe and Africa. The next time they will take us all on at once, and we will say, "You had better watch out. You cannot defeat us all. Get that in your minds, and be a good boy and don't start a war. If you want to play fair we will play with you, but if you start a war, what we will do to you, combined and acting as a unit, you already know, so don't make any mistake about it."

Therefore I say the Marshall plan is an element in stopping World War III away back before it breaks out. It is preparedness for our own country. It is saving us money which we would otherwise have to spend now for our own national defense. I say to my colleagues that if we stood alone, with the whole world arrayed against us, I would not be satisfied with the present defenses of the United States of America.

Mr. MORSE. Mr. President, will the Senator from Maryland yield?

Mr. TYDINGS. I yield.

Mr. MORSE. As a colleague of the Senator on the Armed Services Committee I find myself in agreement with the general thesis of his remarks, and I ask him this question: In his opinion will there not be a much greater need for the adoption of such a defense program as universal military training, in the absence of the approval of the ECA program, than with it?

Mr. TYDINGS. There can be no question in the world about it. We on the Armed Services Committee, many of us, at least, have weighed whether or not it is better to do things as we are doing them on the floor of the Senate today, or to take the money and spend it for our own national defense. The Senator from Oregon and I have been privileged to hear in certain secluded places strategy at the highest possible level, and it does not present a pretty picture. At the rate the world is moving ahead in the field of science and invention, with the things we already know, which have been told to us, and what we can reasonably imagine by the slightest stretch of our imagination, there could be no more unfortunate circumstance from the standpoint of preserving the democracy and the civilization of the world than to have the countries of western Europe turn their backs on us and look to the East, as they make one alliance after another with Soviet Russia, until we stand all alone.

Mr. President, I am not making this address because I am a Democrat; I am not making it to help the administration. The Senator from Ohio is perfectly correct when he says the amount of money involved is huge. He is perfectly right in wanting to save every dollar he feels can be saved without hurting the enterprise. I am not quarreling with that attitude. I hope that if there is to be a reduction it will be brought about in the Committee on Appropriations, and if a good case is made out there that the fund can be reduced in the light of the circumstances as they exist, then we

should support such a reduction on the floor of the Senate. There is nothing sacrosanct about it. But we have already taken testimony once in regard to this matter, and as the situation is today, we think this authorization should go through without reduction. That is our opinion, and we are united about it. As I remember, we are practically a unit, if not a unit.

After the Committee on Appropriations has all the facts so as to bring the situation down to date, if they think the appropriation will stand a 2- or a 5-percent reduction, or more, that is a matter we should consider. I am not debating that today.

What astounds me is that some of my colleagues, who I know are acting in the best of faith, are assuming that in authorizing the appropriation of this money we are motivated because we want to do something only for Great Britain or France or Holland or Belgium. I have not \$5,500,000,000 worth of charity in me today to lead me to vote out of the pockets of the American people money for these countries. I am voting in self-interest, to prevent a larger bill falling upon the people of the United States as a part of our defense, as a part of building our outposts, as a part of strengthening our line far beyond the United States, because the great oceans which have protected us, and over which the enemy could not come, are only theoretical now, they are only little streams. The airplane goes over them as if they did not exist. Therefore we are dealing with an entirely new situation.

While I hope I am actuated to some degree by the humanities which are implicit in this appropriation, I could not vote for it if I did not believe that in the last analysis it is not only good for the world, but extraordinarily good for the United States of America.

I should like to recall—and hope I am not violating any confidence—one little incident of World War II. We used to read in the newspapers, somewhat in mystification at first, about the bombs which were shot from the European Continent and directed primarily at London. When we first read about them, knowing that those bombs were coming from a distance of 75 to 100 miles, and that our greatest naval guns would shoot only 20 or 25 miles, we used to say to ourselves, "There is some trick about this. There must be an airplane up high, which no one can see, that drops these bombs. The enemy could not shoot those things from 100 miles away." Yet, we had to adjust our thinking to the fact that artillery—for a guided missile is largely a piece of artillery—had leaped ahead four times the known range of artillery up to the time when World War II broke out. When we finally did come upon the fields and the dugouts in Germany where these things were manufactured, we found in the arsenals a great many of them capable of flying 200 miles, not 80, and data showing what the Germans hoped to accomplish in the eventual future.

Mr. President, I have nothing to support the brash statement I am about to make. It is only my own idea. I do not know how far in the future the day is—

perhaps it will never come, and perhaps I am merely a Jules Verne—but if I am given a normal lifetime, I expect to live to see the day when a guided missile will go from one shore to another across the Atlantic Ocean. Do Senators call me a dreamer? Yes; call me that.

I remember when General Marshall came before the Appropriations Committee and asked us to give him \$1,000,000,000 and said he did not want anyone to ask him what it was for. We gave him the \$1,000,000,000. Years afterwards we learned it was for the atomic bomb. Had he told us he was going to spend this money on atomic fission, on continuing with experiments which many scientists had conducted, we laymen might have said, "General, do you not think you had better buy some tanks and airplanes with that billion dollars?" But one day the war was over, almost that quick, after two bombs had fallen on two great Japanese cities.

When we talk about the aviation we had in the last war, how fast the planes flew, what they accomplished, and so on, we are talking about something of the past. This world has had a complete metamorphosis since that time.

In 1946 I was seated at a table in Japan with General MacArthur. There were air officers there, fine, wonderful men, great heroes, General Kenney, General Whitehead, and others, men who had flown the Pacific, men who had guided air squadrons and destroyed the enemy. Here were these wonderful generals who had been engaged in so many desperate encounters all sitting around the table talking about the great air arm. They discussed what it had done in the war. General MacArthur was silent. He had nothing to say. My eyes were as big as oranges. I was drinking it all in. "Yes," they said, "we were at such and such a place, and here we were carrying on, and did so-and-so, and at another place we did so-and-so." MacArthur nodded his head. "Ah," one of these great generals said, "there is no use talking, the air arm is coming into its own." General MacArthur looked up from his plate and said, "Gentlemen, you are talking about a weapon that will probably be obsolete when the next war breaks out."

Mr. President, what he said is true. Given enough time, these men who are talking and thinking in the realms of the cosmos, who already have confounded all our assertions that they could not do it, are working on ways and means that none of us can clearly discern to exterminate, if necessary, our enemies.

So Mr. President, in the name of national defense, I ask that the authorization for the appropriation be adopted, so that these allies of ours may be strengthened and may be brought up to the point where they will be self-supporting, so that eventually they may share with us some of the burdens of blood, of physical contribution, of natural resources, of money, of wealth, to help keep the peace and order of this world, for otherwise, if they remain poor and weak, we are likely to have to carry them all ourselves, with all that means.

Mr. President, I ask that the amendment be voted down, and after the Ap-



propriations Committee has gone over the matter, if they feel that a 5 percent or a 10 percent reduction is possible, let them bring the bill on the floor and if they make out a good case I shall want to support it. We should not give a dollar that is not necessary to complete this picture. But let us have a thorough examination of it first.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT] for himself and the Senator from Georgia [Mr. RUSSELL], on page 5, lines 14 and 16.

Mr. VANDENBERG obtained the floor.

Mr. WHERRY. Mr. President, I do not want to be presumptuous, but since the senior Senator from Michigan is about to speak, I wonder if he would yield to me to suggest the absence of a quorum.

The VICE PRESIDENT. Technically the Senator from Michigan cannot yield for that purpose. The Senator from Michigan may surrender the floor temporarily, and the Senator from Nebraska may make the suggestion.

Mr. WHERRY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hill	Morse
Bricker	Hoey	Mundt
Capehart	Humphrey	Murray
Chapman	Ives	Neely
Chavez	Jenner	Russell
Connally	Johnson, Tex.	Saltonstall
Donnell	Johnston, S. C.	Sparkman
Douglas	Kem	Taft
Eastland	Kilgore	Taylor
Ellender	Knowland	Thomas, Utah
Ferguson	Langer	Thye
Fulbright	Long	Tydings
Gillette	Lucas	Vandenberg
Green	McCarthy	Wherry
Gurney	McClellan	Williams
Hayden	McMahon	Withers
Hendrickson	Martin	Young
Hickenlooper	Maybank	

The VICE PRESIDENT. Fifty-three Senators having answered to their names, a quorum is present.

Mr. VANDENBERG. Mr. President, I think it is an understatement that the general issue involved in the pending bill has been adequately discussed. I wish to bring the debate back, if I can, to the immediately pending amendment. If I can, I wish to do it with a brevity which may precipitate the business of starting to vote as soon as possible. Therefore, since I wish to achieve this latter result particularly, I ask that I be permitted to proceed without interruption, so that I may be sure of not detaining the Senate more than 10 or 12 minutes.

Mr. President, I am always reluctant to disagree with my distinguished friend from Ohio [Mr. TAFT]. I wholly recognize the good faith and able judgment which inspire his proposal, the pending amendment, and the kindred proposals of others.

But in this instance it seems to me that all the equities, all the logic, and all the prudence—I underline the word "prudence"—argue in favor of sending this authorization to the Appropriations Committee in the form recommended by the Foreign Relations Committee, and not in the truncated form in which it

would be if the amendment of the Senator from Ohio were adopted.

Let us never forget that, in the final analysis, we here deal with our own national security. Let us never forget that we here deal with an instrumentality of peace which is proving—I repeat, proving—to be the greatest stimulus to independent peoples to grow in their capacity to resist aggression. It is difficult to put any price tag on such an enterprise—although the Soviets have done so for us by their relentless and often hysterical opposition to ECA. I am simply undertaking, Mr. President, to say that we must proceed with solemn care and with maximum precaution when we legislate in this area. It is solely in respect to this question of procedure that I make this brief appeal.

The Foreign Relations Committee very frankly said that it felt that some readjustment in the ECA figures might prove to be justified by changed conditions as demonstrated by intervening events since the estimates were originally prepared. We held open the ultimate appropriation and urged a new and independent scrutiny by the Appropriations Committee as a basis for ultimate and final Senate action.

But I respectfully submit, Mr. President, that this scrutiny by the Appropriations Committee can be neither free nor open if it is prejudiced and circumscribed in advance as proposed by the pending amendment. We of the Senate Foreign Relations Committee have specifically asserted that we do not consider this authorization figure to be automatically "the last word". Indeed, I shall be surprised if ECA itself does not volunteer some changes resulting from changed conditions since the early winter when these figures were made.

I respectfully submit that this candid procedure deserves the Senate's cooperation. The authorization as written in the pending bill, represents the minimums which the ECA believed essential to successful self-help rehabilitation during the second year of the Marshall plan, after a first year which undeniably worked miracles in the winning of what has come to be known as the cold war. In support of the painstaking figures submitted by ECA, let it be said that it is generally conceded that ECA has superlative management which is faithfully reflecting the intentions and attitudes of Congress. Its figures are entitled to comparable respect. It must be conceded that ECA clearly demonstrated that its figures have been scrupulously and expertly screened, and that the figures had already taken heavy cutbacks before they were submitted to our committee. It would be absurd to say the ECA figures are infallible. But it would be equally absurd to say that they do not represent the best advice available to the Senate.

I respectfully submit—I earnestly urge—that ECA has earned the right to this full authorization, in the first instance—and that is all I am talking about at the moment—as the basis for study by the Appropriations Committee. Otherwise an orderly study by the Appropriations Committee is impossible.

I remind Senators that there have been no committee hearings whatever on this amendment or on any of the other proposed horizontal reductions. There has been no committee study of its effects. There has been no opportunity for ECA itself to present its considered opinion as to what a horizontal cut of this magnitude would do to the objectives which this legislation seeks to serve. I spoke a few moments ago about the solemnity of our approaching decision. Surely it is much too solemn to admit of quick judgments on the Senate floor in respect to the very lifeblood of this enterprise.

I submit, Mr. President, that the Appropriations Committee itself is entitled to—and indeed requires—this full original authorization if it is to have a free and adequate chance to give intelligent attention to the problem which ECA will present to it. Otherwise the entire ECA concept is thrown out of gear ahead of time and the Appropriations Committee has no rational take-off point from which to proceed with its analysis, and has left no basic pattern with which to deal. The result is that ECA is asked, at the very outset, to defend what it would believe to be an indefensibly crippled and incompetent budget. Even though this new and independent audit by the Appropriations Committee might result in a conviction that the total, arbitrary cut proposed by the pending amendment is unjustified—as a matter of sound national economy and security—the committee would be powerless to register this judgment. I submit that we want the unhampered judgment of the Appropriations Committee.

The figures in this authorization are not set figures. They represent a ceiling. We are not asked to authorize \$5,430,000,000 for the next 15 months. We are asked to authorize not to exceed this amount—which, by the way, is \$1,370,000,000 less than ECA asked for its first 15 months. "Not to exceed." Those are words of latitude. They could even describe the figures proposed by the distinguished Senator from Ohio—or any of the other pending amendments.

Now let me say, Mr. President, that I fully agree with Senators who argue that we dare not overcommit our resources. A solvent government, under livable taxes, is our first and indispensable contribution to the hopes of our own people and the people of the world for peace with justice. I shall never consciously violate that principle. In pursuit of this objective, my able friend from Ohio commendably says he intends to apply this same sort of a flat percentage reduction generally to other appropriation bills. I submit that even if such a formula shall, by some happy miracle, be universally applied, its application to ECA ought to be in the same place where it is applied to every other appropriation, which is in the Appropriations Committee itself. Otherwise, it may get a double dose which not even my distinguished friend would approve.

Let me be entirely frank about my own attitude at this point. I have said that I am opposed to arbitrary, horizontal reductions, unrelated to specific



realities, in this ECA budget for the next 15 months. That will continue to be my position. But if I should be confronted with actual reductions in other appropriations, comparable to what is proposed by the pending ECA amendment, I must confess that I should find it far more difficult to make my case. Therefore, I submit that even those who may be inclined to sympathize with the pending amendment will find themselves on far firmer ground if they deal with the ultimate appropriation rather than with this authorization.

I have been asked whether the ultimate total of all foreign-aid bills some of which have not yet even been presented—does not have a definite bearing on the amounts which we can safely and wisely assign to each of the segments. My answer is "Yes." But my answer also is that we have no effective way to deal with this over-all problem at the moment here. Clearly the place to deal with it is in the clearing house for all these bills, namely, in the Appropriations Committee.

Mr. President, so far as I am personally concerned, I make no sort of advance commitment that I shall agree with the findings of the Appropriations Committee. But I urge and I welcome its independent scrutiny of ECA on a basis which allows it a full, free, fair field of action. Serious consideration must be given to the ultimate recommendations of the Senate Appropriations committee, and it certainly will have that consideration from me. I frankly assert that the pending authorization is not untouchable when measured in appropriations, although, in my opinion, it starts with preponderant presumptions in its favor.

I ask my colleagues, Mr. President, to give themselves the advantage of an unhampered double-check through the Appropriations Committee before they determine the ECA appropriation. I ask them to give themselves this protection against error. I ask them to give ECA a fair chance to justify its own persuasive mathematics before this new jury. I ask it because I believe that ECA's able administrators have earned this consideration in return for the splendid and obviously effective job they have thus far done; and because the cost of ECA, if it successfully completes the task it has so ably started, is, even at the full authorization asked, infinitely less than the cost to us if this great western European objective limps or falters or fails.

Mr. President, I hope the pending amendment will be defeated.

Mr. MORSE. Mr. President, I wish to make brief comments on two matters in connection with the pending legislation. In order to keep them brief, I shall not yield until I finish my main remarks.

First, I wish to address myself, Mr. President, to the so-called guaranty-clause amendment which has been reported by the committee. In examining the ECA bill as reported from the Foreign Relations Committee, I am impressed with what I consider to be the meaningless character of the proposed amendments to section 111 (b) (3) as

set out on page 3 of the bill. It is impossible for me to believe that these amendments proposed by ECA and approved in good faith by the Foreign Relations Committee were intended to help the guaranty clause accomplish its original purpose of providing an avenue for greater participation of private enterprise through the extension of American techniques and know-how of production to the problem of European industrial recovery—giving the impression, Mr. President, that guarantees may still be issued up to the \$300,000,000. But I have ascertained that this is not true, and any Member of the Senate can ascertain that it is not true if he will take the time to read the hearings on this issue that have already taken place before the House. I want to make perfectly clear at this point in my remarks, the purpose of this speech, as far as the legislative record is concerned on the legislation pending before us. It is to be noted that the junior Senator from Oregon is not himself offering any amendments on this point, for what I consider to be good and sufficient reasons from a parliamentary standpoint, because the amendments I favor are already in the House version of the bill. The amendments that I favor have had an adequate hearing on the House side and have been adopted by the House. In checking through the hearings on the Senate side, I have satisfied myself that adequate consideration of this very important problem has not been given by the Senate committee. I am satisfied also that in view of the lateness of the hour and the pressure for a vote, any proposal on the part of the Senator from Oregon for the adoption in the Senate of the amendments which have already been adopted in the House might result in the defeat of those amendments in the Senate, because I do not believe that it is reasonable to expect the Senate at this late hour to give the kind of consideration that was given to this very important issue on the House side. But this matter is going to conference, Mr. President, and I do not want the RECORD on the Senate side to close with even a presumption that the recommendation of the committee has received anywhere near unanimous support in the Senate. I am satisfied that I speak here today not only for myself but for a considerable group of Senators who believe that this section of the Senate report is not satisfactory, whereas the corresponding handling of the issue on the House side is satisfactory. I hope the protest I am making here this afternoon to the Senate committee's handling of the problem will be of help when the matter goes to conference. I hope that on this issue the conference report will adopt the action taken by the House and reject the Senate committee's recommendation.

The amendment of the Senate committee starts by saying that the guaranties "shall not exceed \$300,000,000," giving the impression that guaranties may still be issued up to \$300,000,000, but I have ascertained that this is not true. Only \$27,700,000 of this sum is committed for guaranties, and none of the balance of the \$300,000,000 is available. This is

due to the fact that what we authorized for guaranties was to be deducted from a \$1,000,000,000 loan fund for participating countries. Very naturally the participating countries were reluctant to approve guaranties if they constituted a deduction from their lines of credit. And, of course, that is the position we ought to expect them to take today, if the deduction was to be from their lines of credit. The \$1,000,000,000 loan fund was fully committed, except for \$27,700,000 which ECA appears to have reserved for guaranties.

The proposed amendment perpetuates this competition between guaranties and loans by a further statement which is completely misleading to the Members of the Senate unfamiliar with this clause. The amendment says that—

After the amount of notes sold for the purpose of extending assistance on credit terms (i. e., loans to participating countries) \* \* \* and the amount of guaranties made reach in the aggregate \$1,000,000,000, any further guaranty \* \* \* shall create an obligation against funds appropriated \* \* \* (i. e., grants to participating countries) (p. 3, line 17).

The language is really quite deceptive in that it would lead one to think that there is a possibility of getting guaranties under this amendment, whereas in truth and in fact there is no such possibility. It was fatal to the guaranties to be placed in competition with participating countries for the \$1,000,000,000 line of credit, and now this amendment not only perpetuates that error of the original act but adds a further and even more fatal competition with funds granted to participating countries. If a participating country would not approve a guaranty because it might reduce its allocation of credit from the \$1,000,000,000 loan authorization, there would be no chance at all for securing approval of a guaranty which would not in any way or to any extent diminish that country's allocation of funds granted from ECA.

Furthermore, it has not been made clear by testimony or otherwise that guaranties in the amount of \$27,700,000 plus the allocation of credits has already exhausted the \$1,000,000,000 limit so that any guaranty in the future would have to come out of grants to participating countries and would therefore not be approved.

The sum and substance of this proposed amendment in the Senate bill completely defeats the purpose of Congress in originally authorizing guaranties in the aggregate amount of \$300,000,000. All of these facts are most certainly well known to ECA but not to the Senate. There is only one possible explanation of sending such a proposal to the Senate, where it was not fully examined before the Foreign Relations Committee. It must have been the purpose of ECA to scuttle the guaranty clause. This is as effectively accomplished by this proposed amendment as it could be by outright repeal which they did not dare suggest in view of the very strong support for this guaranty clause in both Houses of Congress.

I wish therefore to enter the strongest possible objection to the adoption of this clause as proposed by ECA and submitted



by the Foreign Relations Committee unquestionably in all good faith and without perceiving the fatal character of the language used.

I am glad to say that the Foreign Affairs Committee of the House in careful and extended hearings threw out this provision in toto and adopted in H. R. 3748 amendments which in my opinion will fully accomplish the original purpose of this guaranty clause by making the authorization for \$300,000,000 in guaranties completely separate and distinct from loans or grants, by expanding the clause to include the conversion of earnings or profits, if any, in addition to the amount of capital invested, to the extent provided by the contract of guaranty approved by the Administrator, and by expansion of the risk coverage to include—not only ordinary business risks, confronted by any industrial enterprise started in the United States, but to include—and this is the heart of it—the extraordinary risks of confiscation, seizure, riot, revolution, or war, or loss of the property forced by any law, ordinance, government regulation or decree which “in the opinion of the Administrator prevents the further transaction of business.” These are all risks which are confronted in a world of revolution—risks which lie properly in the realm of our national foreign policy rather than on the level of private business management. We must bear in mind that the guaranties are limited to \$300,000,000—a relatively small proportion of the billions we are spending as a part of the calculated risk to preserve our way of life, and besides in the event of a liability accruing to the United States under any guaranty the Government acquires the currency, credits, or assets of the enterprise guaranteed. There will be no such tangible recovery for the billions spent in grants.

With these changes so wisely adopted by the House there is every reason to hope that the unused resources of reconstructive power which are inherent in American private enterprise can be released on the problems of bringing greater industrial production, more goods and more employment in the permanent form to those areas which the Marshall plan was designed to help rehabilitate.

I would say, Mr. President, that I thought one of the purposes of the Marshall plan, the primary one being, of course, to rehabilitate these countries economically, was that production would be reestablished in the recipient countries. I thought another purpose was to demonstrate the desirability of the American system of private enterprise in those liberty-loving countries over the other system which Communist totalitarianism is seeking to foster. But when we cannot adopt a guaranty clause which will protect the investments of private enterprise against the very dangers of revolution themselves, it seems to me it is rather hopeless to expect American investors to do their part by way of private investment in those countries by establishing factories that will bring to Europe the American know-how, the business acumen, and the production methods of America in an endeavor to

get those countries back on their feet economically, so they can compete with the Communist ideology. So I say, Mr. President, that those changes, so wisely adopted by the House, offer every reason to hope that the unused resources of reconstructive power which are inherent in American private enterprise can be released on the problems of bringing greater industrial production, more goods, and more employment to those areas which the Marshall plan was designed to help to rehabilitate.

Favorable action on the guaranty clause proposed in the House would be an effective answer to the Communist line in Europe today, which maintains that we are not anxious to establish plants for production because they will compete with the United States.

Mr. President, if I stress nothing else in this speech, I would stress the point that the guaranty clause and the proposals for which I am arguing today—incidentally, proposals recommended by the appropriate committee of the American Bar Association—are proposals which seek to establish in Europe private enterprise production plants which, in the last analysis, will compete in world markets with American plants here at home. So my proposal is not one which seeks to protect the American businessman in any selfish enterprise of his, but rather to spread to Europe the American know-how, the American production methods, so that on European soil we shall have an economic line of defense against the advance of the communistic ideology.

In the Soviet overseas broadcast from Moscow to North America, on March 28, at 6:20 p. m. eastern standard time, an article from a Dutch Communist paper, *De Waarheid*, was quoted as follows, in respect to the attitude of the ECA representative in Holland:

*De Waarheid* says that the talks with the Dutch Economic Ministry held with Valentine [ECA representative] about having America provide the needed machinery [to the Netherlands] brought no results, for quite understandable reasons. It is not advantageous for America to have industry develop in the Marshallized countries, because this leads to infringement of the American market.

Of course, Mr. President, I deny—and I think the *RECORD* is perfectly clear the denial is sound—that we have any such motivation in this country. But that article in the Dutch Communist paper shows the tactics to which communistic propaganda resorts in seeking to twist and falsify the motivations of the Congress of the United States. To combat that type of news propaganda I suggest that we might answer it by seeing to it that a guaranty clause, such as was adopted by the House of Representatives, finally comes back to us in the conference report.

Mr. President, I am not endeavoring to discuss the House amendments individually, in the interest of saving time, but I should like to submit for the *RECORD* a simplified explanation of them, because this matter, in my judgment, has not had adequate consideration on the Senate side. Therefore I ask unanimous consent to have printed as a part of my re-

marks, at this point, a summary of the principal changes in the guaranty clause of the revised ECA Act introduced on March 23, 1949, by the chairman of the House Committee on Foreign Affairs.

There being no objection, the summary was ordered to be printed in the *RECORD*, as follows:

**SUMMARY OF PRINCIPAL CHANGES IN THE GUARANTY CLAUSE OF THE REVISED ECA ACT, INTRODUCED ON MARCH 23, 1949, BY CHAIRMAN KEE OF THE COMMITTEE ON FOREIGN AFFAIRS IN THE HOUSE**

(Sec. 111 (b) (3), pp. 4, 5, and 6 of H. R. 3748)

1. Inclusion of plant modernization or expansion: The act is amended to make perfectly clear that guaranties could be issued not only for investments in new projects but for expansion or modernization of existing projects. This was done by adding the words, “including expansion, modernization, or development of existing enterprises” (p. 4, lines 5 to 7).

2. Addition of earnings or profits: The original guaranty clause extended only to the conversion into dollars of foreign currency up to the amount of the capital invested. This was a top limit: Earnings and profits could be converted instead of capital, but the total sum of both could not exceed the amount of the original investment. Now, however, it is proposed that both the “amount of dollars invested” and “actual earnings or profits on said project to the extent provided by such guaranty” can be converted (p. 4, lines 15 to 19).

It is contemplated that the Administrator shall determine in the contract of guaranty he executed with each approved applicant what rate of earnings or profits should be convertible into dollars—in addition to the original investment—under the guaranty. It is recognized, as pointed out in the bar committee report and the writer's testimony before the House Foreign Affairs Committee, that investments in different industries, projects, and enterprises will bear different rates of return or earnings. It is intended by the committee that the Administrator shall take this into consideration in writing each contract, and the committee deliberately left the matter for his determination by saying that the earnings or profits could be recovered to the extent provided by such guaranty.

3. Definition of investment: Great confusion arose under the original act as to what constituted an investment. This has been specified in liberal terms so as to include credit transactions involving capital goods items and related services. It is understood that this was intended to include long-term loans to finance the exportation of capital equipment in approved cases—as well as more complex investments in approved projects (p. 4, line 22; p. 5, line 2).

4. Expansion of the risk coverage: Previously the guaranty clause only protected an investor in respect to the convertibility of currency. Besides adding earnings and profits to the capital investment heretofore protected in this respect the new guaranty clause proposes also to guarantee the payment of compensation in dollars for loss of all or any part of the approved investment by reason of one or more of the following causes: “(a) Seizure, confiscation, or expropriation, (b) destruction by riot, revolution, or war, (c) any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion of the Administrator prevents the further transaction of the business for which the guaranty was issued” (p. 5, lines 10 to 21).

This expansion of the risk coverage is designed to give reasonable protection to private investors against other phenomena—which are political rather than economic—



encountered in a world of revolution, and is designed to remove the obstacles which have thus far prevented the full participation of private enterprise and its production know-how in the task of reconstruction.

The amendment recognizes that certain risks be on the level of national foreign policy rather than in the realm of private risks, but business risks of the ordinary character are not guaranteed.

5. Subrogation of United States: When payment is made by the United States to any of these additional guaranties, all the "currency, credit, or assets on account of which such payment is made" become the property of the United States Government, which is subrogated "to any right, title, claim, or cause of action existing in connection therewith" (p. 5, line 21, to p. 6, line 3).

The provision for subrogation of the United States is to be construed with section 115 of the act, which provides that all participating countries shall submit to the jurisdiction of the International Court—which all have agreed to do in the bilateral agreements—in any case "espoused by the United States" on behalf of any of its nationals claiming compensation or damages. When the United States Government has paid, pursuant to its guaranty of one or more of the above risks, it may pursue the claim itself in the country where the loss occurred. There is not room here to develop all the implications of this provision—its importance as a substitute for battleship diplomacy, for instance—but at least it is clear that the party having the guaranty would be relieved of years of diplomatic negotiations and possible futile litigation in the event of a loss.

6. Revolving fund where guaranty discharged: Under the old clause, if a guaranty had once been approved it would constitute a deduction from the \$300,000,000 authorized for guaranties—even though the guaranty might never be paid by the United States and might be abandoned or discharged for reasons which resulted in no liability to the United States. The present amendment, therefore, provides that any funds allocated to a guaranty and remaining after all liability to the United States "has been released, discharged, or otherwise terminated," shall be available for allocation to other guaranties (p. 6, lines 7 to 11).

7. Separation of guaranties from loans and grants: A fatal error in the previous guaranty clause was that it treated the \$300,000,000 authorized for guaranties as a deduction from the \$1,000,000,000 authorized for loans, so that a participating country, considering whether or not it should approve a guaranty, would have to weigh the possibility of a corresponding reduction in its own credit line. Every guaranty reduced the loan funds pro tanto, and no country could tell with certainty whether or not the approved guaranty might be deducted from its own share of the \$1,000,000,000 authorization. Under the amendment as adopted by the House Foreign Affairs Committee, the amount authorized for guaranties would not be increased and is stated to be in the aggregate of \$300,000,000 (less any amount allocated prior to April 3, 1949, for such purposes, which according to recent estimates cannot exceed \$27,700,000). However, the guaranty authorization would be separate and distinct from loans or grants so that there could not be the competition between applicants for guaranties and the participating countries which must approve those guaranties (p. 6, lines 5, 6, and 15 to 23).

Mr. MORSE. Mr. President, I ask unanimous consent that there may be printed at this point, as a part of my remarks, two editorials appearing in the Journal of Commerce, one of them on the subject of foreign investment guaranties, and the other entitled "A Real

Chance"; both editorials, Mr. President, being in the form of strong support of the major arguments which I have advanced in this brief statement on the subject this afternoon.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the New York Journal of Commerce of March 22, 1949]

#### FOREIGN INVESTMENT GUARANTIES

The House Foreign Affairs Committee has paved the way for increased participation of private American capital in the economic reconstruction of western Europe.

It has proposed, in a formal amendment to the ECA Act, changes in the so-called ECA guaranty clause which, if enacted by Congress, would promise to break the complete log jam that thus far has blocked American private investments in western Europe under the Marshall plan.

But ever more, in taking the leadership in this question, the House Foreign Affairs Committee has focused public attention on the fact that, without the existence of adequate guaranties for private American investments in foreign countries, President Truman's (point 4) program of American assistance in the development of economically backward areas will never get past the blueprint stage.

The ECA guaranty clause, as developed by the House Foreign Affairs Committee through close cooperation among the old-timers on the committee and its new members as well as among Democrats and Republicans, may not be the final answer for the economic implementation of the President's point 4 program; but by opening the way for free enterprise participation in western Europe's reconstruction, it will at the same time bring the vast dependencies of Great Britain, France, Belgium, and Holland under its scope and thus serve as a laboratory, or as sort of a pilot plant, for the ultimate extension of the President's program to other parts of the world.

This newspaper hopes that the full House as well as the Senate will accept the House-proposed changes in the ECA guaranty clause—formalized over the week-end as the so-called Ribicoff amendment to the ECA Act—and that the administration itself will use its influence to push for the adoption and the quick practical application of these changes.

The proposed changes in the ECA guaranty clause are based on the realization that American companies must be protected against all foreign losses that do not stem from an ineffective operation of their foreign investments and that they must be able to convert not only their original investments but also the profits on these investments back into American dollars.

But, in addition, the Ribicoff amendment realizes that foreign governments, in turn, will be reluctant to approve American private investments within their boundaries as long as they know that this would cut into the funds which otherwise would be available to them directly either as ECA loans or grants.

That is why under this amendment a guaranty fund of \$300,000,000 would be set up completely outside the appropriations for ECA loans or grants. The guaranty behind these investments would be a contingent liability as far as the Treasury is concerned. In subsequent years, though not immediately, it may actually prove possible to cut ECA appropriations once the new guaranty mechanism has proven its worth.

The proposed broadening of the risk protection would meet all requirements. The conversion would cover profits, as well as the original investments. Political risks against which American companies investing in ECA

countries are to be protected would include seizure, confiscation, destruction by a foreign government, riots, revolution, war and forced abandonment as the result of discriminatory regulations of a foreign government.

The inclusion of war damages even exceeds the scope of the coverage which had been suggested by proponents of the changes in the guaranty clause.

While ECA officials still do not seem particularly keen to take over administration of such a revised guaranty clause, this should not induce Congress to separate the private investment guaranty from ECA and to postpone its application until a complete system of private investment guaranties under the President's point four program can be worked out.

Such a decision would involve a considerable delay in the recruiting of American capital and know-how in the economic reconstruction abroad and would needlessly sacrifice a number of instrumentalities already available for this purpose.

There is every reason to speed up rather than delay the economic development of the vast dependencies of Great Britain, France, Belgium and Holland because, by opening up the rich raw material sources of these countries, our strategic stock-piling policy would receive an important boost.

Moreover, the Marshall plan countries already have signed bilateral agreements with the United States which guarantee American contracts and concessions and in which these countries, as well as the United States, have agreed to submit to the jurisdiction of the International Court all cases espoused by the United States for her nationals for compensation and damages.

These bilateral agreements would have to be renegotiated all over again if the private-investment guaranty were to be divorced from ECA. That, of course, would result in long delays.

It is for these reasons that this newspaper favors immediate enactment of an improved guaranty clause as part of this year's amendments to the ECA Act.

[From the New York Journal of Commerce of March 11, 1949]

#### A REAL CHANCE

One of the most important decisions Congress will have to make before the program for the second ECA year is formalized, is whether or not private enterprise is to be given a real chance to cooperate in the economic reconstruction of western Europe.

This decision involves the so-called guaranty clause of the ECA Act which, as the law now stands, is the provision whereby private investments abroad of an approved character are given a Government guaranty assuring the convertibility of currency into dollars to the extent of the amount of dollars invested in the foreign country. No other risks are assumed by the Government in connection with these guaranteed investments at present.

This guaranty mechanism has been a complete failure to date and if the amendments to the Economic Cooperation Act of 1948, as spelled out in the House bill No. 2362 (introduced by the late Representative Bloom, on February 7, 1949), are all the changes the administration wants made in the act at this time, the guaranty clause may as well be written off as a useful instrument of western European reconstruction for another year.

That was clearly brought out in a recent hearing of the House Committee on Foreign Affairs in which Norman M. Littell, former Assistant Attorney General and now a practicing lawyer in Washington, D. C., as well as chairman of the Foreign Economic Cooperation Committee of the American Bar Association, and Roy W. Gifford, chairman of the board of the Borg-Warner International Corp., testified.



ECA itself apparently is quite ready to give up the guaranty provision as a useless gesture—at least for the present time. Representative VOYTS, one of the committee members, stated at these ECA hearings that the committee had been "told by ECA that there are simply no takers, and we have been told there would be no takers, even if the guaranty provision was made more attractive." He also revealed that "ECA officials are reluctant to continue in the guaranty field and would be quite happy, I think, to have that and the loan provisions handled by others."

Mr. LITTELL went a step further and accused ECA of having "agreed on a policy line to negate this participation of private enterprise through the guaranty clause in the recovery program of Europe because they are afraid that if they introduce principles such as I have suggested here and which we have approved in the bar report for improving and increasing the guaranty clause to \$1,000,000,000 that Congress will promptly deduct \$1,000,000,000 from the other appropriations for the Marshall plan."

Both Mr. LITTELL and Mr. GIFFORD are convinced that properly encouraged, a large number of American enterprises would be quite willing to take an active part in western Europe's reconstruction. We believe that a great many businessmen and bankers share this view.

There is general agreement, however, that without the proper construction of the guaranty mechanism nothing can be accomplished. Moreover, by the same token, the President's new bold program—as outlined in point four of his Inaugural Address—also will be doomed to failure from the start unless we succeed in developing a satisfactory mechanism for the protection of American capital in foreign countries. This adds considerable weight to the problem now before Congress.

A number of proposals have already been made which are designed to make the guaranty provision more effective. Among these are (1) the recommendation to permit conversion not only of the original investment but of interest and profits as well; (2) the extension of the risk coverage to losses caused (a) by seizure, confiscation or destruction by a foreign government; (b) by riots or revolution, or (c) through forced abandonment as a result of discriminatory policies of a foreign government, such as the establishment of a state monopoly; (3) the encouragement of short-term investments as well as of long-range projects; this to be accomplished by an increase in the guaranty authorization from the present \$300,000,000 to \$1,000,000,000 and definition of the word investment to include any loan of 6 months or more; and (4) an extension of the guaranty of long-term projects beyond the present 1962 deadline.

These are refinements in the guaranty clause without which it will be impossible to induce American capital to seek employment abroad under current world conditions.

But even their adoption still would not open the road for any impressive increase in western European investments by American companies. Something else will have to be done simultaneously.

As long as the guaranty fund remains in direct competition with ECA funds available for loans to foreign governments or grants, foreign governments will, of course, be very reluctant to approve investments by private industry because such ventures will cut directly into the funds they can obtain directly for their own uses.

As the law now stands, it is wrong to imply that investment guaranties could have been issued up to an amount of \$300,000,000. These guaranties would have to come out of the \$1,000,000,000 loan fund established last year and this loan fund actually has been allocated for other purposes—with the excep-

tion of a piddling \$27,700,000 which actually has been set aside for guaranties.

This factor has been widely overlooked to date. It is Mr. LITTELL's chief argument for a change in the present ECA set-up. The guaranty fund must be increased and set up independently from other ECA funds. Otherwise the whole scheme will remain stagnant.

Maybe the best way to resolve the present stalemate is to divide ECA into two separate units, as Borg-Warner's Mr. GIFFORD has suggested. Such a step would, of course, first require establishment of a new policy by Congress.

It is not too late to do that this year. We do not doubt that Congress ultimately will provide for a better protection of American capital abroad. Then, why not do it quickly?

We would like to see this done this year—and we believe the administration should ask Norman M. LITTELL to take over the direction of such a new policy, if he is available for the return to a Government job.

Mr. MORSE. Now, Mr. President, I want briefly to call attention to statements made by our committee in its report, starting on page 9:

#### 15. GUARANTIES OF CONVERTIBILITY

SEC. 6 (b). The committee considered several proposals, including those made by the American Bar Association, to alter the provisions of the basic act authorizing the Administrator to guarantee the convertibility into dollars of foreign currency secured from new American investments in participating countries.

I most respectfully say, Mr. President, that the consideration which the committee gave to these proposals, as shown, at least, by the written record, was a very cursory consideration. The record fails to show that anything approaching the very thorough and careful hearing on the subject as was given on the House side was indulged in by the Senate committee. I want to say further, Mr. President, that when a committee of an organization such as the American Bar Association, composed of men learned in these foreign-relations problems with respect to investments, prepare as careful a study as that which the committee has prepared on the subject, I think more careful and thorough consideration to the report should have been given than the written record indicates that the Senate Foreign Relations Committee gave to the American Bar Association's recommendation.

I stand here today, Mr. President, endorsing the American Bar Association's recommendations on this point as being superior to the recommendation of the Senate Committee on Foreign Relations. They are recommendations which, on the House side, were found to be exceedingly meritorious, and the principles thereof were adopted by the House committee and approved by the House.

Our committee continues to say:

Three questions were presented by these proposals:

(1) Should the terms of the guaranties be broadened?

(2) Should part of the ECA appropriation be earmarked for the sole purpose of making guaranties?

(3) Should a separate fund, additional to the ECA appropriation be provided for this purpose?

The committee felt that, insofar as the ECA countries were concerned, broadening the terms of the guaranties would not result in substantial amounts of increased in-

vestments unless the guaranty was made so broad that, in fact, this Government would assume most of the risks which private capital should be expected to carry

I enter for the RECORD a categorical denial of the soundness of that conclusion of the committee. I say that conclusion of the committee itself represents a confession on the part of the committee that it has not studied in detail the recommendation of the American Bar Association committee. Had it done so, it would not have reached that conclusion, which I consider and believe to be a highly fallacious one.

Next the committee says:

The proposal to earmark a certain part of the ECA appropriation for the sole purpose of making guaranties would, in the opinion of the committee, jeopardize the program. If private investors did not come forward promptly with projects of the right type at the right time the effect would be that the segregated funds, which are urgently needed in the coming year, would be used ineffectively or would be immobilized and not be used at all.

I merely say that the committee fails to point out that the Administrator of ECA has jurisdiction and power to prevent any such result as that which the committee here sets forth as necessarily following from adoption of the bar committee's proposal. I deny the statement. I say that the statement itself shows that the committee has not given careful consideration to the guarantee clause proposal of the American Bar Association committee.

I read further:

As to the proposal to set up a separate fund additional to the ECA appropriation, the committee noted that there is currently under way a study of the desirability of developing a program of promoting American investments abroad on a world-wide basis. It is understood that recommendations will shortly be made to the Congress by the executive branch with respect to such a program.

Mr. President, that is a common parliamentary tactic. We find on the fringes that some study is being made of some issue, and use that as an excuse for not meeting it head on directly. We pass the buck to some future recommendation which some time may be made, some recommendation which may come out of that study.

I say that here we have an opportunity, in a small way, to effectuate and implement and put into practice some of the recommendations in the President's Inaugural speech in regard to the economic part he thinks America should play in the world economy, and to put it into effect under the type of control, under the type of check, under the type of administration, that would demonstrate to the world the superiority of the American enterprise system over any of the socialistic or totalitarian schemes which are competing for men's minds today.

I merely say that that paragraph of the committee's report represents a passing of the buck, that the issue should be faced as the House faced it. The House version would establish a policy with respect to the guaranty clause which in my judgment would be a great contribution to the economy of Europe, in the way of demonstrating by actual



practice the superiority of the American system over any of the phases of totalitarian economic forms which are seeking the approval of the people of Europe.

I am disappointed that our Foreign Relations Committee came back with a paragraph in its report which is subject to the fair criticism that they ran away from the problem rather than face it. The report proceeds to say:

The committee is disappointed that the guaranty program has not been more productive but hopes that, as recovery proceeds and stability develops further, American risk capital will increasingly seek investment opportunities in Europe.

That is a pious wish, but the fact remains that the amendment itself continues the same causes which to date have been responsible for the failure of the guaranty clause. It interferes, as it is now written, with the lines of credit, with the \$1,000,000,000 loan provision. The recipient countries are not going to proceed under the guaranty clause, or ask to have the guaranty clause put into operation, if it means that thereby they will cut down their lines of credit. That is understandable, and instead of correcting that as the House has done, the Foreign Relations Committee of the Senate continued with the very system which has produced the result which causes the committee to express its disappointment in the words, "the committee is disappointed that the guaranty program has not been more productive but hopes that, as recovery proceeds and stability develops further, American risk capital will increasingly seek investment opportunities in Europe."

I say that the committee should not have indulged in such a pious wish. It should have done something about correcting the causes which have resulted in the fact that the guaranty program has not been more productive.

Then the committee says, lastly:

At the present time guaranties can be made only from the \$1,000,000,000 public-debt funds provided for in the original act. Only about \$20,000,000 of these funds remain available. The amendment proposed in section 8 (b) of the present bill would authorize the continuation of the guaranty program with appropriated funds after this \$20,000,000 has been exhausted.

I respectfully say, Mr. President, that on the basis of those statistics the committee is wrong in its facts, and we have to go only to the hearings on the House side to see how wrong they are, as I pointed out in my main remarks.

I close this part of my speech by saying that I have made these remarks because I wanted the RECORD on the Senate side to show that even though the pending bill may pass with the committee's amendment in it, it did not pass without objections being raised on the floor of the Senate. I hope that when the bill goes to conference the position taken by the House of Representatives on this matter will prevail. I think the Committee on Foreign Relations has failed us on this point by not coming forward with an amendment which really would correct the trouble the committee deplored when it said, "The committee is disappointed that the guaranty program has not been more productive."

I think the committee should do something about it by coming forward with an amendment such as that recommended by the American Bar Association committee, so as to establish in Europe clear examples of the superiority of the private enterprise system over any form of socialistic enterprise.

Mr. President, I am not one who takes the position, as I think some during this debate have done, that we should tell the recipient countries in Europe whether or not they should follow a socialistic course of action in respect to some particular industry. That is their business, not ours. I repeat what some have heard me say before—so long as the free ballot exists, so long as the people of those countries have the right of self-determination, so long as they can walk into a secret voting booth and decide for themselves whether, as in England, for instance, they wish to nationalize their transportation system, that is their business, and not ours. In this country I would oppose such reforms in our economy, but the fight in the world today is not a fight as to how freedom-loving people in the recipient countries shall operate their economy. The fight is whether or not their freedom shall be preserved.

Thus I say, Mr. President, that under such a guaranty clause as I am arguing for here today, and as the House has adopted, we have an opportunity to demonstrate to the peoples of the participating countries the superiority of our private enterprise system over the various proposals which have been made and will in the future be made to nationalize or socialize some of their industries.

Mr. President, I turn for just a few minutes to an entirely different issue, quite independent of the one on which I have just spoken. I turn to the question of the Brewster amendment, in regard to whether or not we should grant ECA funds to the Dutch Government so long as it stands openly and notoriously in violation of the rights of free men in Indonesia, and in violation of the clear findings of agencies of the United Nations in respect to the merits of the Dutch and Indonesian issue.

I know, Mr. President, that some of my friends on the Democratic side of the aisle find themselves somewhat embarrassed because at least up until this hour the principal defense on this great issue of human liberty has come from the Republican side of the aisle. I have differed with the Senator from Maine, as the RECORD shows, on some issues, but I want to say that on this issue I stand shoulder to shoulder with him. It is pure hypocrisy for our Government to represent to the peoples of the world that we stand behind the human rights section of the United Nations Charter; that we stand for the protection of free people who are making a fight for liberty, and then countenance the conduct of the Dutch Government in respect to Indonesia.

The Indonesians are the only people in that part of the world, who, up to this hour, have made a successful fight against Russian communism within their borders. Having made that fight, which will go down in the pages of modern history as an heroic fight for freedom, we now apparently find the United States

Government aiding the Dutch Government in its insistence upon the right further to exploit the Indonesians.

Mr. President, I am as equally opposed to the exploiting methods of imperialism as I am to communism. I am as much opposed to the imperialistic exploitation of the Dutch in Indonesia as I am to Russian communism or Hitler facism, because Dutch imperialism in Indonesia tramples the freedom and the liberties and the rights of people as much as do communism or Hitlerism.

Mr. President, I say the time has come to make perfectly clear to the Dutch Government that there are at least a few of us in the Senate of the United States who are not going to sanction the conduct of the Dutch Government in Indonesia.

I think it is also clear that the time has come when we should make it known that there are at least a few of us in the Senate of the United States who are not going to become parties to any proposed amendment which rests upon the basis of either political strategy or political expediency.

Mr. President, we cannot honestly face those millions of peoples in the world who are today raising questions as to whether or not we mean it when we say we are ready to stand as the protector of the people who are willing to resist aggression upon the liberties and the freedoms of people who oppose the advance of totalitarian government.

I say that if we have any partnership under ECA with a government such as the present Dutch Government, that is willing to exploit the Indonesians, and at the same time say that "unless our program is sanctioned or unless the funds under ECA are made available to us we will not cooperate in this world endeavor to protect freedom," the sooner we find that out the better.

Mr. President, I understand the proposed substitute for the Brewster amendment that is being formulated, at least in the minds of some of my Democratic friends in the Senate—and it has reached the point that at least the recipe, the ingredients, have been put on paper—contain such language as this:

(3) The provision of such assistance would be inconsistent with the obligations of the United Nations under the Charter of the United Nations to refrain from giving assistance to any state against which the United Nations is taking preventive or enforcement action.

My answer now, in advance of the introduction of any such amendment, Mr. President, is that it is not worth the paper on which it is written. It is a subterfuge. It is a face-saver. I suspect it is motivated by some regret that the Democrats themselves were not the first leaders in this fight to protect the right of the Indonesians to be free from the exploiting practices of the Dutch Government. In that sad country we see imperialistic exploitation at its worst. So the amendment is not worth the paper on which it is written, because in the last analysis it plays right into the hands of the Russian veto power on the Security Council.

Let us not fool ourselves about that, and let us not be guilty of misleading



the American public as to the true meaning and effect of any such proposed amendment.

Well, it is argued that to follow the Brewster amendment would be to follow a unilateral course of action. Why, Mr. President, we have followed unilateral courses of action in these matters in a great many instances. In fact, the cutting off of the \$15,000,000 of ECA funds to Indonesia itself, as far as giving the Dutch any right to those funds in Indonesia, was a unilateral action. If the action was justified in that case, if it was proper to act unilaterally in that instance, I know of no logical premise for arguing that we are not justified in taking unilateral action against the Dutch Government in respect to the totality of its grants under ECA unless it changes its course of action in Indonesia.

Certainly we have the right, I insist, to say to the Dutch Government, "We cannot give assistance as long as you maintain a record of trampling underfoot the freedom of liberty-loving people."

Our selection of countries to receive ECA aid and exports—and I am not disputing the desirability of the exercise of such choice—constitutes unilateral action.

The truth of the matter is, and let us be frank about it, that the Indonesian case is a hot potato. There are strong economic forces at work in America and abroad that want us to follow a wrist-slapping course of action in regard to the Dutch, making a paper record of pretense against their exploiting of the liberty-loving people of Indonesia, but at the same time knowing that all it is is a gesture of reprimand against the Dutch, knowing full well that in the last analysis we will give them their full funds under ECA.

I say, Mr. President, that if our Government does that we are guilty of aiding and abetting a nation that has a black record, a disgraceful record in Indonesia insofar as living up to the principles of the United Nations Charter themselves is concerned.

We cannot have a strong world organization through the United Nations if we, as a member of that body, aid and abet a nation which stands in disgraceful violation of the ideals and the objectives of the charter of that organization.

Therefore, Mr. President, I say to my Democratic friends that I am not going to support what I understand will be their substitute amendment, because on its merits it does not deserve support. I shall support and vote for the Brewster amendment.

Mr. MARTIN. Mr. President, the outcome of these deliberations and the course we take in related matters may be the deciding factors between national solvency and national bankruptcy.

Therefore, in my opinion, it is incumbent upon us to weigh carefully and consider thoroughly the implications contained in the measure before us.

It should be tested in the light of the whole financial structure that has been erected in years of mounting debt,

increasing taxation, and overgrown spending.

No thinking American could fail to be deeply impressed by the masterful presentation of the situation by the distinguished chairman of the Finance Committee [Mr. GEORGE] when he asserted that we must cut down expenditures or we must increase taxes. He warned that if taxes are increased we shall face the grave danger of a depression in 1949.

Mr. President, at a time when the American people are burdened with a national debt of almost \$252,000,000,000 we are not justified in regarding as sacred any item in the budget, with two exceptions.

One is the interest on the national debt, and the other is our solemn obligation to the disabled veterans and the dependents of those who made the supreme sacrifice.

I recognize the vital importance of national defense. For a whole life time I have been one of the strongest advocates of a national defense program that would give us military, naval, and air superiority over any nation that would dare attack our national sovereignty.

But at this time I insist that careful scrutiny be given to every proposal for expanded expenditures—even for defense purposes—in order to make certain that we do not spend beyond our capacity. The same care must be exercised in considering every proposal that would increase the cost of Government.

I have favored social welfare advancement that would benefit all the people. Nevertheless, under no circumstances would I agree to go beyond our financial ability to attain these objectives, no matter how deserving or how desirable.

I have recognized the value of many reclamation proposals, conservation programs, and other public-works projects, but I submit that in this period we must curtail every project that is not of immediate necessity and which would add unnecessarily to the taxpayers' burden. I have consistently subscribed to the principle that payment for such projects should be made from current funds. Otherwise we would be forced into deficit financing.

The only alternative is increased taxation. I am convinced that higher taxes at this time would be detrimental to the public interest. Nevertheless, I would support higher taxes in preference to the enactment of legislation that would result in deficit financing.

Let me make it perfectly clear that throughout my public life I have supported progressive legislation. I do not say that any of the essential functions of Government should be curtailed, but I do say that we should advance in accordance with honest principles and sound fiscal policies. Furthermore, we must remain within the limits of our ability to pay without danger to the over-all national economy.

Let me illustrate. During the 4 years that I had the honor of serving as Governor of Pennsylvania I recommended and was supported by our State legislature in a progressive program based on

sound fiscal policies and within the limits of our means on a pay-as-you-go basis.

We enacted into law a comprehensive program of conservation, stream purification, flood control, and reforestation. We expanded and improved the State highway system. We assisted local communities in airport construction. Our educational system was strengthened by giving more aid to financially handicapped school districts and by increasing compensation to teachers. We enacted into law provisions for a compulsory, thorough, and periodic physical examination of every child of school age in the Commonwealth.

We expanded recreational parks. We inaugurated a program to modernize our mental and penal institutions. We established health clinics and provided funds for cancer research.

Workmen's compensation, unemployment insurance, and occupational-disease laws were liberalized and benefits increased. A second-injury fund was established for the first time so as to return handicapped workers to gainful employment. Our health and safety laws were enlarged and strengthened in order to protect our workers.

We established the best system of blind pensions in the United States. We increased old-age-assistance grants; also grants for dependent children and for direct relief.

Legislation was enacted to regulate strip mining so that land so utilized would be restored to useful purposes.

Large sums of money were appropriated by the legislature to carry out these worthy objectives. The point that I want to make is that despite increased appropriations for these various programs carried on in Pennsylvania, State taxes were reduced during the 4-year period by \$322,900,000. We did not borrow one cent or increase the bonded indebtedness of our State. Instead, we reduced the State debt \$79,784,000 and left Pennsylvania with a net debt of only \$44,642,000.

That was progressive legislation based upon honest principles, sound fiscal policies, and within the limits of our ability to pay. It is the application of these principles that I am appealing for today in the fiscal policies of our Federal Government.

Mr. President, I bring these matters to the attention of the Senate because it is our responsibility to place before the American people the full facts of our financial condition so that they can judge with some degree of accuracy how much aid we can give to other nations without endangering the safety and security of our own people.

It is not my purpose to question the value of continuing the assistance we are giving to the nations of western Europe. I am sure the American people strongly desire to restore the free people of Europe to economic stability and to build up their resistance against domination by communism. We want to help them get back on their feet, but in so doing we do not want to destroy the economic strength of America. We do not want to bankrupt ourselves. The most solemn warning that can be sounded in America



today is a warning against the rapidly increasing cost of government.

The distinguished Administrator of the Economic Cooperation Administration, Hon. Paul G. Hoffman, in submitting his recent report stated:

The Congress and the American people, before deciding to assume the heavy burden of continuing this undertaking, should have full evidence assuring them that it deserves their support.

Mr. Hoffman is right. But, Mr. President, I contend that the American people are entitled to more than that. They should have not only full evidence that the European recovery program is deserving of support, but they should also have full, complete, and convincing evidence that they can afford it. At least they should have some guidance as to how much they can afford to spend without danger to their own well-being.

Mr. Hoffman's report gives a glowing recital of progress—splendid progress—toward recovery in western Europe. "The economic recovery achieved in 1948 is impressive," he states; and, pointing to one outstanding achievement, he reports as follows:

The British budget has been brought into balance and the importance of this accomplishment cannot be overemphasized.

I do not mean to minimize the importance of balancing the British budget, but it is my earnest hope that from this day forward we will have equal success in keeping our own budget balanced. That is so much more important.

Mr. President, a little less than 2 years ago we had before us a proposal from the President of the United States for the expenditure of \$400,000,000 for aid to Greece and Turkey. I supported that proposal, with the warning that we must make a survey and inventory of our financial condition and we must determine whether we were willing to make the necessary sacrifices.

At that time I said:

The people of the United States and the Congress of the United States should be told the facts. They should be advised that they cannot burn the candle at both ends, or we shall find ourselves tomorrow where Britain finds itself today.

Our people must learn that there is a bottom even to the American pocket. I hope we shall not have to learn it the hard way, as the British did.

Our people must be told without equivocation and without deceit that if they spend abroad, they must pinch at home. I understand I am saying things that many people do not like to hear. Perhaps many will resent my saying these things.

However, I am not engaged in a popularity contest. I am after facts. I am gravely concerned, just as all other Senators are, about the future of America.

Our people must be made to understand that if we build that barrier of gold in Greece and Turkey and Korea and elsewhere, we cannot spend the same money twice—we cannot use it to buy comforts and luxuries for our homes.

Our people must realize that they cannot expect new and expanded services from Washington.

Our people must be made to understand that it will be necessary to cut, and cut sharply, into Federal services which have been built up in the past 15 years. They must be told now that sacrifices will be in order on the home front.

A year ago I vigorously supported the Economic Cooperation Act and urged its immediate enactment. I took occasion at that time to repeat the warning that its tremendous cost would demand the strictest economy at home.

At that time I said:

The United States is a rich and powerful Nation. But there is a limit to our resources. As our national defense and foreign obligations rise, frugality should be the watchword on the home front. \* \* \*

We must eliminate every frill, every proposal for new Federal services which cost the taxpayers money.

Every project not immediately necessary should be either postponed or wiped out.

The cost of Government functions must be stripped to the bone, and the lobbyists and pressure groups and their pet projects should be booted out of the door.

We must remain solvent. We must be strong physically and spiritually if we are to meet the challenge that America must meet today.

In addressing the Senate at that time, I obtained unanimous consent to insert as part of my remarks a speech which I delivered a few days earlier before the Philadelphia Bulletin Forum. In the course of that address, I again sounded the warning, in these words:

The people who pay the bills must know the value of their freedom and must be prepared to pay the price.

They must insist upon the elimination of new Government services and projects that eat up the money they pay in taxes. The people must know that we cannot spend the same money twice. If we spend it for preparedness we cannot afford an ever-increasing bureaucracy, swollen pay rolls, and expanded Federal functions on the home front.

The people must choose between liberty and independence and expensive governmental embroidery. If we love freedom we must be willing to forego the high-priced frills that have become part of our Federal system. We must insist that all projects not immediately necessary be eliminated or postponed.

It means paring to the bone the cost of every governmental function. It means that money expended, even for necessary functions, must be utilized to the maximum value of every dollar. It means that the lobbyists and pressure groups must be denied their pet projects.

Only by the strictest economy can we provide the necessary funds to insure ourselves against tyranny and aggression.

The Communists would like to see us in financial collapse, debt ridden, and bankrupt. That is the soil in which the seed of communism thrives.

Those who advocate unlimited spending are unwittingly giving aid and comfort to the forces that would destroy our freedom.

Yet, in the face of an uncertain future and the necessity for huge expenditures for peace and preparedness the administration in Washington has come forward with the most expensive proposals.

They would add billions of dollars to the cost of government here in America.

Whether we like it or not, this is the time for Spartan courage and sacrifice. We must keep America dynamic and solvent.

Mr. President, other Members of this body have sounded similar warnings, but these warnings have gone unheeded. The people of the United States should give a vote of thanks to the Senator from Virginia [Mr. BYRD] for the work he has done in calling the attention of the people to our reckless spending. Now we find every level of government in nearly

every section of our country reaching out for higher taxes and new areas of taxation. States, counties, cities, townships, districts, and boroughs are all reaching into the pockets of the taxpayers in order to provide money for increased spending.

Unless we check the tendency in that direction one thing is certain—we will go broke. The free enterprise plan of America will be destroyed.

Mr. President, if through such reckless extravagance we fail to keep our own economy sound, how can we expect to continue our aid to other nations? That is why I appeal to every legislative body in the land to put the brakes on spending; to place economy and prudence foremost in their objectives; to give encouragement to productive enterprise; and to aid in every way in maintaining our national income at a high level.

Unfortunately, we have witnessed in the last two decades a change in the whole thinking of millions of our people. They have been misled by false promises into believing that hard work and thrift are outmoded virtues. They have been taught that government is the source of everything that is needed to make life comfortable and secure.

Mr. President, no more dangerous theory has ever threatened our national existence. The tragic fact remains that the trend toward a socialistic form of government is interwoven with the false notion that government is better able to do things for the people than they can do for themselves. Too many of our people have accepted the idea that governments, State and national, have inexhaustible sources of revenue. They seem to think that money spent by the Government does not cost the individual citizen anything. The result has been a mad scramble for higher taxes all over our country. New ways and means of increasing taxation are being devised in order to provide funds for bigger Government spending.

Every level of Government is involved in this move to dig deeper and deeper into the pockets of the wage earner and into the resources of business and productive industry. Tax and tax, spend and spend, has become the slogan in so many places all over the Nation. The statistics of the rapid increase in the cost of Government and the heavily increased burden of taxation and debt reveal one of the most shocking stories in American history.

It is not my purpose, Mr. President, to give a recital of all the figures, but I should like to point out some of the things that indicate clearly how dangerous the present tendency has become.

In 1930 the cost of operating the Federal Government was less than \$4,000,000,000. Ten years later it had more than doubled; to \$9,000,000,000. Our current bill for Federal Government is more than \$42,000,000,000 a year.

In 1940, only 8 years ago, tax collections for all levels of Government were only \$14,000,000,000. That was nearly 19 percent of the national income, or \$109 for every man, woman, and child in the United States.

In 1948, the total tax collections had skyrocketed to above \$55,000,000,000, bet-



ter than 26 percent of the national income, or \$377 for each individual.

Every time \$1,000,000,000 was added to the cost of Government, the tax bill went up \$7 for every person in the United States, or \$28 for the average family of four.

Spending by the Federal Government alone is now greater than all the money spent for food by all the people of all the 48 States.

Let us now consider the debt which must be paid.

In 1930, the Federal debt was only \$16,000,000,000. In 1940 it had climbed to nearly \$43,000,000,000, and today we owe approximately \$252,000,000,000. That is about \$1,800 per capita, or \$7,500 for the average family. In other words, the Federal Government owes—listen, Mr. President—\$15, for every dollar it owed 18 years ago.

Let us look at the debt from another angle: In 1930, the total debt of all levels of Government, plus the private debt, was \$188,000,000,000. That was 44 percent of the national wealth, which then amounted to \$428,000,000,000.

Mr. President, I hope all Senators will listen to this: Today the same public and private debt has shot up to almost \$444,000,000,000, or 71 percent of the present national wealth of \$620,000,000,000. Mr. President, let me repeat those figures. In 1930 the public and private debt was 44 percent of the national wealth. Today, the public and private debt is 71 percent of our present national wealth.

Is it not plainly evident that at the rate we are going, it will not be long before the debt of our country will be greater than our entire national wealth?

We all know what happens to a corporation when its debts exceed its assets.

With the expansion of big government, the number of civilian employees has increased from about 600,000 in 1930 to approximately 2,200,000 today.

In 1930 there were less than 500 separate units in the Federal Government. Today there are more than 1,800 boards, bureaus, divisions, agencies, and commissions.

With these horrifying figures before us, let us look ahead and see what there is in store for us.

The budget offered by President Truman calls for the expenditure of nearly \$42,000,000,000 during the next fiscal year. He has asked Congress to approve and to provide the funds for 15 new domestic programs to be financed out of general tax funds. In addition, he has asked for three new or expanded so-called social-welfare programs to be financed by pay-roll deductions.

He has proposed that an additional load of \$4,000,000,000 be added to the tax burden of our people.

It must be remembered, however, that many of these new spending proposals are of the foot-in-the-door variety, opening the way to vastly increased expenditures when they are in full swing.

It has been estimated by experts that the minimum cost of these new projects, when they are in full operation, will shoot the Federal tax bill above \$56,000,000,000.

It has been estimated also that if all the objectives of those promoting the

new programs are realized, the added cost could reach the staggering figure of \$42,700,000,000 a year, or an annual tax burden of approximately \$34,000,000,000. That would be double the tax bill we are paying today.

Those figures should cause every American to stop, look, and listen. They are frightening. If we fail to check the trend toward unlimited spending now, we may never have another chance.

Last year's national income of \$220,000,000,000, great as it was, cannot possibly sustain a spending program of such vast proportions, or any substantial part of it.

Furthermore, no one, whether an average citizen or an expert economist, can expect that we shall go on year after year with a national income as large as at present.

In fact, it is now clear that the income for 1949 will fall far short of the national income of 1948, because already employment is off in many industries.

There are now 3,500,000 unemployed in the United States. Lay-offs are increasing in metals, glass, pottery, textiles, plastics, electrical appliances, furniture, television, automobiles, and other products. In most cases the men laid off are skilled mechanics. It now looks as if unemployment would increase during the next few months.

When the inevitable drop comes, disaster will loom over us.

If the national income should drop to \$175,000,000,000, the loss of Federal revenue would throw the present budget out of balance by at least ten to twelve billion dollars. We would be forced into deficit financing, and instead of reducing the present national debt of \$252,000,000,000 we would go deeper and deeper into debt.

This deficit does not contemplate the additional spending programs not included in the budget, nor does it contemplate the North Atlantic Pact that we will consider in the near future.

At this time, nobody can predict how much it will cost to carry out the provisions of the North Atlantic Pact.

Will this be followed by a Mediterranean Pact and a Far Eastern Pact which will require the spending of additional billions?

Will we be called upon, during this session of Congress to make appropriations to furnish the know-how to improve the undeveloped areas all over the world, as was suggested by our President?

I cannot take the time of the Senate to discuss the continually increasing spending and taxes and debt at the other levels of Government, but the figures show that the same spending infection is spreading throughout State and local governments all over the Nation.

I regret that it has become necessary to paint such a gloomy picture. The sooner we come to a realization of the grave danger that confronts us, the better off we will be.

It means, very definitely, that unless we stop this drunken-spending spree we will soon find ourselves at the end of the road we have been traveling, the road to bankruptcy.

This threat of disaster is not something that may worry us in the far-distant

future. It hangs over our heads at this very moment.

Unless checked, many of us in this Chamber today will see the tragic result—a bankrupt Nation, our businesses destroyed, and our freedom lost.

That is not comforting. It is, however, the price that we will be forced to pay if through carelessness, indifference, wasteful spending, and excessive taxation we allow the liberty that is our sacred heritage to slip from our hands.

In my career as a public official and as a soldier, covering 50 years, I have fought constantly to preserve and safeguard individual freedom. I do not propose, and I am sure the Senate does not propose, to permit reckless and extravagant spending to destroy the freedoms that have been bought by the blood of patriots and heroes in every generation.

Mr. President, I have been criticized many times because I have constantly preached economy in government and lower taxes.

I shall continue to do so, because I am firmly convinced that it is the most positive program that can be presented to the American people.

With this crisis before us, it is the only program that will insure a future of freedom and opportunity.

I realize that it would be pleasant and popular to advocate spending, a something-for-nothing policy, without regard for the future of America, but I assure you, Mr. President, with all the emphasis at my command, that I shall never engage in such tactics. There is too much at stake for our country and the world.

Oh yes, Mr. President, the free spenders of today may receive popular acclaim. But the young of this generation and others that will follow will heap condemnation upon them.

The burden placed upon our children and their children will be back-breaking. It will be unbearable. They will have been deprived of all opportunity, even their very freedom.

Mr. President, on February 23 of this year, there appeared in the Detroit Free Press an editorial which sets forth, in language much more eloquent than any words of mine, the dangers which await us at the end of the road we have been traveling.

The writer of the editorial was discussing the Hoover proposals to eliminate Government waste and to establish a saving estimated at \$3,000,000,000 a year.

His warning has direct application to the whole philosophy of unrestricted spending, inefficiency and mismanagement, which he terms "The American disgrace."

I should like to quote, in part, from that editorial. It has for its theme Our Greatest Danger: Financial Rocks Ahead. The editorial states:

"This country is faced with the greatest danger in its history.

It is a disaster worse than war.

For we have always been able before to rebuild after war and to grow mightier.

That time has gone.

The imminent danger with which we are confronted transcends all political differences.

It is not a question of Republicans against Democrats or New Dealers against Old



Dealers. It is not a conflict between unions and management. It has nothing to do with the progress of social security, national health or any other controversial question.

The cold, stark, ugly fact is that the United States is rapidly drifting into national bankruptcy.

Unless something is done to stem the tide we will be, within a very few years, no better off than the nations of Europe.

It is this condition for which the Moscow Communists are patiently and hopefully waiting.

They know what is coming unless we wake up. They can well afford to wait \* \* \*.

The insidious enemy which is serving Moscow as the deadliest of fifth columnists is mismanagement.

It is bitterly ironic—but a great laugh for Stalin—that America, upon whose altars we have placed the god of efficiency, is dying of dry rot because of gross and stupid inefficiency.

The most powerful business corporation in the United States would go into bankruptcy within a year if it were so wretchedly managed as is the business of our Federal Government today.

There is this difference, however: The private corporation, mismanaged and criminally extravagant, would pay for its own sins and go broke; but the Government does not go out of business.

It simply borrows more money which has to be paid through taxation until all business ceases, the factories remain idle, and the people starve.

That is the history of all mismanaged nations since civilization began.

We are now rapidly coming to that period.

Only courage and vision can save us.

Again, this newspaper states as emphatically as possible: This is not a party issue.

We are victims of our own follies and the follies of past generations.

The guilt rests with both parties and all classes. We thought our wealth would never end.

Referring directly to the Hoover report, the editorial continues:

No American of intelligence can read these reports without gasping in horror at our dangers.

Yet, there is a grave possibility that the greatest task of its kind ever accomplished in the history of America will go for naught.

The mean and petty politicians of both parties are seeking to destroy it for their own selfish ends \* \* \*.

Here, then, is the call to the American people of every honest shade of political belief.

Here is the challenge to save us from the fate for which Moscow is waiting.

Shall we continue to drift?

Or shall we be aroused in time by a mighty outburst of public sentiment?

The people of America have crusaded for war bonds, for Red Cross, for community chests, for every worthy effort devised by the mind of man.

Twice in one generation they have gone to war to fight for human liberty. They have poured forth the lifeblood of their youth and their treasure. They have willingly and without protest taken upon their backs the most staggering burden of debt history has ever recorded.

Has all this been in vain?

The Bible has said that where there is no vision the people perish.

Will the leaders of the Republican and Democratic Parties, the National Association of Manufacturers and the AFL and the CIO, the church leaders of all denominations, every civic-minded group, every noonday club, every individual citizen unite as we have always done in war, to campaign against the evil which is destroying us?

Will there come a clarion call for battle?

Only public opinion can save the United States from the bureaucrats who stifle us.

"Public sentiment is everything," said Lincoln. "With public sentiment nothing can fail. Without it nothing can succeed."

Our one hope is the people themselves.

Facing the Communist horde—surrounded as we are by darkness and chaos across the world—this must be a holy crusade—a fight for God, for country, and for humanity.

That is the end of the editorial. I strongly urge my colleagues who have not already done so to read the full text. It was inserted in the Appendix of the RECORD of March 1 by Representative ROY O. WOODRUFF, of Michigan, and may be found on page A1193.

This editorial lays down a challenge to each of us and to every other red-blooded American.

Again I say that under existing conditions we are not justified in regarding any item in the budget as sacred, excepting the interest on the public debt and our duty to the disabled veterans and the dependents of those who gave their lives for their country.

Mr. President, there is nothing sacred about the sum of \$5,580,000,000 that we are asked to authorize by the terms of Senate bill 1209.

But there is something sacred about preserving the solvency of America because to remain free a nation must be solvent.

I shall, therefore, support an amendment to reduce the requested authorization by a reasonable amount.

I am convinced this can be done without impairing the effectiveness or the progress of European recovery. I most sincerely urge my colleagues of the Senate to support such a reasonable reduction.

Mr. RUSSELL. Mr. President, I do not propose to discuss the so-called European economic program in its broad aspects. With respect to that program we have adopted a policy of undertaking to extend assistance to the peoples of western Europe who are willing to do those things to help themselves which would prevent them from falling under the domination of communism. I have supported that program. I believe in it, and I propose to continue to support it in the future.

I cannot, Mr. President, accept the philosophy that the authorizations of appropriations submitted, even though from the powerful Committee on Foreign Relations, composed, as it is, of able men, are sacred and that the Senate should desist from any idea of reducing them. I am glad to testify that the administrators of the program are able men. They all have my admiration. Mr. Hoffman, Mr. Harriman, Mr. Douglas, and others on the upper level, who are responsible for the expenditures, are among the ablest Americans of their generation. They are not, however, infallible. I do not believe we are obligated to accept each and every recommendation made by those gentlemen to the Congress of the United States, nor do we have any definite responsibility to complete each and every project submitted by the nations of Europe which they might approve.

I should be willing to vote for an actual reduction in the authorization, but, I

submit, Mr. President, the amendment proposed by the Senator from Ohio [Mr. TAFT] on his behalf and on behalf of the junior Senator from Georgia does not amount to an actual reduction in the authorization. It is in the nature of an adjustment of the figures in the light of conditions which exist today, with respect to furnishing funds which will be adequate to supply the same goods and services contemplated on November 30, when these figures were arrived at. It will, in effect, if the amendment be agreed to, provide an increase in goods and services for the nations of Europe, as compared to the goods and services which could have been acquired for the same number of dollars at the time the proposals were suggested.

Mr. President, we all know there are substantial reductions in almost every commodity going, under this program, into the export of goods to the nations of Europe. There have been substantial reductions in costs since the 30th day of November. Only yesterday the press quoted the Director of the Bureau of Labor Statistics, the official agency of the Federal Government for gathering statistics, as anticipating that there would be a 10 percent reduction in living costs in the coming calendar year. I happened to pick up a commercial periodical, the Wall Street Journal, a few moments ago, and noticed on the front page a news article bearing the headline "Raw Materials Prices Tumbling as Supply Meets Demand." It tells of steel scrap falling to \$33 a ton, and reductions in the price of copper, lead, and so forth. In the body of the article there is a very startling little paragraph with respect to one important commodity, tallow, which shows that tallow has dropped from a postwar high of 27 cents a pound in January 1948 to 5 1/8 cents a pound as of today's market. So there has been a substantial reduction in the prices of goods of every kind and character that are required for this program to rebuild, rehabilitate, and strengthen Europe to withstand the assaults of communism since this program was arranged on November 30, 1948.

I was talking only yesterday to a member of the editorial staff of one of the great weekly news magazines of this Nation. A study has just been conducted of construction costs. It discloses that for the first time in almost a decade the bids which are now being submitted for the construction of all types of buildings—of roads, structures of all kinds and descriptions—are running far below the engineering estimates. For 8 or 10 years engineering estimates have meant very little. The bids which have been submitted for construction have always exceeded the engineering estimates. But today the bids for actual construction are running from 7 to 15 percent below the engineering estimates.

Mr. President, it is perfectly apparent to me that this small reduction of 10 percent can be completely absorbed in the appropriation without in anywise impairing the efficiency of the European recovery program. The only thing that would be impaired if the Senate should see fit to vote this reduction would be



the pride of the administrators of the program, who have taken the position that Congress should not in any event seek to tamper with the figures and the projects they have submitted to us for our consideration.

Mr. President, I think it would be a fine thing for the Congress to reduce this amount, even though it be the token reduction, which is proposed in the amendment. I think it is time that the Congress was asserting itself in some way with respect to the tremendous spending program overseas—whereby we have provided approximately twenty-four thousand million dollars for the relief of foreign nations—without making any reduction whatever in the figures which have been submitted by those who were charged with the responsibility for the administration of the funds or the requests which have come to us from the nations abroad. I think it is high time that we at least made this token cut, though it would not in any way impair the program, and put the world on notice that we do not propose indefinitely to allow every dollar of appropriation and authorization that is sought, and also to put the administrators of the fund on notice that Congress is scrutinizing their actions, that Congress does not propose to have any waste in the operation of the fund, and that we are aware of the fact that declining market prices will enable this 10-percent reduction to be made without in any way denying to any nation in Europe the help that is necessary to enable it to get on its feet.

Senators have been beguiled with the argument that we should pass this appropriation just as it is, and then submit the matter to the Committee on Appropriations, that an authorization is not final, that the Committee on Appropriations will scrutinize the program, and that they will then make reductions, but that reductions should not be made now.

Mr. President, as one who has served on the Committee on Appropriations during the entire time these huge sums have been voted for these foreign programs, I wish to say that those who make that statement can tell that to the marines, but they need not undertake to tell it to me. We heard the same argument upon the floor of the Senate last year. We had before us the authorization bill, and the distinguished Senator from Michigan and the distinguished Senator from Texas made practically the statements which have been made here this week, to the effect, "It is all right, now, we must maintain this authorization just as it is, but let the Committee on Appropriations go into the matter, and if the Committee on Appropriations sees fit to recommend any cuts, we can then scrutinize the whole situation the second time." Those statements were made last year. Unfortunately for some members of the Committee on Appropriations they took them seriously, and the committee held long and exhaustive hearings on the European recovery program.

When it was proposed to touch the appropriations and reduce them in any amount, a veritable avalanche of protests and abuse was leveled at the Committee on Appropriations. The distin-

guished Senator from Michigan came and made an appearance before the committee, and stated that it might be all right to make cuts, but that the cuts which had been proposed and were being suggested at that time would absolutely paralyze the program. Of course, as a practical matter, when the Senate votes this authorization, it is practically fixing the appropriation, it is fixing it at least within 1 or 2 percent.

Mr. President, not referring to what occurred in the Senate, but what appeared in the press, one would have thought last year, from the protests that appeared in the newspapers, that those who were trying to reduce the appropriation were a group of impious vandals who were seeking to profane the very Ark of the Covenant. They said, "This is not like an ordinary authorization. It is a commitment to foreign powers. They do not understand our system. They do not realize that the Committee on Appropriations and other committees have to pass on the appropriations after the authorization has been enacted into law. The ordinary rules that apply to domestic authorizations should not attach to an authorization for the Economic Recovery Administration, that being a combination of foreign nations."

As a practical matter, despite the almost herculean efforts by the chairman of the committee and others, I think we finally cut \$225,000,000 out of an appropriation of five or six billion, if my memory serves me correctly.

I therefore say to Senators who would like to see some adjustment in these figures, in keeping with today's prices, and those in the 15 months that lie ahead, that if this is not their last chance, it is at least their best chance to secure some reduction in the expenditures.

Mr. President, we also are confronted with the argument that we should pick out specific items in which reductions are to be enforced. To hear Senators discuss this matter, one would think that the administrators of the fund had created the Congress and had charged it with responsibility for the operation of its details, rather than that the Congress had created the administrators and delegated to them powers and duties with respect to the operation of the funds.

It has gotten to such a point that if one talks about slicing a dime off the authorization—and it will be exactly the same way in the case of the appropriations—if we start to cut off a dime, Senators have to delve down into the shipments made overseas, and perhaps finally they will come up with two pairs of shoe-laces out of, say, a hundred thousand going to the Free City of Trieste on other side, and someone triumphantly shouts, "Here, you can take off these two shoe-laces, and thereby save a dime." It is impossible to go into the matter in any such detailed fashion as that.

We have provided for the administrators, we have prescribed for the operation of the fund, we have delegated to them great powers, they are men of ability and patriotism, and it is their duty to take such funds as the Congress sees fit to authorize and appropriate and utilize them to the best of their knowledge

and ability in promoting the accomplishment of the purposes of the program.

Mr. President, it is their duty to adjust the program to fit the authorization of Congress. Of course Congress should scrutinize very carefully the recommendations of the administrators. They are our agents, they are our creatures, they are our advisors, but certainly we are not bound by any rule that we have to take the figures exactly as they hand them to us.

I could make some suggestions to them as to what I think should be done in applying this very modest reduction to this fund. In the first place I have never been able to understand why Ireland and Sweden and Portugal were brought into any rehabilitation program in Europe. We set about at the outset to repair the ravages of war, and three of the countries that were brought into the program were Ireland, Sweden, and Portugal. Not one of them was in the war. All three of them enjoyed unparalleled prosperity during the time the war was raging. None of them suffered any damage. We bought from them, and we had to do preventive buying from them at extremely high prices, to prevent them from selling to Germany and her allies during the war. Yet we are told that we cannot even cut off the funds that are going to Ireland, Sweden, and Portugal. If we adopt the pending amendment I am willing to suggest to the Administrator that I think it might be well to consider the advisability of either eliminating completely or reducing greatly the funds that are going to those three nations.

Mr. McMAHON. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Does the Senator from Georgia yield to the Senator from Connecticut?

Mr. RUSSELL. I yield.

Mr. McMAHON. Is the Senator aware of the fact that the Free State of Ireland, which he has mentioned as being one of the nations that did not participate in the conflict, furnished on a voluntary basis to the British forces exactly the same percentage of men that we conscripted under the draft?

Mr. RUSSELL. Of course, the Senator does not expect me here and now to say anything that would in anywise reflect upon the courage of an Irishman. Throughout all history an Irishman has been willing to climb the highest mountain, wade a river, or swim a sea in order to get into a scrap. I am not talking about the individual Irish soldier. I am talking about the Irish Government. There has never been a war fought on the Continent of Europe or elsewhere in which Irishmen who could get to the place of conflict, did not take part. It was just that spirit that brought to our country the forebears of some of our best citizens. Nearly all the members of Meagher's Irish brigade were Irishmen; they were among the finest shock troops engaged in conflict in the war between the States, and fought at Marye's Heights, near Fredericksburg. They were shriven by the priest before they entered the battle, and most of the mem-



bers of that brigade were killed. The individual Irishman will, if he can get there, get into any war. It is not the individual Irishman I am talking about. I am talking about the Government of Ireland. The Government of Ireland even refused to permit the use of its ports to those who were fighting Germany. The Government of Ireland even impounded our airplanes that got into distress and were forced to land in that country. The sons of old Ireland have engaged in every conflict they could possibly reach. However, no one can detract from the fact that the Government of Ireland did not help in the recent war, and in my judgment Ireland is not entitled to one dime of help out of ECA.

I suspect that perhaps the Senator from Connecticut was responsible for bringing Ireland in as a beneficiary of the plan. I have never been able to understand it until now why they were entitled to so many of our tax dollars.

The modest cut we propose to make will not impair the program. If we ever expect to make any cut in connection with this program, we will have to do it now, because we will not be able to make the cut in the Appropriations Committee, after the authorization has been made. We went through a similar effort in connection with UNRRA. We went through a similar effort in connection with the Greek-Turkish aid measure. We went through it in connection with the Chinese-aid legislation. We had the same experience in connection with the European relief bill.

Then when the Economic Cooperation Commission was created every member of the Appropriations Committee will recall that though we had perhaps the most bitter and acrimonious meetings we have ever had on any subject we were unable to bring about any substantial reduction. Let no Senator salve his conscience by saying that he will vote for reductions later when the appropriation measure comes before us. Let no Senator indulge in the belief that the cut will be made by amendment proposed to the appropriations bill. I, for one, do not propose to carry on under the abuse that will be heaped upon the heads of those who undertake to make substantial cuts once an authorization has been made.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. WHERRY. Does the Senator, as a member of the Appropriations Committee, remember that when amendments were offered to the bill making appropriations for the ECA a year ago almost before the ink was dry on those amendments a great hubbub was raised over the fact that the Appropriations Committee had even dared to offer an amendment providing for a reduction of \$500,000,000?

Mr. RUSSELL. The Senator was not on the floor when I recounted the history of last year, when we undertook to make even the most modest reduction, and I said that maledictions were heaped upon the heads of the members of the committee from every source, and we were treated as being almost subversive and

as being guilty of treason for talking about reduction in the authorization on the ground that the authorization was, in effect, a commitment to foreign nations.

Mr. WHERRY. As a member of the Appropriations Committee, does the Senator feel that it will be a futile thing to endeavor to secure a reduction in the Appropriations Committee, or on the floor of the Senate, after the Appropriations Committee had reported the bill?

Mr. RUSSELL. I will say, Mr. President, that the Appropriations Committee will be so chastened as a result of what happened to it last year as the result of the terrific whipping it received for even considering reducing the appropriation that I doubt very seriously that any substantial effort will be made to reduce the appropriation.

Mr. WHERRY. Is it the Senator's opinion that if there is going to be any cut made in the amount provided for ECA it must be done now, when we vote on the authorization for ECA.

Mr. RUSSELL. I have stated before that now is the best time, and this is the best chance Senators have to show their sincerity of purpose if they really wish to reduce the appropriations to be made under this act. This is the best chance they will have to show their sincerity.

Now, Mr. President, I have been interested to observe among the press of the Nation, that those who have insisted most vigorously that the European authorizations and appropriations are sacrosanct and cannot be touched, are the ones that advocate the most drastic reductions in our domestic expenditures. That is something I do not exactly understand, but it is a fact which every Senator must recognize. They will seek to pillory a Senator who will vote to reduce the European authorizations in any amount, but they are constantly carrying on a campaign to reduce all domestic appropriations that are for the benefit of the people of these United States.

Mr. President, I think in terms of the American people first. It is my way, and I have no apology to make for it. I have supported this program. There is nothing in all human history that in any wise approaches the generosity of the people of the United States in their dealings with the other nations of the earth to restore the damage that was inflicted during the war—not only to restore the damage, but to rehabilitate their industry, to rebuild their nation, and to give them improved living conditions they never enjoyed prior to the war. I am proud of the fact that America has been able to show that magnificent attitude of benevolence and willingness to assist. Of course it was not all unselfish. We were doing it in order to have other areas in the world that would be free of communism, other than the United States of America.

Mr. President, I have no apologies to make for making comparisons between the treatment of this appropriation, or this authorization, and that which is being made here for the domestic improvement in the United States, because I do not desire to see these United States,

in our zeal to rebuild and recreate and reclaim and improve Europe—I do not wish to see our own people suffer.

There has been action on the part of a committee of the House of Representatives, taken the other day, which would reduce all improvements, all projects for reclamation, all flood-control projects, all river and harbor projects, by a 15-percent reduction. That action was applauded by the very newspapers that are demanding that we vote the full authorization for ECA, that we do not cut the authorization here. For my part, while I am willing to help Europe, I am a little more interested in keeping the economy of this Nation on a sound basis. I am more interested in seeing that we go ahead in the United States in order that we can continue to provide for the nations of the earth that are compelled to call on us for assistance. I do not propose, for my part—and other Senators may, if they desire to, go to my people and have them say “Well, what became of our project here to reclaim the acres of the arid regions, to build a flood-control project to protect our fertile acres, and to create means of transportation upon rivers in this land?” I do not propose to tell them, “I am sorry we could not give you these things, but I won a great victory. I beat down every effort to reduce the ECA appropriations. We are building many great projects in Europe. Unfortunately, we lost our project, but we won a great victory when it came to authorizations of appropriations for ECA.”

When I go to my State to address the Parent-Teachers Association and they tell me, “We regret very much that we could not get a few million dollars' increase in the appropriation for the school-lunch funds,” I do not propose to tell them, “That is too bad, but we saved every dollar, down to the last nickel, that Mr. Hoffman said he ought to have. We are operating a very fine program for feeding the children of France, England, Italy, and other nations.” I do not propose to be put in that position; but other Senators, with their aura of statesmanship around them, may do so.

When my people say, “How about a good road here? We need a highway—let us get Federal aid for it,” I do not propose to tell them, “We are building a great highway system in Europe, restoring their bridges, and building their roads with the entailed funds which have been paid in and cannot build roads here.” I could cite any number of other illustrations.

When we come to the question of taxes, we may have to increase taxes 10 percent or more. I do not believe that the American taxpayer would be enthusiastic about having his taxes increased 10 percent. I do not propose to say, “I am sorry; we all hate to have to increase taxes 10 percent, but I beat down a 10-percent reduction in ECA. We gained a great victory there, and must raise the taxes to pay for it.”

Mr. President, we must balance these things. I believe that this program can certainly stand the proposed amendment, which is not in reality a reduction. I assert again that more goods and serv-



ices will be available after we apply the 10-percent reduction than would have been available when the authorization figures for these projects were determined back in November 1948.

The American people are unselfish, but I do not believe that they wish to have their interests neglected merely to maintain the fetish that we must not lay a hand on the authorization for the European recovery program. Either we must drastically reduce the appropriations for our domestic expenditures or we shall have to increase taxes substantially. Otherwise we shall be operating in the red. I cannot think of any greater tragedy that could befall this Nation at this time than to be operating with an unbalanced budget at a time when our national income is so great as it is now.

If we are going to reduce appropriations, we should at least apply some reduction to the European recovery program. The proposed reduction is not so much as has been applied to the American domestic program. It is a modest 10 percent. At least the European recovery program should not escape without any reduction whatever.

There are a number of illustrations. I have always had a great interest in the agricultural appropriation bill. I am a great believer in soil conservation. I am a great believer in reforestation. I have undertaken to support programs of agricultural research, not only in production, but in the marketing of agricultural commodities. I should greatly dislike to see those appropriations reduced. It would be a very poor consolation to me to tell my people that we were reclaiming the lands of Europe, and that we were conducting great reforestation projects over there. I am willing to go along with some projects in Europe, but I do not want them to be at the expense of the American people.

Mr. President, I am for aid to Europe. I have supported the principle of every program of aid that has been extended. From time to time I have voted to make reductions in those programs. I have voted for such reductions on the floor of the Senate. I have voted for them in the Appropriations Committee; but no substantial reduction has ever been made in a single one of them.

I hope that the Congress of the United States will have the courage to face the issue presented by this amendment, which represents merely a token reduction, and which, as I have stated, cannot hurt the program. It can only hurt the pride of Mr. Hoffman.

I was delighted to hear the distinguished Senator from Michigan [Mr. VANDENBERG] say that Mr. Hoffman himself might condescend later to tell the Appropriations Committee that the appropriation might be reduced. I hope that will be the case. However, from the activities which I have observed on the part of some of those who are doing business with ECA, it appears that this great man, like the rest of us, has feet of clay. He is not willing to have any change made in his plans. Statements are being made to the effect that we should not reduce the authorization. The Congress of the United States should at least take this feeble step forward in asserting some

control over its own creatures in the administration of this program. Then we can tell the people of the United States, if we have to cut the domestic appropriations greatly, if we have to increase taxes, that at least we undertook to balance the domestic program with foreign requirements.

I was delighted to hear the distinguished Senator from Pennsylvania [Mr. MARTIN] refer to the national debt in his remarks this afternoon. At times I have felt that the fact that we had this staggering public debt of approximately \$250,000,000,000 had been entirely overlooked in all our talk about current spending, European relief, and our domestic program, whereby we hope to make even greater governmental services available to the people of the United States.

The public debt terrifies me, Mr. President. In view of this gigantic debt, I am sick when I think of what would happen if we should encounter even a modest recession in this country. The national income does not have to fall off more than a few billion dollars to affect the Government economy to the extent of many billions of dollars. The last billions on top of the pyramid of our national income bring in infinitely more revenue than do the billions at the bottom. I do not think we should lose sight of that fact when we are considering items of this kind. We must not lose sight of the importance of the orderly liquidation of the public debt. The generations which will come after the last of us shall have departed from this scene will have problems enough of their own without having to wrestle with and to pay the staggering debt incurred through the folly of this generation and the one which preceded it. So we should be exceedingly careful in the handling of every piece of legislation which provides for the expenditure of public funds, particularly when it is on so lavish a scale as is the European recovery program, to see if we cannot recapture a few dollars from somewhere to pay upon the public debt and undertake to reduce it at a time when we have almost unparalleled prosperity in this Nation.

Mr. President, I hope the Senate will agree to this amendment, not as a reduction in the fund, because it is a mere token, but to show that we do not intend forever to accept as the last word the requests of administrators for aid to foreign nations which we have already greatly aided.

Mr. HENDRICKSON obtained the floor.

Mr. CAPEHART. Mr. President, will the Senator yield for a parliamentary inquiry?

The PRESIDING OFFICER. The Senator from New Jersey cannot yield for a parliamentary inquiry. He can yield only for a question.

Mr. HENDRICKSON. I yield for a question only.

Mr. CAPEHART. Very well, Mr. President.

Mr. HENDRICKSON. Mr. President, it was my intention as a new Member of this body, in respect to the great and far-reaching issue now pending before the Senate, namely, Senate bill 1209, to

listen intently, to observe carefully, and then, without any extended remarks, to resolve the issue according to my conscience and my considered judgment when the roll is called.

But, Mr. President, in the course of this extremely interesting and enlightening debate, I have come to realize that no one who has taken the oath which has been subscribed to by every Member of this body and who has had any personal experience at all with the international complexities involved should remain mute at this time.

Thus, without regard to the embarrassment which inexperience in this body may cause me, I shall be bold enough to venture to state as briefly as possible some of the convictions from which I cannot escape as a result of the convincing and able arguments which have thus far been advanced.

May I say, sir, at the outset that I was one of those who, in the campaign of 1948, supported wholeheartedly, and with every ounce of energy and enthusiasm I possessed, the Marshall plan? From the opening of my campaign to its finish, I not only endorsed and urged it, but also pleaded with the people of my State to give it all-out support. Indeed, I frequently scolded the Congress before its final passage, because it seemed at times to hesitate.

I did that, Mr. President, because of a deep conviction that it was the only medium by which we could prevent the further march of the forces of communism which were then stalking the earth without any concentrated or well organized opposition. I knew from my experiences as a member of the American armed forces in Italy, Germany, and Austria, that unless positive, vigorous, and a well-organized course of action was developed and executed with promptitude, both Italy and Austria might quickly fall to the onward rush of the U. S. S. R., its satellites and allies. This would have meant complete control of middle Europe and the Mediterranean for the Communists and their fellow-travelers. But, Mr. President, thanks to the great leadership of the distinguished senior Senator from Michigan [Mr. VANDENBERG] and those who followed his courageous course, that battle was won.

Costly? Of course it was costly; but, Mr. President, that cost was slight when compared to the ghastly cost of another war. Let us look briefly at the cost.

ERP and interim aid have cost us, in actual expenditures and commitments since its inception, approximately \$5,540,000,000. World War II cost us, for each day it was fought, approximately a quarter of a billion dollars, not to mention 1,134,000 of the flower of our youth killed and wounded. Mr. President, if I were statistically minded, I could go on and on with figures to prove that this much questioned expenditure has justified itself, even though I shall concede later that the mission itself was executed in an extravagant and, in some instances, wasteful manner.

But, Mr. President, the Senate today is considering, not an investigation of ECA, but rather, whether it succeeded in its purpose; and if so, whether its con-



tinuance is essential to the future security of our Nation and the ultimate establishment of the peace of the world. My answer is unalterably in the affirmative, but I agree immediately with all who question the program, that the final decision of the Eighty-first Congress must reflect the experience of the past. Recognition must be given to the many able arguments which have preceded my humble utterances, and which clearly disclose extravagance and, in some instances, waste in the direction and management of the program. It is my firm conviction, Mr. President, that it would be better to drop the program immediately, rather than to carry it on so ineptly as to permit our resources to be siphoned into left-wing and communistic activities which will one day rise to haunt us.

But, Mr. President, we are an intelligent and responsible people, despite our tendencies toward extreme idealism, our great generosity, and our tendency toward laxity in the management of fiscal matters. Once we are faced with grave responsibilities, we have an uncanny knack of meeting them adequately. Mr. President, I say that at this moment we are faced with a responsibility as grave as war itself, because if we fail in that responsibility we will have war—and have it sooner than we expect.

What then, Mr. President, is that responsibility? It is to secure ourselves, and our precious heritages, and prevent, if we can, by any just and sound medium, the advent of another world cataclysm.

After listening carefully to this great debate, eloquent throughout, from my point of view, I am convinced that in respect to the major issue immediately before us, namely, the enactment of some sound extension of the ECA, there is only one course open to us, namely, to grant the extension.

But upon what terms shall it be granted, Mr. President? That, to me, is the really immediate issue. Shall it be granted as before, when the cost had necessarily to be based entirely upon conjecture; or shall it be predicated upon experience, which always furnishes a basis from which to project one's estimates?

I shall insist, Mr. President, that it be held to the lowest possible cost to the American people, for I am one of those in this body who believe that we can sell ourselves into bondage if we continue to yield to extreme impulses which ignore the effects upon our own economy. I have seen men of great heart, possessed of genuine ability, endowed with fine minds and stout bodies, possessed of considerable of the so-called material things of life, wind up penniless and well-nigh friendless because there was no end to their charitable nature. This can happen to a nation, and will happen to ours unless we are on guard against our own idealistic impulses. I do not mean that we must change the noble course we have followed to this very moment, but I do mean that we must modify the speed with which we pursue that course.

Mr. President, I stand prepared to support the ECA and all it represents in

international cooperation; but amendments have been offered which must be considered, and considered carefully lest we become the prey of the very forces we seek to repel. We have been warned by great statesmen and patriots, within and without this body, of the effects that a widespread depression might have upon our own economy. I take the liberty of quoting from the statement the senior Senator from Georgia [Mr. GEORGE] made on the Senate floor on March 29, 1949:

In my opinion there is but one thing which will bring us a sizable depression in 1949. That one thing is to superadd to the already heavy tax burdens of the American people between four billion and six billion dollars.

Let us take heed, Mr. President, and act with caution as we proceed to establish the terms upon which we shall continue our charities to the reconstruction of a broken and distraught world.

And now, Mr. President, I should like to proceed with what I hope will be a very brief discussion of a few of the related issues which have been raised in the course of this debate. Of course, many of the issues were raised both in the hearings before the Committee on Foreign Relations and in the course of the debates on this floor; but chief among them, in the order of their importance, was the proposal of the distinguished Senator from Arkansas [Mr. FULBRIGHT], for the political unification of Europe. In respect to this proposal, I shall not take the time of the Senate by extending my remarks, because this subject was so thoroughly and eloquently covered by the distinguished Senator in his address on Wednesday afternoon, March 30, that insofar as it relates to the pending measure, it would be repetitious. This much, however, I do want to say, namely, that I wholeheartedly subscribe to the principles and policies to which the proposals address themselves. I know that to many it seems visionary, but let me say that unless we turn some of the vision which is in our midst and all about us into vigorous and positive action we may well, with the rest of the world, see an application of Solomon's prophecy that "where there is no vision, the people perish."

Another vital issue which has been rather thoroughly aired and debated in the course of the arguments on Senate bill 1209 is the North Atlantic treaty. I say "vital" because up to this time in the history of nations and their relationship with each other such treaties have in the final analysis always been "tried and found wanting." Usually they have culminated in discord between the nations involved, and too often their violations have led to war. Thus, as we enter upon consideration of the so-called North Atlantic Pact, let us do so in the light of history and with a deep consciousness of the frailties of human nature. Let us not forget that the fate of nations has turned again and again upon the whims of an individual or individuals. In sounding these warnings, I want to make it clear that I shall probably at the conclusion of the debates—and I repeat, probably—support the North Atlantic

treaty with great reluctance and a troubled mind; but if my vote shall be to approve the treaty it will be because I have determined that in a world beset by power politics we have no other immediate alternative. I know not what the debates on the North Atlantic Pact will disclose, either in respect to its negotiation, its high purposes, or its legality, but I do say, Mr. President, I have yet to be convinced that it is entirely within the framework of our Constitution. I am deeply concerned by the point raised by the distinguished senior Senator from Missouri. There is no question but what the President, by and with the advice of the Senate, may make treaties, with the concurrence of a two-thirds vote of the Senators present, but, as the distinguished Senator from Missouri has said, in effect, the Congress shall have the power to declare war. In the light of these two constitutional provisions, I am deeply concerned lest articles V and VI of the pact, unless amended, prove inadequate to meet the framework of our Constitution, for I can readily visualize the case where, under article V, military action would be taken against the will of the American people and over the objection of the House of Representatives, with resulting embarrassment and perhaps disaster to our whole national unity.

So much for the legalisms involved. But greater than the legalisms are some of the moral issues.

As it was pointed out so ably and eloquently by the distinguished Senator from Maine [Mr. BREWSTER] on Tuesday, March 29, in the colloquy between the distinguished senior Senator from Maine and the distinguished junior Senator from Oregon, we are already confronted with a most embarrassing and, to me, grave dilemma in connection with the approval and execution of the pact. On the one hand, under the negotiations thus far, the Netherlands is to be, as I understand, a signatory to the pact. Presumably it is to be a solemn and binding pact, which means exactly what it says. Now we find, on the other hand, from the records as disclosed in the aforesaid colloquy, at pages 3495 to 3497 of the CONGRESSIONAL RECORD, volume 95, that the Netherlands is already in violation of a solemn and binding pact to which the United States of America is also a member. It would be presumptuous of me to try to add to the potency of the remarks to which I have already alluded. Under those circumstances, it is sufficient to say, if we do commit ourselves as parties to the North Atlantic treaty, we are not getting off to a very good start. Mr. President, if this treaty or any other has not been entered into upon high moral principles, no matter how binding it may be in the law, it just has no value. This is the factor which concerns me most in respect to the approval and execution of the North Atlantic Pact.

Mr. President, there have been several collateral issues raised in the course of this debate, and in one of them I have a particular interest because of some personal contacts with the subject matter thereof. I refer, sir, to the disposition of the former Italian colonies, and I speak on this question with deep feeling and



with deep conviction, despite the fact that I know there will be those who will say that this subject was not thoroughly aired at the hearings before the Senate Committee on Foreign Relations, because the colonies in the past were not self-supporting, but that to the contrary they were a costly operation to the Government of Italy. Measured entirely in material terms, this may be true, but there are other considerations which I should like to have in the RECORD at this point in my discussion, purely for the purposes of future study by the Foreign Relations Committee and by the Members of this body.

It was my privilege to spend considerable time in Italy during the war, trying to repair some of the devastation which our armies had left in their wake, trying to restore well-ordered law and morality, so that the operations of our armies would not be impaired from the rear. In these operations, my job became more to me than being merely a good soldier. I came to know and understand the Italian people at all levels, and though they had been misled by false and unworthy leadership, basically their aims and objectives were very much akin to our own. Thus, I saw in my service there an opportunity to be an ambassador of our free way of life. I saw an opportunity to inculcate some of the basic principles of our system of justice. After 8 months of helping to direct the operations of the military government courts in the city of Rome and seven adjacent provinces, it was not infrequent that when an Italian lawyer had a choice for his client, he would ask for trial in the allied military courts rather than in the Italian courts. So I could go on, by other examples, to establish the great alliance which came to exist between our troops and the Italian people, largely by virtue of the ambassadorship of the American GI, his great heart and his high sense of idealism. That good will which was earned by blood, sweat, and tears, as I see it, must not go for naught. It is within our power today to turn it into one of the media through which world peace can be attained; but surely, Mr. President, this good will and devotion, those strong bonds of friendship forged in the crucibles of war and in the awfulness of death and devastation, can be of little value if we strip them of all of their meaning by permitting Italy to become again an economic shambles because of an over-concentration of population. That, Mr. President, is the most vital problem with which the Italian Government has to deal. And so, I am suggesting, Mr. President, that the great Government of the United States go on record as favoring an outlet and a remedy for this problem. I am suggesting that insofar as Italy is concerned, we completely forgive the sins of the past, remembering how easy it is to mislead a whole people by false hopes, aims, and ambitions when those people are clearly on the road to economic ruin, to mob violence, and to revolution.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. HENDRICKSON. I shall be glad to yield when I have finished my remarks. I do not want to be discourteous, but, for the sake of brevity, I should prefer to yield at the end of my remarks.

I am suggesting that we give Italy an emigration outlet, a safety valve, if you please, by returning the Italian colonies either with or without trusteeship. Actually, there is only one condition that I personally would impose upon the Government of Italy in the event of the return of her former colonies and that would be a proper limitation of military activities in those colonies.

I have been told, Mr. President, that on April 5, which is next Tuesday, United Nations will take up the question of the disposition of the former Italian colonies. Under the Charter, it is quite clear that a two-thirds majority of the nations represented is necessary to effectuate that proposal. To date, the United States has not, officially at least, taken a definite stand. There can be no question that the decision of the United States in the matter would influence the votes of many other nations. Lest there be doubt as to which colonies are involved, may I say that they include only those which were under the monarchy in the pre-Fascist era, namely, Eritrea, Somaliland, and Libya.

In respect to overpopulation, Italy needs an emigration outlet. Today she has 45,000,000 people living in 120,000 square miles. That would compare to 531,000 people in the State of New Mexico. Remembering that Italy is made up, for the most part, of rugged, rocky, and dry mountain country, possessing very limited natural resources, with resulting dependence upon imports and tourist trade, it is not difficult to see clearly the need for a well ordered plan of colonial expansion which will lend itself to both the population problem and the development of large waste areas.

Let us, for a moment, consider another factor which is almost as important as the one of emigration, namely, the psychological effect which our support of this very proper return of territory, in this instance a sound recognition of property rights at the international level, would have, not only upon the Italians but upon all the people of Europe who are now receiving our financial and moral support. That the return of the colonies would have a terrific impact upon the political front in Italy there can be no question, nor can there be any question that it would be considered as a complete all-out victory for the democratic forces now in control in Italy and thus strengthen everywhere in Europe the power of those who oppose communism.

There are one or two other factors which should not be overlooked. One is the strategic importance of the Mediterranean Sea. Down through history, the fates of nations have changed as the control of the Mediterranean area changed. Certainly it is to our advantage that a friendly nation situated in the very heart of the Mediterranean area should have a voice in the control of that historic area.

In conclusion, Mr. President, there is one other factor which must not be overlooked in any consideration of this all-important question.

In the Italian colonies, prior to the war, there was tremendous development brought about at a great expenditure of effort and money by the Italian people. Deserted areas were transformed into rich and fruitful fields; modern cities took the place of dreary, dirty, unsuitable villages. The people in those colonies soon learned the European methods of agriculture, and production in all of the Italian colonies developed by leaps and bounds. Hospitals and public schools were established in the colonies. Compulsory education for the natives was instituted and great progress was made all along the line. It is a sad thing, Mr. President, that wicked and false leadership was to prevent Italy from proving to the world that she could colonize as well and as constructively as any nation which ever undertook that task.

So, Mr. President, it is my sincere hope that the Members of the Senate will give this great issue most careful consideration that the Foreign Relations Committee of this body will delve into every phase of the matter, and that the outcome of those studies by the entire Senate and its appropriate committee on the subject, will cause Senators to realize how important this matter is in the whole scheme of European recovery, how important it is to the Atlantic pact, and how important it is to the peace of the world.

Mr. President, I have here some supporting data and information which I ask unanimous consent to have included in the RECORD as a part of my remarks; and for the benefit of the Foreign Relations Committee I should like to file some statistical and photographic material in support of these articles.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

#### PREFACE

The United Nations Assembly will discuss the question of the disposition of the former Italian colonies on April 5. The decision will have to be approved by a two-thirds majority.

It seems that the United States has not as yet taken a definite stand on the subject, and, needless to say, its decision will be a determining factor since it will influence the vote of the other nations.

At present, France and the Latin-American republics are in favor of granting Italy a trusteeship over Libya, Eritrea and Somaliland. Several western European and Arab countries are undecided. England, together with its dominions (with the exception of South Africa which does not agree with the English position) favors the exclusion of Italy from Libya and Eritrea.

The USSR has wavered on the question of Italy's return to colonial administration, but on many occasions—perhaps for political and propagandist expediency—it has seemed to follow a line which might be interpreted as favorable to Italy.

At present—excluding possible changes—the USSR and the satellite countries favor a collective trusteeship proposed by the United States in 1945 and later scrapped.

It is absolutely essential that Eritrea, Somaliland and Libya (constituting the



former pre-Facist Italian colonies) be placed under Italian administration for the following reasons:

#### DOMESTIC POLICY

1. An unfavorable decision might mean a fatal blow to the democratic Italian Government;

2. The Italian Communist forces' prestige would be greatly enhanced through an adverse decision because of the following fundamental reasons:

(a) The Italian masses are keenly conscious of the serious emigration problem and see in the African territories a possible source of immediate employment.

(b) The Communists might maintain, to a certain extent justifiably, that the western powers are tending to suffocate Italy—as Russia would not.

(c) The democratic government would appear not to have any real support on concrete problems from the western powers which would show themselves to be following an egotistical policy.

(d) All the nationalistic movements which would inevitably arise as a result of an unfavorable verdict to Italian equitable aspirations might turn to the Communist orbit or might contribute through their agitation to weakening the democratic government.

#### SOCIAL

(A) Italy has absolved its task of civilization in Africa laudably, transforming desert and primitive regions through its labor.

Where at first there only existed insignificant villages with a few nuclei of natives, there have arisen cities organized along modern lines. In Eritrea, for example, the agglomerates of "tucul" such as Assab, Kerem, Adl Ugri, and even Asmara, were transformed into villages and modern cities not only through the initiative of the government but through the active participation of private individuals.

In order to permit commercial and agricultural development, Italy constructed roads which have since become famous. Not to speak of Libya, now known to thousands of ex-GI's, it is enough to say that in the distant Eritrea, a good 7,544 kilometers of asphalt roads cover that region. In Eritrea alone the expenditures for public buildings from 1913 to 1937 totaled 88,468,790 prewar lire and those for railroad constructions 91,028,000 prewar lire. Even more eloquent figures can be cited for Somaliland and Libya.

In a relatively short period of time there has been a tremendous increase in the local population. With a social policy based on generous principles, with the institution of hospitals, centers of medical assistance, maternity centers, and rest homes, surprising results have been achieved. In Eritrea, for example, the native population went from 268,893 in 1905 to 600,573 in 1931, thanks to the pacifying activity of the Italians who put an end to racial and religious persecutions and abolished slavery, and also to the medical care provided. With the Italian colonization all the other races also had assistance and protection and developed extensively. The Jews in Libya, for example, increased from 7,124 in 1911 to 26,709 in 1940. Only recently, under the British administration, have pogroms recurred and there has been an exodus of Jews. Up to the very present the Jews are escaping as best they can, even resorting to the use of sail boats, and are taking refuge in Italy. The date of the last arrival of Jewish refugees in Italy is January 26, 1949.

The figures on welfare work, taken from detailed statistics, are also eloquent. In Libya 55,000 patients were treated and cured during the 1928-32 quadrennium. In the period 1932-42 this figure rose to 192,750 patients. An equal, or perhaps greater, increase in this field was had in Eritrea and Somaliland. It should be noted that before the Italian colonization those regions did not have any kind of assistance.

As for the education of children, it can be stated on the basis of statistics that during the course of the single year 1938 a good 11,000 children in Libya and 7,123 in Eritrea and Somaliland received an elementary or intermediary education. If one takes into account that child education was entirely absent from these regions of Africa inhabited by nomadic peoples, the importance of the achievements of the Italian administration become clear.

The contribution that Italy made to the social progress of its former colonies has been recognized not only by impartial observers of all nationalities, but also by the four-power commission of inquiry which unanimously established that Italy accomplished its work of civilization in Africa with excellent results, adding, furthermore, that the native populations are not as yet ready for complete independence.

(B) To exclude Italy means to compromise all that has been done for the natives and for the development of those areas, and to delay their independence.

The dismantlement and impoverishment of the areas cultivated and industrialized by Italy is already in progress.

In Cyrenaica, for example, lands on which grapevines and trees were growing, are already being used by the Bedouins for pasture. Beer, macaroni, tanning, and typographical works are being demolished and sold as scrap piles. Agricultural machinery is deteriorating and rusting.

Identical negative results are to be noted in Somaliland and Eritrea. This last region which had been flourishing and was on the road to ever-increasing development, now finds itself in an extremely serious economic crisis.

The messages which continue to reach Italy from Libyan, Eritrean, and Somali leaders are not only the expression of political sentiment but the fruit of real economic necessity.

(C) Italy is the only country having an excess of laborers, technicians, and personnel acquainted with the locale and the customs of the native population.

The excessive number of workers in Italy is eloquently demonstrated by the number of unemployed which, according to official statistics, totals 2,000,000, but which unofficial statistics estimate at the extremely high figure of 3,000,000. This figure, if considered in proportion to the population, would correspond to 9,000,000 unemployed in the United States.

(D) Italy has a progressive system of colonization. It is based on the development of the colonized areas, and not on their exploitation. The colonizers, in fact, do not represent a dominating race but consist of individuals who even work for the natives and with the natives. The interests of the colonizers and of Italy are always subordinated to the progress of the entire community. The process of Italian colonization has never worked to the detriment of the native populations: The lands which the Italian colonizers worked were not appropriated from the natives, but had been uncultivated and abandoned.

(E) Thousands and thousands of Italian colonizers who were forced to leave Libya or Eritrea are now in DP camps in Italy. There are more than 200,000 of them who have been left with nothing, having lost everything in Africa.

#### ECONOMIC

(A) Italy has not only brought civil progress but economic progress. The existing productive forces were augmented; where there was nothing, new sources of production were created through work and ingenuity.

Colonial development has reached figures which clearly indicate this progress. The following are some significant examples:

Tripolitania: Total area under intense cultivation before 1911: 2,162.35 hectares. After 1911 up to 1940: 21,030.72 hectares.

(In olive trees, almond trees, grape vines, citrus fruit trees, etc.) Total semidesert or uncultivated area before 1911: 42,405.60 hectares. Total area reforested from 1911 to 1940: 37,406.83 hectares. Cultivation of olive trees before 1911: 4,107.35 hectares. From 1911 to 1940: 25,885.31 hectares. Agricultural credits granted by the Bank of Tripolitania: 87,673,750 prewar lire during the period from 1924 to 1935.

Cyrenaica: Total area under intensive cultivation before 1911: 1,823.67 hectares. Before 1911-40: 16,111.63 hectares. Production of olive oil before 1911: nonexistent. Between 1920-40: 62,000 gallons yearly.

Eritrea: From Eritrea, during the period from 1923 to 1940, zootechnical and manufactured agricultural products were exported in the amount of 156,623,908 prewar lire.

From the figures on the maritime traffic to Eritrea it is easy to deduce the growth of that colony during the period of Italian colonization: The passenger maritime traffic by steamship which reached a yearly average of 5,832 from 1907 to 1910 increased to 323,918 in 1938; the number of passengers transported on sail boats during the same periods rose from 12,732 to 43,998. The quantity of merchandise transported on ships goes from 20,684 tons in 1902 to 148,587 in 1926 to 1,295,190 tons in 1938; that transported on sail boats, from 14,075 tons to 20,961 to 46,645 during the same periods.

The following progress in the volume of maritime trade was marked in the field of imports: 8,553 tons as an annual average in the period 1899-1904; 170,805 tons in 1923-28; 189,426 in 1929-34; in the field of exports: 2,576 tons in 1899-1904; 84,773 tons in 1923-28.

In 1940 a good 2,198 industrial firms existed in Eritrea which had invested capital in the region in the amount of 2,198,100,000 prewar lire and 2,690 commercial firms with an invested capital of about a half billion prewar lire.

(B) Because of the affinity in climate and the proximity, Italian colonization is the least costly and the most suitable. This can be easily deduced from the fact that in Libya, alone, the Italian population rose from 1,100 in 1911 to 112,596 in 1935.

(C) The Italian Government is spending more than 40 billion lire for the Italian refugees from Africa. These colonizers—who are staying in DP camps in Italy—were forced into idleness and constitute a serious element of unrest both in the economic and political fields.

#### FOREIGN POLICY

1. Italy has indicated that there will be no difficulties in granting the United States or Great Britain military bases necessary for the defense of the Mediterranean sector.

2. Italy is willing to bring about the independence of the native populations at the earliest possible moment. It has, for example, proposed the creation of an Arab state in Libya.

3. The Italian Government's attitude is one of the most conciliatory. Italy has shown herself to be willing to give up the base at Tobruk (Libya) to England, the Bay of Assab (Eritrea) to Ethiopia, the Fezzan (south Libyan) to France, to propose an Italo-Franco-British trusteeship in Eritrea, etc.

4. Italy's return to Africa as trustee is favored by the native populations.

Contrary to what has been said, the native populations are in the majority pro-Italian. Two examples should suffice: The administrative elections held in Tripoli on January 19, and the recent adherence to the pro-Italian party in Eritrea of the descendant of Mahomet Saib Ibrahim el Morgani, recognized head of the Eritreans belonging to the Moslem religion.

The Tripoli elections have special importance if one considers that the overwhelming victory was had by the pro-Italian Arab party despite the fact that the ballot was not secret and the seats were apportioned on the



basis of criteria which was manifestly discriminatory. The mayor of Tripoli is now Mr. Caramanli, a former officer of the Italian Army, educated in Italy, and a declared exponent of Italo-Arab cooperation.

5. Italy's return to Africa would reinforce the position of the present democratic government, it would strengthen the democratic forces which have asserted themselves after such a difficult electoral struggle and it would afford Italy the possibility of greater security in the event of a new world conflict.

[From the Chicago Herald-American of February 14, 1949]

#### ITALY MUST HAVE AFRICAN COLONIES TO CHECK REDS

(By Karl H. von Wiegand)

ROME, February 14.—An epidemic of new strikes once again reflects the increasing pressure of Italy's insupportable overpopulation and the imperative need for the return to Italy of her former colonies by America, Britain and France.

The latter three colonies have not the slightest need of these or other areas in Africa.

Italy must be given a "safety valve" emigration outlet for at least some of the Italian people who cannot be given work and have little food.

The return or nonreturn of Italy's African colonies will be one of the tests of sincerity of statesmen of the big powers who say they want and are working for peace and stability in Europe.

The interlocking series of strikes and slowdowns show the Communists are endeavoring to exploit the situation created by overpopulation pressure and growing unrest which Premier Alcides de Gasperi, Foreign Minister Count Carlo Sforza, and Minister of Interior Mario Scelba are battling.

The next 8 or 10 weeks are regarded as a critical period in Italy.

There are signs the Cominform has picked Italy for a big Communist "push" in these weeks.

Unemployment figures are officially given as below 2,000,000, but unofficial figures place the total at about 3,000,000. Compared in populations, this would be equivalent to from 8,000,000 to 9,000,000 unemployed in the United States. That would be regarded as serious in America.

#### HOLDS FUTURE

"The question of the return of the colonies is a matter of life or death in Italy," a high Government official remarked to me.

In Vatican circles, the return of Italy's African colonies is emphasized not only as a "safety valve" emigration outlet but as a "spiritual and moral uplift and stimulus to the Italian people."

L'Osservatore Romano, official organ of the Vatican, has revealed that Catholic priests in Italy are paid as low as \$7.17 monthly and that the basic pay of bishops is \$30 and archbishops \$32 a month.

As I pointed out in a recent dispatch from Cairo, Africa's 12,500,000 square miles practically are held and fenced in by two big powers—Britain and France—and by two small nations—Belgium and Portugal.

#### RESOURCES UNTAPPED

With a population of only 176,000,000, whereas more than three times that many persons could live and prosper in Africa, the four European nations have done little to develop the vast resources of the Dark Continent, except in a few spots.

Portuguese Angola stretches 1,000 miles along the Atlantic south of the Congo.

Britain's possessions in Africa in colonies, protectorates, mandates, and by occupation are larger than all of the United States, Mexico, and the Central American Republics, while French possessions are as large as the United States and Mexico.

Belgium has an area of nearly three times the size of Texas. Portugal has an area of 750,000 square miles. Spain has a small sliver of less than 15,000 square miles.

#### MUST BACK ARMS

If the Governments of America, Britain, and France are sincere in their professed aims of helping Europe to peace and tranquility, food and a higher standard of living for the populations, and a more encouraging outlook for the future, there is no reasonable or logical reason why Italy's African colonies should not be returned.

If these colonies are not returned, those western powers will be playing into the hands of Soviet Russia.

It can profit Italy little to be invited into the Atlantic or western union pacts, if she is to be treated as a national concentration camp, the overpopulation of which is to be given no emigration outlet.

Mr. HENDRICKSON. I now yield to the Senator from Missouri.

Mr. KEM. Mr. President, the hour is late, so I shall forego the privilege of asking the Senator a question.

Mr. HENDRICKSON. I am sorry if I seemed to be discourteous.

Mr. WHERRY. Mr. President, on March 30 I sent to the desk and had read amendment 3-3-49-D. I intended to offer it as a substitute for the Taft amendment, for the reason that it amends the over-all authorization in the bill, and also reduces the authorization from a 15-month period to a 12-month period. As I say, the amendment was offered 3 or 4 days ago. I wish to make a very brief statement regarding it, and to bring it to the attention of the distinguished chairman of the Foreign Relations Committee and the distinguished ranking minority member of that committee. I should like to ask unanimous consent to have it voted on prior to voting on the Taft amendment. I realize that I shall have to have unanimous consent to do that.

The VICE PRESIDENT. The Taft amendment is an amendment in the first degree. An amendment to that amendment is in order.

Mr. WHERRY. I realized that I would have to have unanimous consent. That is the reason I should like to have the chairman of the Foreign Relations Committee here; and if there is any objection, I shall not offer it. I intended to offer it as a substitute for the Taft amendment to the bill under consideration, and should like briefly to state my reasons for offering it.

The bill under consideration, as it comes from the committee, provides for the following authorizations:

(a) One billion one hundred and fifty million dollars to carry on ECA during April, May, and June of this fiscal year;

(b) It would provide \$4,280,000,000 to carry on ECA for the fiscal year beginning July 1, 1949;

(c) It would provide for contract authorization and expenditures amounting to \$150,000,000 after June 30, 1950.

Or summing up these three figures, it makes a grand total of \$5,580,000,000 to carry on ECA for 15 months, plus an indefinite period after June 30, 1950, in which the contract authorization would no doubt be used up.

I propose, in the amendment I intend to offer, to put ECA on a 12-month basis

beginning April 3 of this year. Therefore there will be no difficulty about the pipe line; it will continue to operate for 12 months instead of 15.

The amendment further provides \$3,638,000,000 to carry on ECA for the following 12 months, commencing April 3, 1949, and ending on April 2, 1950; as compared with the \$4,280,000,000 that is provided in the bill for the 12 months' period beginning July 1, 1949.

Or putting it in another way, my amendment reduces the authorization for the April 3, 1949, to April 2, 1950, period by \$642,000,000, or 15 percent and shortens the bill from 15 months to 12 months. In other words, we shorten it up, and it provides a 15 percent reduction on the balance of \$4,280,000,000.

The amendment proposed by the senior Senator from Ohio would provide, for a 12-month period, that is, for the fiscal year beginning next July 1, \$3,852,000,000. That would be \$428,000,000 less than the amount proposed in the bill for that period. That is, the Taft-Russell amendment would mean a reduction of \$428,000,000.

Thus it will be seen that the amendment proposed by the senior Senator from Ohio provides a reduction of \$214,000,000 for the 12-month period less than my amendment would provide.

I also wish to point out that the amendment proposed by the senior Senator from Ohio would not cut the \$150,000,000 provided in the bill for expenditure after June 30, 1950.

It seems to me that consistency would require a percentage reduction equal to the proposed reduction by the senior Senator from Ohio in the amounts carried in the bill for the 15 months ending on June 30, 1950.

If the 10 percent reduction were applied to the \$150,000,000, that figure would be reduced by \$15,000,000, leaving \$135,000,000 and the amount of reduction in the so-called Taft amendment would rise from \$543,000,000 to \$558,000,000.

Mr. President, I am disturbed over our national economic situation, as I know many other Senators and citizens are concerned. We all know there has been a slackening of business in recent months. Government agencies report that nearly 4,000,000 persons are now unemployed. Prices have fallen, very greatly on the products of our farms. We are in an uncertain period—all hopeful, of course, that there will be a stabilization that will result in continued prosperity.

The actions the Senate will take during the next few weeks will be crucial actions, in my opinion. We can, by constructive action, arrest the downward trend in business, and strengthen confidence of the people in the future, or we can by our actions contribute to the oncoming of a serious depression.

It is a matter of simple arithmetic that if we appropriate all the money that has been requested in the budget, there will be a huge deficit and the imposition of higher taxes, or inflationary deficit-financing will be necessary. One or the other course must be pursued.

No one could more perfectly or more effectively point out the critical fiscal



condition that threatens than did the senior Senator from Georgia [Mr. GEORGE]. I fully concur in all that he said to us last Tuesday. He warned that there will be a deficit of about \$5,000,000,000 if we fail to cut the budget. He said that an increase in taxes of that amount would certainly contribute to stagnation of business and a serious depression.

We all know that excessive taxes are a drag upon business. Every schoolboy knows that taxes enter into the cost of everything we buy. To argue otherwise is to lack elementary knowledge of economics.

The Senate has yet to act upon the long train of appropriation bills. Before us now is our first test of what action may be expected on other money bills. What we do about this ECA measure will be widely accepted as the beginning of the pattern that may be expected from this Senate.

To me it is not sound legislating to pass this authorization bill for \$5,580,000,000 on the theory that the time to go into it and sift its provisions is after it becomes law and the Appropriations Committee has worked on it. Now is the time for us, I believe, to set the ceiling policy, and show to the country that we are determined to cut expenditures all along the line in the interest of national prosperity, and to stave off a business-killing tax increase.

We all know from the debate we have been having that there is a scarcity of information in the Senate Foreign Relations Committee hearings, and in the reports of the Economic Cooperation Administration, to justify the lump-sum authorizations in the pending bill. It seems to be clear that the totals approximate what the participating countries have asked for. It is quite clear that a rule-of-thumb procedure was followed in reaching these totals.

For instance, Mr. President, there is the \$940,000,000 provided for the United Kingdom and supported by the Foreign Relations Committee. On page 498 of the committee hearings we find the following discussion concerning the British allotment:

Senator TYDINGS. Before the final figure was submitted were any projects eliminated, or scaled down?

Mr. FINLETTER. The detailed work of preparing the program underlying that figure submitted was done by the British and we did not take it up project by project with them. The entire import program from the dollar area was considered, and an attempt was made to compress it to the absolute minimum on all scores.

Senator TYDINGS. It was compressed, was it not?

Mr. FINLETTER. It was.

Senator TYDINGS. What was it before it was compressed?

Mr. FINLETTER. That is something we cannot tell. We were not in on the discussions of the British Government.

Senator TYDINGS. Your staff here was not. Your representatives in London were.

Mr. FINLETTER. I was in London at the time. My staff was not in on the detailed discussions of the British Government.

Senator TYDINGS. I think you do not intend to do this, but the impression I get from your testimony is that this figure that you now have before us was the figure that was arrived at after discussions. That is correct, is it not?

Mr. FINLETTER. That is correct.

Later the Senator from Maryland elicited from Mr. Hoffman, the ECA Administrator, that Mr. Hoffman suggested a 25-percent cut, and this was generally agreed to. That is how the figure of \$940,000,000 was arrived at.

I cite this testimony, Mr. President, to emphasize that we are not dealing with a sacred figure; that if we do not approve it, the ECA program will not collapse and communism take over western Europe. That suggestion has been made; but this is a general proposition and these figures are general. They do not involve eliminating one project or another, but simply reduce the authorization for the British Empire to \$940,000,000.

There is abundant evidence from the ECA and other sources that production in western Europe is now above prewar levels, higher than before the war.

Recent elections in France and Italy revealed sharp declines in the ranks of communism.

The United States has a moral obligation to feed the hungry, clothe the naked, and relieve destitution in freedom-loving countries.

But we have no obligation, legal or moral, to finance those countries to new heights of prosperity—at the expense of the American taxpayer.

We still live in a competitive world. I am opposed to taking the American taxpayer's money to finance world-wide commerce for foreign countries in direct competition with our own merchants, and, in fact, in competition for our own American market.

Yet I believe that with Europe over the hump in postwar recovery, the ECA program now largely becomes a program to finance our competitors in world commerce. No doubt this phase of the matter will be most thoroughly explored when we consider the bill to extend the so-called Reciprocal Trade Agreements Act.

This ECA matter is not a question of what we would like to do to banish want from the face of the globe, but a question of how much we can afford, how much deeper we must dig into the pockets of the American people. They will become more conscious of this outflow of their cash and goods as unemployment spreads within our own land.

We find from the record that the totals carried in the pending bill are arbitrary totals, fixed to suit the expansion plans of the recipient countries.

That is my opinion as I read the report, and I have gone into it quite in detail, since the colloquy I had with the Senator from New Jersey [Mr. SMITH] recently on the floor of the Senate, when I asked him to attempt to justify, project by project the \$940,000,000 allocated to the British.

We, too, have large figures to deal with in our own fiscal situation. We, too, can make arbitrary ceilings in shaping the pattern of our budget. That is how we are going to have to figure, if we are to escape the tax increase that the Senator has warned us against.

To authorize an ECA program for 15 months, with an indefinite period beyond that in the \$150,000,000 to be allowed after June 30, 1950, would be in my opin-

ion, an unwise action, in view of the uncertainty of our own domestic situation.

We do not know with certainty what conditions will be a year from now—much less than 15 months from now. We make our major appropriations on a yearly basis, and operate our Government on a fiscal-year basis.

To have the 12 months for ECA begin on April 3, next, as I propose, would not alter the year's basis for comparison and bookkeeping purposes. The 12 months' period I propose simply would end in April 1950.

Congress will be in session next January and then we can take another searching look at ECA, in the light of conditions abroad and at home.

By putting ECA on a yearly basis, we would be required to keep closer tab on it, and be better able to revise it as conditions arise, than if we have to wait until the 15 months have expired.

If, next January, we find that ECA must be continued, we certainly would take that action.

There would be no sudden termination of ECA in April 1950, under my amendment, because long after April 1950, the goods and supplies from our factories and our farms would continue to flow to the recipient countries.

In fact, today, the pipe lines are full and overflowing. I am informed the ECA today has about \$2,500,000,000 worth of goods that have yet to be shipped, and to be paid for by our Treasury Department.

My information is the ECA has allocated or earmarked all its funds, but that many orders are yet to be placed, and many months will be consumed in manufacturing and processing these goods.

Therefore, by adding this \$2,500,000,000 to the \$3,638,000,000 that I propose in my amendment for the next 12 months there will be more than \$6,000,000,000 worth of goods and cash available to carry on ECA.

I contend that the 15 percent cut over a 12-month period that I propose in my amendment is not drastic. It is no more drastic than what we propose to do on appropriations for the well-being and happiness of our own people, as was suggested by the Senator from Georgia [Mr. RUSSELL] just a few moments ago.

On appropriation bills that have been reported by the House Appropriations Committee, I am informed, reductions approximating 15 percent have been made. That is true with respect to reclamation projects in the Department of the Interior appropriation bill, and is true with respect to the civil functions appropriation bill, both of which have been passed by the House and sent to the Senate with reductions below the budget estimates.

I believe that we in the Senate are going to have to do as well, or better, if we are to avoid a tax increase or go through another black period of deficit financing. If we are to make those cuts, we can make them project by project, in the amount of 15 percent, if it is to be done in that way. I believe cuts should be considered project by project, but I do believe a pattern must be set here with respect to appropriations.

A 10-percent cut in ECA, in my opinion, would be merely a token reduction.



It has been suggested that the amount of the cut is not important; that the big thing we must accomplish in the Senate is to make it clear that we can think and act, and do not subscribe that any authorization presented to us is sacred—save, of course, appropriations necessary to service our national debt, and to provide for war veterans, and our national defense.

In the light of all the evidence that production in western Europe is now up to prewar levels—and even above it in some lines, I think we need have no worry that a 15-percent cut in ECA would materially retard Europe's expansion program.

There is still another reason I should like to give for proposing a 15-percent cut, instead of a token 10-percent cut—and that is that prices of commodities have dropped substantially and the trend is downward. That is true of grain. I know that, because in my own territory the price of grain today compared to the price of grain a year ago, has in some cases been reduced as much as half. In my opinion, when the complete corn crop is marketed—and much of the corn is soft corn upon which a loan cannot be made—it will have a tremendous impact on the market. It is my opinion that a 15-percent cut can easily be absorbed by reason of reduction in prices during the next 9 months. Even with such a reduction, by reason of the drop in prices, we would give Europe everything that is being asked for under the ECA program.

Every point that our price index drops, the purchasing power of the dollars we provide for ECA, rises.

In conclusion, Mr. President, I urge the Senate to adopt my amendment. Its adoption will be a signal to the country that we are determined to bring our national budget into balance without resort to higher taxes or deficit financing and thus to help keep our nation strong so that we may continue to do our part for all humanity.

Mr. President, at the beginning of my explanation of the amendment I stated to the distinguished Vice President, who is now in the chair, that I would ask, at the conclusion of my statement, for unanimous consent that the amendment be voted upon prior to the vote on the Taft-Russell amendment.

The VICE PRESIDENT. The Chair was under the misapprehension that it affected only the amendment of the Senator from Ohio, but upon reflection the Chair finds that it goes beyond that, by cutting down the period, so it is not in order as a substitute.

Mr. WHERRY. I therefore suggest that the Taft amendment be voted upon prior to the vote on my amendment.

The VICE PRESIDENT. The Senator cannot even offer it at this time.

Mr. WHERRY. If that be true, then I send to the desk another amendment which I offer as an amendment to the Taft amendment, which is a straight 15 percent reduction of the amounts in the Taft amendment.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 5, lines 14 and 15, it is proposed to strike out "\$1,150,000,000" and insert in lieu thereof "\$977,500,000."

On page 5, line 16, it is proposed to strike out "\$4,280,000,000" and insert in lieu thereof "\$3,638,000,000."

The VICE PRESIDENT. The Chair would like to ask the Senator from Ohio as well as the Senator from Nebraska a question. The amendment, while a single one, affects two separate provisions of the bill. Is it the purpose in each case to have the amendment voted on as a whole?

Mr. WHERRY. Yes.

Mr. TAFT. My intention was to ask that my amendments be voted on as one amendment.

The VICE PRESIDENT. Without objection, both amendments will be considered as a single amendment. The amendment of the Senator from Nebraska is in order as an amendment to the amendment offered by the Senator from Ohio [Mr. TAFT] for himself and the Senator from Georgia [Mr. RUSSELL].

Mr. WHERRY. Mr. President, I shall not speak upon my amendment. I think the subject has been thoroughly covered. I shall not detain the Senate at all except to show what the figures are. The over-all cut on a 15-percent basis will provide a reduction of \$814,500,000. The reduction under the Taft amendment would be \$543,000,000. There is a difference of \$271,500,000 between the two amendments. I believe that each and every argument that applies to one amendment applies to the other, unless we want to consider the Taft-Russell amendment to be simply a token reduction.

Mr. MAYBANK. Mr. President, I have prepared a short statement in connection with the Taft-Russell amendment. I had expected to vote for that amendment, but cannot do so because of a pair I have with the distinguished junior Senator from Oklahoma [Mr. KERR] who will be absent the remainder of the evening. In view of the fact that, as I understand, the Taft-Russell amendment has been amended by another amendment which was just offered, I will defer offering the statement I have prepared in support of the Taft-Russell amendment. I do so by reason of the parliamentary situation. As I understand, the Wherry amendment to the Taft-Russell amendment is to be voted on first?

The VICE PRESIDENT. The amendment offered by the Senator from Nebraska would be voted on first, as it is an amendment to the amendment offered by the Senator from Ohio.

Mr. MAYBANK. Then the amendment of the distinguished Senator from Ohio and the distinguished Senator from Georgia will next be voted upon?

The VICE PRESIDENT. If the first amendment is defeated, then the next vote will be on the amendment offered by the Senator from Ohio and the Senator from Georgia. If the first amendment should be adopted, of course it would take the place of the other amendment.

Mr. MAYBANK. I so understand.

In view of the pair which I have with the distinguished junior Senator from Oklahoma, and the fact that I had intended to support the Taft-Russell amendment, I ask unanimous consent to have printed in the RECORD following my remarks a brief statement which I have prepared. I do that because, as a member of the Appropriations subcommittee which will later consider this legislation so far as the funds are concerned, I wish to make my position perfectly clear, that the Appropriations Committee in determining the amount of the appropriation should consider the reduction in prices which has occurred since the estimates were made.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR MAYBANK

It is my purpose to vote for the Taft-Russell amendment to curtail the authorization bill of the ECA program by 10 percent.

In the past I have supported foreign-aid programs and various loans which the Congress authorized, but at the present time it is my opinion that even with a 10-percent curtailment in funds, the dollars in purchasing value will be greater than the 10-percent curtailment.

Everyone knows that we are in a recession, and everyone knows further that the price of cotton, cottonseed, soybeans, wheat, corn, hogs and all agricultural products of major importance have declined from 20 percent to more than 100 percent. Hence, naturally, greater quantities can be purchased for ECA with fewer dollars.

It will be my further purpose as a member of the Appropriations Committee, unless there is a substantial recovery among the producers of this country, to vote for an additional reduction in keeping with the purchasing value of the dollar. More important, from a tax standpoint, as has been clearly stated on the Senate floor by the senior Senator from Georgia, Senator GEORGE, we will be faced with a deficit, and unless curtailments are made, additional taxes will have to be placed upon the already overburdened taxpayers. This would result in a greater recession. I shall oppose any new taxes unless we make curtailment of unnecessary expenditures. I hope, therefore, that those who will be willing to vote for the full authorization will, when the time comes, also be willing to vote for additional taxes to carry out the program unless we have a great recovery in the United States of America.

The recent action of the Federal Reserve Board in lessening marginal requirements on the exchanges in evidence of the situation confronting us. Also last month after conferences in the Banking and Currency Committee, because of the recession, the Federal Reserve Board extended the time payment on automobiles, and further reduced the down payment on durable goods which are now in oversupply.

I make this statement because I desire to go on record as favoring a curtailment not only now when the authorization bill is before us, but also to curtail the appropriation as a member of the Appropriations Committee.

Often I have heard it said that an authorization bill does not mean that the Appropriations Committee has to appropriate the full amount, but usually I have found the public favors the expenditures recommended by the authorization bill on the theory that we are honor bound. We now have before us in the Appropriations Committee a large request for funds because of a Treasury De-



partment authorization bill passed last year to purchase materials.

Nothing worse could happen for the economy of the country at this time than to have Congress place additional taxes upon the people of the United States.

Approximately 70 percent of our appropriations are now earmarked for debt service, the various defense units of the Government, veterans' care and for pensions. These items cannot be reduced, as they are obligations and for the defense of the country. Hence, only a small percent of the total budget—some 30 percent—can be reduced. No one knows what the trend of business will be 6 months from now, but everyone knows that it is on the down grade, and unless something is done to aid the taxpayers and business it will continue.

Mr. TAFT. Mr. President, I am unable to accept the amendment of the Senator from Nebraska [Mr. WHERRY] to my amendment. I have only one criticism to make of his remarks. The 10-percent reduction proposed in the amendment which has been offered on behalf of the junior Senator from Georgia and myself is not a token reduction. It is a reduction of consequence. It is a reduction which involves \$540,000,000, and \$540,000,000 "is not hay."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. WHERRY] to the amendment offered by the Senator from Ohio [Mr. TAFT] on behalf of himself and the junior Senator from Georgia [Mr. RUSSELL].

Mr. WHERRY. Mr. President, I ask for the yeas and nays.

Mr. MAYBANK. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Anderson	Holland	Mundt
Brewster	Humphrey	Murray
Bricker	Hunt	Neely
Butler	Ives	O'Connor
Byrd	Jenner	O'Mahoney
Capehart	Johnson, Colo.	Pepper
Chapman	Johnson, Tex.	Robertson
Chavez	Johnston, S. C.	Russell
Connally	Kem	Saltonstall
Cordon	Kilgore	Smith, Maine
Donnell	Knowland	Sparkman
Douglas	Langer	Stennis
Downey	Lodge	Taft
Ecton	Long	Thomas, Utah
Ellender	Lucas	Thye
Ferguson	McCarran	Tobey
Fulbright	McCarthy	Tydings
George	McClellan	Vandenberg
Gillette	McFarland	Watkins
Green	McKellar	Wherry
Gurney	McMahon	Wiley
Hayden	Martin	Williams
Hendrickson	Maybank	Withers
Hickenlooper	Miller	Young
Hill	Millikin	
Hoey	Morse	

The VICE PRESIDENT. Seventy-six Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. WHERRY] to the amendment offered by the Senator from Ohio [Mr. TAFT], for himself and the Senator from Georgia [Mr. RUSSELL].

For the information of the Senate, the amendment to the amendment will be read.

The LEGISLATIVE CLERK. In the amendment offered by the Senator from Ohio

[Mr. TAFT], for himself and the Senator from Georgia [Mr. RUSSELL], in line 2, it is proposed to strike out "\$1,035,000,000" and insert in lieu thereof "\$977,500,000"; and in line 4 to strike out "\$3,852,000,000" and insert in lieu thereof "\$3,638,000,000."

Mr. LANGER. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. LUCAS. Mr. President, I do not desire to detain the Senate any great length of time in regard to this amendment. I simply desire to say that the amendment would merely increase by another 5 percent the cut proposed by the so-called Taft amendment.

I am opposed to the Taft amendment. Of course, if Senators decide that a cut of 10 percent or 15 percent can be made, a cut of 20 percent could just as well be made. However, I am unalterably opposed to these meat-ax reductions, as proposed in this case by the amendment offered by the Senator from Nebraska to the so-called Taft amendment. There is not a single fact to support this kind of reduction. In the studied opinion of the Senator from Illinois, this is a most irresponsible and most unsound way to legislate. The amendment should be defeated, and I feel sure it will be.

The VICE PRESIDENT. The yeas and nays having been ordered, the clerk will call the roll.

Mr. MAYBANK. Mr. President, I understand that after this amendment is voted on, we shall have an opportunity, provided the amendment is defeated, to vote on the Taft-Russell amendment. Is that correct?

The VICE PRESIDENT. That is the assumption. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG (when his name was called). I have a pair with the senior Senator from Oklahoma [Mr. THOMAS], who is absent by leave of the Senate. If he were present, he would vote "nay." As I intend to vote the same way I am at liberty to vote. I vote "nay."

Mr. MAYBANK (when his name was called). I have a pair with the junior Senator from Oklahoma [Mr. KERR], who is absent on public business. If he were present he would vote "nay." Since I also intend to vote "nay" I am free to vote. I vote "nay."

The roll call was concluded.

Mr. BUTLER. I have a pair with the junior Senator from Connecticut [Mr. BALDWIN]. If he were present, he would vote "nay." If I were permitted to vote, I would vote "yea." I therefore withhold my vote.

Mr. LUCAS. I announce that on this vote the Senator from Mississippi [Mr. EASTLAND], who is necessarily absent, is paired with the Senator from Nevada [Mr. MALONE]. If present, the Senator from Mississippi would vote "nay," and the Senator from Nevada would vote "yea."

On this vote the Senator from Idaho [Mr. TAYLOR], who is necessarily absent, is paired with the Senator from Pennsylvania, who is absent on public business. If present, the Senator from Idaho would

vote "yea," and the Senator from Pennsylvania would vote "nay."

The Senator from Delaware [Mr. FREAR] is absent on public business, and if present would vote "nay."

The Senator from New York [Mr. WAGNER] is necessarily absent, and if present would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] is absent by leave of the Senate, and his pair with the Senator from Nebraska [Mr. BUTLER] has been previously announced.

The Senator from New Hampshire [Mr. BRIDGES] is absent because of illness in his family.

The Senator from Vermont [Mr. FLANDERS] is necessarily absent. If present and voting, the Senator from Vermont would vote "nay."

The Senator from Kansas [Mr. SCHOEPPPEL] is absent on official business and is paired with the Senator from New Jersey [Mr. SMITH], who is absent because of illness. If present and voting, the Senator from Kansas [Mr. SCHOEPPPEL] would vote "yea" and the Senator from New Jersey [Mr. SMITH] would vote "nay."

The Senator from Nevada [Mr. MALONE] is unavoidably detained and is paired with the Senator from Mississippi [Mr. EASTLAND]. If present and voting the Senator from Nevada [Mr. MALONE] would vote "yea" and the Senator from Mississippi [Mr. EASTLAND] would vote "nay."

The result was announced—yeas 14, nays 68, not voting 14, as follows:

YEAS—14		
Brewster	Ecton	Langer
Bricker	Ellender	Martin
Byrd	Jenner	Wherry
Cain	Johnston, S. C.	Williams
Capehart	Kem	

NAYS—68		
Aiken	Hunt	Murray
Anderson	Ives	Neely
Chapman	Johnson, Colo.	O'Connor
Chavez	Johnson, Tex.	O'Mahoney
Connally	Kefauver	Pepper
Cordon	Kilgore	Reed
Donnell	Knowland	Robertson
Douglas	Lodge	Russell
Downey	Long	Saltonstall
Ferguson	Lucas	Smith, Maine
Fulbright	McCarran	Sparkman
George	McCarthy	Stennis
Gillette	McClellan	Taft
Graham	McFarland	Thomas, Utah
Green	McGrath	Thye
Gurney	McKellar	Tobey
Hayden	McMahon	Tydings
Hendrickson	Magnuson	Vandenberg
Hickenlooper	Maybank	Watkins
Hill	Miller	Wiley
Hoey	Millikin	Withers
Holland	Morse	Young
Humphrey	Mundt	

NOT VOTING—14		
Baldwin	Frear	Smith, N. J.
Bridges	Kerr	Taylor
Butler	Malone	Thomas, Okla.
Eastland	Myers	Wagner
Flanders	Schoeppel	

So Mr. WHERRY's amendment to the amendment of Mr. TAFT and Mr. RUSSELL was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from Ohio [Mr. TAFT] for himself and the junior Senator from Georgia [Mr. RUSSELL].

Mr. TAFT. Mr. President, I should like to address the Senate with refer-



ence to the argument which has been advanced that we should make no cut in the authorization, because that function properly belongs to the Appropriations Committee. That argument has been made repeatedly. It was made last year. It was made then and was made this year by the distinguished Senator from Michigan [Mr. VANDENBERG], who, in debate with the Senator from New Hampshire [Mr. BRIDGES], then the chairman of the Appropriations Committee, said:

The Senator from New Hampshire is asking me about the function of the Appropriations Committee; and I hope I have indicated to him that I consider that the committee has not only a freedom to act, but a responsibility to act.

But within that authorization there is not only freedom, I repeat, but a duty not only upon the Senator's committee but certainly upon the so-called watchdog committee, if it shall be created under the terms of this bill, to provide a scrutiny of this entire enterprise, which cannot be detailed too completely to satisfy the Senator from Michigan.

I answered that argument at that time in this way:

Mr. TAFT. Mr. President, of course, I considered this question before offering the amendment to the authorization bill.

I quite agree that legally the Appropriations Committee can do anything it pleases. It can appropriate nothing, if it wishes to do so. But I think in all the circumstances of the case, if this bill is passed without my amendment, the European countries will consider that it is an undertaking to give \$5,300,000,000. I think every newspaper in the country will condemn the Appropriations Committee if it does not thereafter vote to give \$5,300,000,000, after the passage of this particular bill, if my amendment is not added to it.

So while I agree as to the legal position, I do feel very strongly that the Appropriations Committee will not be a free agent if this bill is passed without my amendment, but will for all practical purposes be compelled to adopt the full figure.

That position was supported by the newspapers of the country when the Appropriations Committee of the House undertook to reduce the amount which had been authorized by both Houses of Congress. I should like to read what some of those newspapers said at that time. I hold in my hand a front-page editorial appearing in the New York Herald Tribune, which, so far as I remember, is the only front-page editorial that newspaper has run in many years. I read from that editorial:

The action of the House of Representatives in cutting the ERP appropriation compromised the pledged word of the United States, undermined the structure of the Marshall plan, and thereby threatened the safety of the United States in the years that lie ahead.

In other words, the position which one of the leading newspapers of New York took was that we had violated our pledged word after we had carefully considered the amount in the authorization bill and had failed to appropriate the amount. Of course it is not legally true, but for practical purposes it is true. For practical purposes the European countries do not understand the difference between an authorization and an appropriation. Most Americans do not un-

derstand it. Certainly, some editors, who are a very intelligent group, do not understand the difference.

I read from the Press Herald of Portland, Maine:

The whole matter had been thoroughly fought out on the floor when authorization of the Administration's plan was voted; and it was assumed as a matter of course that actual voting of the sums necessary to do the job authorized would follow as a routine matter.

An editorial in the Scripps-Howard paper here, the Washington News, is headed "The House welshes."

In other words, the House went back on the promise made in the authorization. The editorial says, further:

The leaders of the House know the authors of the plan are Secretary Marshall and their own Senator VANDENBERG. They know the facts were checked by international conferences, by 16 foreign nations—

Just as today—

by the executive departments of our Government—

Just as today—

by Congressional committees and by the special Harriman committee of distinguished private citizens. They know that no legislation of the kind ever has had such prolonged, thorough, and objective study as this.

It undermines the spirit of our allies and their confidence in us. After they had been lifted up by our promises, they are knocked down again. They accepted the authorization of this money by Congress in good faith. Now at best they will say we mean well but are so fickle and unreliable our word can not be trusted. Others will say we deliberately tricked them, as Russia predicted.

That is an editorial which appeared in all the Scripps-Howard newspapers in many States throughout the Nation. It is one of the greatest and most powerful newspaper chains in the United States, and has one of the best-informed editorial staffs in the United States.

I read from the Detroit Post:

When Congress, in April, passed the European recovery bill, it authorized appropriation for the first 12 months of \$6,533,000,000 for foreign aid. This was done after the House and Senate committees had held exhaustive hearings—

Just as today—

This was done after House and Senate committees had held exhaustive hearings, had delved deeply into the computations and estimates both of the European participants and of American Government experts. The final judgment of both Houses, entered upon that careful basis, was for 6,533,000,000.

Those who attempted to make the cut were charged practically with treason for having repudiated the promise made by the United States Government.

A Washington Post editorial of June 8 said:

There is one man in the Kremlin who must have heaved a sigh of relief when he heard about the cut in the ECA appropriation—

And so forth. The St. Paul Pioneer Press heads its editorial "The betrayal of ERP," and says:

There is nothing sacred about any particular amount, but Congress after careful and prolonged study by the appropriate committees settled on \$6,500,000,000 for European and Asiatic reconstruction and relief for next

year. For the appropriations committee to overrule that decision is indefensible.

Mr. President, I shall not continue reading editorials, but I think with the exception of one newspaper, the action of the Appropriations Committee in attempting to cut down the ERP appropriation as determined by the authorization, was condemned. It was said to be a repudiation of the promises made by the authorization. Exactly the same thing will happen this year, if we vote down this amendment and the Appropriation Committee attempts successfully to cut the appropriation. Of course those who make such statements are not legally correct. We know the distinction. But the argument will be made now, as it was made a year ago, that the Committee on Appropriations is bound by the action of the Senate and House in fixing on an amount, after careful committee consideration, as the amount that should be appropriated.

To a certain extent they are right, because this is not the ordinary case of an appropriation. We authorize a program to cost so much for period of 5 or 10 years, and of course the Committee on Appropriations has to reexamine it each year. Here is an authorization for only 1 year, and the conditions upon which we fix the authorization are exactly the same conditions that will be before the Committee on Appropriations when they undertake to appropriate. Of course, they may differ from the Committee on Foreign Relations, but the circumstances they will have before them will be the same, and they will not know a thing more about what the amount should be when they get through than we know now, or than the Committee on Foreign Relations knew.

There have come back from Europe those who know most about conditions there. Every prominent official in the ECA has testified before the Committee on Foreign Relations. Books and documents have been prepared dealing with each country, justifying, so far as they could be justified, the estimates presented. Exactly the same facts will be before the Committee on Appropriations.

When we decide on this matter, we have in effect fixed the policy, and unless we reduce the sum, as I see it, the policy is that we shall make up the export deficits of the various countries in Europe as they have figured them and handed them to the ERP, and as the ERP has approved them.

It is said that there will be a decrease in prices, that the Committee on Appropriations perhaps will find that lower prices justify a somewhat smaller appropriation. Whether prices shall be a little lower or not, the Committee on Appropriations will be making just as much of a guess in the month of April as the Committee on Foreign Relations made presumably in the month of March, because they are going to have to guess the prices for the next 15 months, and no person on earth can do that and be sure he is accurate.

The question of a reduction in prices is a question to be considered by the Executive, and to the extent that he can get a reduction in prices he ought to



spend that much less than Congress appropriates or authorizes. I do not think the Committee on Appropriations in that regard will be any better off than the Committee on Foreign Relations has been.

Furthermore, Mr. Hoffman does not admit the claim that there should be any reduction in the appropriation because of a change in prices, because he says in his review of prices:

The results of this reduction are that the estimate of the total cost of our goods to be shipped to Europe from the dollar areas in 1949-50 might be reduced by about \$35,000,000—

A mere nothing when we take into consideration the total of the appropriation.

The estimate of European earnings through the export of goods to the Western Hemisphere will have to be reduced by at least twenty-five to thirty million dollars, and therefore the only possible reduction in the estimate of the net figure would be of the order of five to ten million dollars.

In other words, Mr. Hoffman says what I have said before, that this whole matter is based on taking the foreign figures, and the plans of the foreign countries for exports and imports, and making up the difference between them through the advance of American dollars. He says we will not get any benefit from the reduction of prices because they will have their prices reduced, so their deficits will be just the same as they were when they started.

He at least does not admit that lower prices are going to make any difference in the total net result, and he is right, unless we repudiate the theory of a balance, and that is what we can do by adopting the amendment. We can repudiate the theory that we are bound to make up whatever the deficits may be of these foreign countries under the plans they happen to have made. Unless we do that, we accept the theory, and I do not see how any reduction can be justified by the Committee on Appropriations.

The distinguished Senator from Michigan, in effect, today said the same thing, that it is necessary to have the whole amount in order to do what is proposed in the particular way outlined, or it will not serve the purpose intended. The distinguished Senator from New Jersey [Mr. SMITH] the other day stated the matter very clearly:

The measure of the amount of aid can therefore be stated very simply as the amount of necessary dollar purchases for which they themselves cannot earn the dollars. So far as they can earn the dollars they are trying to do so. The dollars which they need for their imports, over and above the dollars they earn for their exports, constitute the adverse balance of payments. Roughly speaking, this is the gap which the United States must finance if we are to make recovery possible.

I utterly deny the correctness of that theory.

Certainly it is wrong to say that they cannot change their plans, cannot change their capital exports, cannot change their consumption. Of course they can change them, and they will change them if they have to. They fit

them, necessarily, to the money we advance.

Mr. Hoffman a few days ago submitted a list of commodities to be shipped. It was put into the RECORD by the distinguished Senator from Texas this week, and I have here the list of the commodities. They add up to \$4,280,000,000, which is exactly the same figure reached through the balance-of-payments theory.

Mr. President, the distinguished Senator from Michigan said that the pending amendment had not been considered by the Committee on Foreign Relations. If it was not considered by that committee, the committee did not do its duty, because it was its duty to examine as critically as possible the demand for \$5,430,000,000 to be authorized for goods to be shipped to foreign countries, \$5,430,000,000 to come out of the pockets of American taxpayers. Of course, this was under consideration by the committee when it fixed this amount.

My objection is that the committee accepted, without dotting an "i" or crossing a "t," the amount submitted by the ECA. The distinguished Senator from Michigan says they have screened the figure very carefully, and have submitted it to the committee, and that it will be a repudiation of good faith, or something of the kind, if we do not accept it. If we followed that theory we never could cut any appropriation. Every department of the Government comes to Congress with a carefully prepared budget which they are sincerely convinced is necessary for the work they are doing. Every single appropriation request is screened by the Budget Bureau, then submitted to the Congress, and certainly we are free to look at the request and decide whether it shall be reduced in the over-all interest of the country, and a reasonably balanced budget, if it becomes necessary to reduce the amount.

What I have been trying to do is to break down the theory that the amount authorized in the bill is sacred. I think all our appropriations should be reduced, and in this case in particular I think it is highly desirable that we authorize a lesser amount than we authorized last year. Last year we authorized about \$5,000,000,000. With the total we are now considering it is about \$5,430,000,000.

It is said it is for 15 months, but as a practical matter, having given the \$5,000,000,000, we are now handing Mr. Hoffman \$5,400,000,000, which at any time after the 1st of July he may commit to the participating nations. The money he has is in one lump sum. It does not flow out month by month necessarily. We are actually increasing the appropriation this year.

I should like to establish definitely that we are on the road to cut down the appropriations, that we are not permanently undertaking to grant to Europe the same standard of shipments which we have followed during the past year, particularly as we know that, according to the universal testimony, production in the participating countries has increased, that all the countries are very much better off, and do not need the aid in the amount which would be given to them by the bill.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. PEPPER. The Senator has repeated what I understood him to say in his remarks yesterday about there being an increase in the appropriation. Will the Senator clarify that, because I had understood from the Senator from Michigan that the amount for 15 months would be less than the amount for the previous period. I should like to know what the Senator from Ohio had in mind.

Mr. TAFT. I thought I made it clear. For the first period it was \$5,055,000,000. But for practical purposes it is a larger amount than we provided before. We are actually today authorizing more of the American taxpayers' money than we authorized last year. Yes; it is to be spread over 15 months, but that is comparatively a minor matter. It can all be obligated in the next 10 or 12 months if it is desired to do so. It can be obligated, but it cannot be spent, I believe, except month by month.

Mr. William C. Foster, Ambassador at Large to the Economic Cooperation Administration arrived yesterday in New York. He opposed this amendment. He declared that the \$5,580,000,000 proposed for the program in the next 15 months was just about sufficient to maintain the present aid level—not to reduce but to maintain the present aid level. That is what in effect the bill does. It in effect continues this aid at almost exactly the same amount as before. Are we ever going to get back to a point where we can gradually reduce the appropriation? It seems to me that unless we are willing, by our vote now, to say, "You had \$5,000,000,000 last year, and this year you will get a little less," I do not believe we can ever hope to get back on a basis where we will ever get rid of this burden of \$5,000,000,000 a year.

It is said that the proposed cut is an across-the-board cut. What other kind of a cut would Senators make? How would Senators cut this proposed appropriation? If the Appropriations Committee dared to make a cut at all it would be an across-the-board cut. It may not be a 10-percent cut, it may be a 9-percent or a 2-percent cut, but it has got to be an across-the-board cut.

Reference has been made to a selective cut. A selective cut cannot be made. If we are going into this program we must give Mr. Hoffman the power to take the reduction we make and apply it in cases where money is least needed. That is the only way we can hope to cut this particular appropriation. No matter who does it at any time, if it is ever done it is going to be in that sense an across-the-board cut. But it is not an across-the-board cut. Mr. Hoffman has the discretion to apply 20 percent to one country, cut aid to another country off entirely, if he wants to, and apply a less reduction to some other country, and to allot the money as he thinks is most necessary. We are simply saying to him, "We do not see how we can afford the sum of \$5,580,000,000. We think there should be a 10-percent cut if we are going to come anywhere near working out the proper balance of our receipts and our disbursements in the United States."



After all, I think the main reason for the reduction is that we face a deficit in the budget. If we do not now start on this course, which we can start upon here, of reducing 10 percent, we are going to have to increase the taxes on the people of the United States. Already we have a deficit of something like \$800,000,000, according to the President's budget. I think the budget can be cut about \$3,000,000,000. We can do that if we can cut 10 percent on those things that are open to any cut at all, and are not direct obligations of the Nation. If we cut the budget \$3,000,000,000, instead of making a few increases, I do not believe a tax increase will be necessary. Otherwise I think it will be.

I was rather interested to see two headlines alongside each other in this morning's New York Times. One headline is:

President insists on full ECA fund; Senate debates it.

In the next column we find the headline:

Biggest United States peril rests in a deficit, Truman declares.

The President takes the position, and to a certain extent correctly I think, that a deficit is something we cannot face and should not face in a period of great prosperity such as we have today, and that if we are going to spend the money he follows out the logical conclusion of his position, and says we have got to have higher taxes. The only way I know of that we can avoid the obligation at least to impose heavier taxes on the American people is to make a cut in this bill, and make a cut also in the various domestic expenditures. A 10 percent cut would just about save us the necessity of a budget deficit. I should like to see a 15 percent or a 20 percent cut in the various appropriations, but unless we begin with this measure, certainly the American people, who are interested in their own welfare, are going to say, "If you do not cut the foreign requests, certainly you should not have cut the requests we make here at home for the absolutely essential services which we think are necessary to maintain health and welfare and the continued progress of the people of the United States of America."

After all, Mr. President, if we really want to cut, if we really want to avoid the necessity of new taxes, the way to cut is to cut when the opportunity is before us. We should not talk about what we are going to do 2 months from now when the Appropriations Committee takes another look at the problem, but to settle down now and say that we can cut just as effectively now as then, we can make a policy now just as well as any other time on the general principle of economy in Government expenditures.

I have the highest regard for Mr. Hoffman, but every man who is engaged in Government thinks that his particular field is absolutely necessary, and of course he does not like a cut in the particular expenditures which he asks us to make. But unless Congress assumes that responsibility we will not make the cut. What we will do is to impose on the American people additional taxes above

the very heavy burden that exists today—additional taxes of two or three or four or five billion dollars—in order to give just a little more money to each participating country in Europe so that we may be able to say we have given them exactly what they really wanted and can say, "We have not cut anything off the request you made."

In the case of England this amount is what they asked in the beginning. They came in with a request for the amount included in the bill. Mr. Finletter said he would like to give them even more, but this amount is exactly what they requested. In effect, we are telling the people we are not going to turn down a request made by any foreign government that asks us for money. If they want that much money we are going to increase the taxes on our people by large sums of money, which I think will be a serious deterrent to the progress of our country. It would be a serious discouragement, particularly if we increase the corporation tax from 38 to 50 percent, which is practically the proposal which has been made. That would be a serious discouragement for people to go into business, a serious discouragement for people to create jobs for other people, a serious discouragement to that steady advance in the investment of money in capital and machines and tools which is absolutely essential if we are going to progress in this country, if we are going to keep the country strong, if we are going to keep the country in a condition where it can move forward, as I hope, for many years, and at the same time serving within its reasonable ability to aid the progress of and give assistance to other countries in those respects where we find that our aid may be more helpful than simply the general handing out of money.

So., Mr. President, I believe we have to decide today, and not in connection with any appropriation bill, the question whether we are at this session of the Congress to take an unlimited view of the amount of money we can authorize and appropriate, the amount of money we can pay out, the amount of money we can levy in taxes on our own people. Unless we are going to take that view I think we ought to begin now to cut down this particular expense, and vote the very reasonable reduction which I think can apply in principle to all domestic expenditures.

Mr. CONNALLY. Mr. President, I shall not detain the Senate long. I have not heretofore participated in the debate except on the opening day when the committee reported the bill to the Senate. I have been present in the Senate fairly regularly and have heard all the discussions on the measure.

At the very beginning I should like to say to the distinguished Senator from Ohio that, of course, I do not relish levying taxes, I do not relish making appropriations, but I do realize that there is a certain degree of responsibility resting upon me, as it rests upon every other Senator, to perform our duties according to our opportunities and resources. In that connection I regard our foreign

relations as of the highest importance. I regard them of the highest importance because they so vitally touch the question of war or of peace, and peace is the supreme wish and hope and aspiration of the American people. They are more concerned with the question of preserving the peace of the world than they are with the particular brackets in which they find their financial resources at the moment.

A year ago the Congress enacted the ERP bill, or the Marshall plan bill. It was greeted with enthusiasm when first proposed by General Marshall. This year which is the beginning of the second year, is probably the most vital and most important year in all the 4 years which were originally planned for the operation of this program. The first year was an experimental year. We were in new ground. We went forth with uncharted journeys before us. Today the officials who have been in charge of the administration of this plan have had a year's experience in its operation. They know a great deal more now than they did then. I think their views and their testimony are worthy of the attention of the Senate.

I suppose the Senator from Ohio [Mr. TAFT] and other Senators who favor this reduction feel that they know better about what it is going to cost properly to operate the plan; they know better as to what the resources of the various countries are; they know better how much each country can produce in aid of this program, than do the administrators and the officials who have had it in charge.

Mr. President, I wish to say for the Committee on Foreign Relations that it considered these questions most carefully and diligently. Members of the committee have attended the debates on the floor of the Senate. They have paid particular attention to the welfare of this program. Senators complain that the Committee on Foreign Relations did not consider some particular amendment. I ask them why they did not come before the committee and present their amendments. We heard everyone who desired to appear. I do not recall seeing the Senator from Ohio [Mr. TAFT] present before the Committee on Foreign Relations at any time while it was deliberating upon this measure or while it was hearing the testimony of witnesses. The committee went into the subject most thoroughly.

Mr. President, what else happened? These estimates and figures were first prepared by the respective countries. They made their requests. Those requests then went to the OEEC, which is the over-all organization of the countries in Europe which are participants in the plan. They screened them. They reduced them. The requests then went to Mr. Hoffman and the ECA officials. They reduced them. Mr. Hoffman's staff reduced the requests below the figures as they were first presented.

The estimates of amounts as reported by the Committee on Foreign Relations were reviewed by Mr. Hoffman himself. No Senator has criticized the ability, the



integrity, or the patriotism of Mr. Hoffman. He is a man of wonderful attainments, a great businessman. He does not want any higher taxes if he can help it. He does not want to squander any of the money of the taxpayers in Europe or anywhere else; but he does want to see this program made a success. He wants to see the task to which he has set his hand successfully followed to a conclusion. He wants to see Europe recover. He wants to see that the dollars which are spent in the United States in furtherance of this program are prudently expended, and that they are utilized to accomplish the purposes we had in mind when we instituted the program.

In addition to Mr. Hoffman, the entire program was reviewed by Mr. Harriman. Mr. Harriman is the European representative of Mr. Hoffman. Who is Mr. Harriman? Is he some little "two-bit" job hunter? As Senators know, Mr. Harriman is one of the great financiers and businessmen of the United States. I was with him in Paris last October and November. I was in his office. I discussed with him the progress of this program. Mr. Harriman showed a grasp of conditions in France and in the other European countries that it was marvelous to see. He does not want to squander the people's money. He has a pretty good stake in the Treasury. He pays high income taxes, high property taxes, and high corporation taxes, I am sure.

These men reviewed this program, as it is now before us, carefully, conscientiously, and patriotically. They have testified that the program as outlined is necessary. They call it the minimum requirement. The figures which they submitted were in their judgment the minimum figures necessary for the success of this program.

This is not merely a grab bag. We are not giving something to the countries of Europe merely to pacify them. We want to give them enough to make the program a success, so that we can get out of it sooner, and will not have them on our hands for any longer period than necessary. But if we do not give them enough to accomplish the real purposes of the program they will be back again in 1953, 1954, and perhaps 1955.

This program was also reviewed by two men both named Bruce. One of them, Mr. Howard Bruce, of Baltimore, a great financier and businessman of many years' experience, is vice chairman under the direction of Mr. Hoffman. He is tried in all the hazards and misunderstandings of business and has attained eminence in his own right, in the field of finance and business administration.

His nephew, the son of Senator Bruce, who formerly sat in this Chamber, is the representative of Mr. Hoffman in France. I saw him in France last October and November. He was here and testified before the committee in its hearings on this bill. He is a man of wide learning in finance and business. His testimony was that the amounts submitted to the committee were the minimum amounts for the pursuit of the program which we have in mind.

Shall we simply say to the European countries, "We are going to give you some

money, but we will take a little of it back. We merely wish to satisfy you. We want to give you only enough to make you hush."

What is the use of spending a dollar unless we expect it to accomplish the results we have in mind? There is no economy in chiseling off a few dollars here and a few dollars there if by so doing we impair the program which has been envisaged, a program which a year's experimentation has proved a success.

No Senator in the debate on this floor has criticized the operation during the past year. Most Senators who have spoken of it at all have said that we have made great progress and have been extremely successful. The argument is that because we have been so successful, therefore we ought to cut some of it off. It is said that Great Britain has progressed rapidly and has been restored quickly. That is an exaggeration. I do not believe that she has been restored so quickly, but there are those who say that she has been restored, and that therefore we ought not to give her any more, but should cut her off.

Mr. President, I was in England. I consulted, not in England, but in Paris, with our representatives in the United Kingdom. We brought them here and they testified before the committee. They said there had been marvelous progress in the United Kingdom, but that it is not yet out of trouble. They stated that the amounts recommended in this bill were the minimum to take advantage of the momentum which had already been accumulated, and which would bring about rehabilitation in the United Kingdom.

Mr. President, what is the logic of any arbitrary cut, a 5 percent or 10 percent or 15 percent cut made arbitrarily, without any examination of the merits? All these proposed cuts are based on arbitrarily slicing off a certain percentage, such as 10 percent. It reminds us somewhat of the haggling which takes place in a second-hand clothing store:

"The price is \$10."

"No; I will give you \$9—no; I think I will give you only \$8."

Mr. President, there is no logic in it; there is no basis for it.

Mr. Finletter is our representative in the United Kingdom. I saw him in Europe. He appeared here before the committee, and submitted himself to examination by the committee. At that time, Mr. President, where were the Senators who now are here with their pockets stuffed full of amendments? Why did not they then come before the committee and listen to the testimony of Mr. Finletter and the testimony of Mr. Bruce and the testimony of the other representatives? Their ears should have been in as good condition then as their mouths are now, here on the floor of the Senate.

Mr. President, many of the great nations of Europe have their representatives in the United States now, ready to prepare and sign the North Atlantic Pact. I shall not discuss that matter in detail, more than to say that it is a part of the foreign policy of the United States to preserve the peace of the world and

to resist aggression against free nations. Shall we, while they are here, cut down this program, which they know about and which the whole world knows about; shall we now cut it down, in the face of the tremendous success it has had in the first year of its operation? Shall we now cut it down, although the people of the United States are in favor of this program?

Mr. President, I dare say that the mail which Senators receive in opposition to this program is infinitesimal when compared with the amount of mail they received in opposition to rent-control legislation or labor bills or bills dealing with other domestic subjects. Yet the measure now before us and its associated measures go far beyond such temporary arrangements. These measures go to the peace of the world; they go to the preservation of the lives of human beings; they go to the rehabilitation of a broken and shattered European economy.

Mr. President, let us not forget that, in a large sense, economy and political governments are intimately related. Wherever we find a prosperous people, the chances are that they have respect for property and for law and order and for democratic institutions. But where hunger, desolation, and hardship are found, there also usually are found elements demanding that the Government do something to relieve their misery. So, Mr. President, these things are intimately tied together. We must not forget that in our deliberations

Last fall I happened to be in Italy. I was there for a considerable period of time. A short time before that, the Italian elections had been held. I wish to say that the Marshall plan was one of the dominating influences in Italy which brought about the success of the anti-Communist forces in those elections. We know how dangerous that situation was and how uncertain were the currents of power set in motion by the Communists, and operating upon the people of Italy. But the Marshall plan was a great stimulus to the people of Italy; it was a deterrent against the Communists; and in that election the anti-Communist forces were triumphant. But for the Marshall plan, I feel sure they would have been defeated.

Even in France, since January 1, 1948, the elections have shown the recession of communistic forces and the recognition by the French people of constitutional government and a return to the institution under which they have lived and under which they desire to live in the future.

Of course, Mr. President, we must be strong. We must have the best air force in the world; we must have the best navy in the world; and we must have an adequate army; of course we must; but the nations of Europe with whom we expect to be associated in the North Atlantic Pact must likewise be strong. However, they cannot be strong for military purposes unless they are economically strong. Under this program, we are assisting them to become rehabilitated and to improve their production and the utilization of their resources in the manufacture of goods which they can send throughout Europe.



Mr. President, the proposed arbitrary cut of 10 percent is about as logical as it would be for a man to go to a tailor and say, "I want a suit of clothes. How many yards of cloth will it take?"

The tailor might reply, "It will take either 5 or 6 yards."

"Oh," the man would say, "that is too much. Just cut off 2 yards."

The tailor would reply, "You will have to get along, then, with 2 yards less than it takes to make you a suit."

Mr. President, doubtless all of us remember the old Greek myth about Procrustes. He was a gentleman who wished to make sure that his friends who were visiting him rested well; but his method of assuring that result was rather unusual, for if he found that the bed was too short for them, he would apply stretching devices to their limbs and would stretch them out until they were long enough to fit the bed; or if the bed was too short for them, he would arbitrarily cut some inches off their legs.

Some Senators remind me of that old story as they proceed with their proposals for amendments to this bill. They say we should cut some off of it. Some of them say we should cut off 10 percent. Mr. President, who said that a 10-percent cut would be proper? The distinguished Senator from Nebraska [Mr. WHERRY] said that would not be the proper cut; he said 15 percent would be the proper cut to make; he assured us that we should cut off 15 percent. But the Senators who are under the leadership of the authors of the Taft amendment have refused to go along with the Senator from Nebraska and cut off 15 percent. Instead, they know exactly how much to cut off; they are sure it is 10 percent, no more and no less. Although they never heard a word of the testimony, and are not familiar with it except as they read it in the printed hearings now before us, yet they know with the exactitude of using a measuring tape or a yardstick, how much should be cut off. They know exactly what and where to cut—exactly 10 percent, they say; no more and no less. Perhaps they are thinking, "If we do that, we shall hush up the newspapers."

Mr. President, I am amused.

Mr. WHERRY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HOEY in the chair). Does the Senator from Texas yield to the Senator from Nebraska?

Mr. CONNALLY. I yield.

Mr. WHERRY. As a Senator who listened to all of the evidence, can the Senator from Texas tell me how much of the money going to Great Britain under the Marshall plan is to be set aside by Great Britain for the development of petroleum?

Mr. CONNALLY. I do not recall the amount now.

Mr. WHERRY. Can the Senator find that out?

Mr. CONNALLY. Yes. Of course, I am not an instantaneous researcher.

Mr. WHERRY. The Senator heard all the testimony, I believe.

Mr. CONNALLY. Yes; I heard most of it.

Mr. WHERRY. I ask the Senator, how much money is to be spent by Great Britain in the development of petroleum?

Mr. CONNALLY. I do not know. I expect that Britain will get considerable amounts of petroleum from the Near East, if that is what the Senator from Nebraska has in mind.

Mr. WHERRY. Does the Senator from Texas know how much Britain will obtain from the Caribbean?

Mr. CONNALLY. No; I do not. But I have a list here. I am sorry that I cannot answer all the questions of the Senator from Nebraska. His ingenious mind and ready wit overwhelm me, Mr. President, and I cannot answer all his questions.

Mr. WHERRY. Mr. President, that is a very fine compliment, coming from the great, distinguished Senator from Texas, for whom I have the highest regard.

Mr. CONNALLY. Mr. President, I think I detect a derisive note; mixed in with the Senator's high regard, it seems that there is something of derision.

Mr. WHERRY. Aside from my high regard for the Senator, I find mixed statements in the testimony, which is the only source or supply of information on these matters that I have. I have not had my pockets full of amendments; but I have depended upon the evidence supplied by the Senator's committee, when we have come to pass on this matter on the floor of the Senate.

I find that \$500,000,000 is to be spent on petroleum by Great Britain in the year 1949-50. So I investigated. I took it up with ECA.

The PRESIDING OFFICER. Under the rule, the Senator from Texas may yield only for a question.

Mr. WHERRY. Very well. I am sorry. But I should like to have the Senator explain to me this—

Mr. CONNALLY. I should be most happy to enlighten the Senator.

Mr. WHERRY. I should like to have the Senator, if he will, explain to me why it is impossible to reduce the authorization with respect to Great Britain's petroleum development, which will be nearly \$500,000,000, with \$150,000,000 of it spent this year, in connection with which funds are earmarked for wildcat wells in the Caribbean and in Africa and in the colonies, mention of which has been made in this debate, so that they can get \$400,000,000 in supplies, and then send the oil to the United States and sell it in the dollar areas. I may say to the distinguished Senator, if that is what they want to do, that is one thing. But certainly if I were on the Foreign Relations Committee, I believe that is one place where it would be possible to cut the appropriation nearly half as much again as the Senator from Nebraska desires to see it cut, and to do so without retarding the rehabilitation of Great Britain in any way.

I ask the Senator from Texas this question: Is it not correct to say that what we actually propose to do is to permit Great Britain to take \$500,000,000 of these ECA funds for the development of petroleum supplies? Could we not cut \$150,000,000 from the appropriation

to be spent this year to develop her own petroleum supplies, so that she may send oil into the dollar areas, meaning the United States, and sell it in competition with the oil men here who would like to do the same thing, that is to say, to wildcat, get pipe and develop oil in Texas?

Mr. CONNALLY. I thank the Senator, but I shall not be able to furnish as much information about oil as the Senator himself apparently possesses.

Mr. WHERRY. I obtain it from the record of the hearings.

Mr. CONNALLY. The Senator knows so much about it, I do not see why he wants to pester me with questions. I have the data here.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. CONNALLY. Yes. But I want to get through pretty soon.

Mr. WHERRY. But the Senator is raising a question with me, as a member of the Appropriations Committee, suggesting that it is impossible to cut the appropriation 15 percent. Putting my remarks in the form of a question, I shall ask the Senator again, with respect to one project. I requested a list of the projects the other day, but they were not submitted. Mr. Finletter merely cut 25 percent from one project. By the same token, Why can we not cut off 50 percent?

Mr. CONNALLY. I may say to the Senator, he can do that. He can cut off 50 percent, if he wants to.

Mr. WHERRY. That is my measuring stick.

Mr. CONNALLY. The Senator has a perfect right to use it. I want to make it clear that the authorizations in the bill do not bind Senators to vote for appropriations in equal amount. We are the Senate, which is a free body. When the matter goes to the Appropriations Committee, that committee is not bound by the authorization. The Senator from Nebraska, as a member of the Appropriations Committee, has a right to vote as he pleases. That is the reason for the two checks upon spending; the first being the authorization, the second, the appropriation by the Appropriations Committee. If the Appropriations Committee were bound by the mere authorization itself, there would be no need of such a committee.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. Yes, though I hope the Senator will be brief.

Mr. WHERRY. I shall be very brief. It seems to me the Appropriations Committee is almost foreclosed by the authorization, but if it happened to be the case that, acting on its own wisdom, the Appropriations Committee were to cut \$1,000,000,000 from the amount, and it came back to the floor, would the distinguished Senator from Texas approve it?

Mr. CONNALLY. Certainly; I would vote for the bill, if that were all we had before us.

Mr. WHERRY. With \$1,000,000,000 cut off?

Mr. CONNALLY. Yes.

Mr. WHERRY. I want to thank the Senator for that statement. That is an



entirely different situation from that of a year ago.

Mr. CONNALLY. The Senator from Nebraska is a member of the Appropriations Committee.

Mr. WHERRY. Yes, and proud of it.

Mr. CONNALLY. I may say to the Senator cut one billion off, bring the bill back to the Senate, and I will show the Senator what I will do. I say to the Senator from Nebraska go ahead and make a \$1,000,000,000 cut.

Mr. WHERRY. Very well.

Mr. CONNALLY. It was said on the floor awhile ago that it is impossible to get any results from the Committee on Appropriations; that they have a regard for an authorization and will not touch it. The Senator from Nebraska, who is a powerful member of the Appropriations Committee, says they are going to cut it \$1,000,000,000. If they do, the Senator inquires what we will do. If they cut it \$1,000,000,000, I will give the Senator from Nebraska a chromo with his picture on it.

Mr. WHERRY. Mr. President, if the Senator will yield, I realize now we will not be able to cut it so much as a dime, because I think the authorization means that this is what is to come from the Appropriations Committee. All I am asking is, if they cut it \$1,000,000,000 or if they cut \$500,000,000, when it comes back to the floor of the Senate, will the distinguished Senator from Texas, for whom I have the highest regard, vote for it?

Mr. CONNALLY. I thank the Senator.

Mr. WHERRY. Will the distinguished Senator, in that event, approve the action of the Appropriations Committee, or will he do what was done last year—claim that the figures are sacred, that the Appropriations Committee is to vote for the appropriation authorized, without taking off a dime?

Mr. CONNALLY. No. I did not say that last year.

Mr. WHERRY. At any rate, that is the claim made last year when some of us were offering amendments.

Mr. CONNALLY. The Senator inquired whether, in the event the appropriations were cut \$1,000,000,000 or \$500,000,000, I would vote for it.

Mr. LUCAS. Mr. President, I ask for the regular order. The Senator from Texas has the floor.

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. CONNALLY. Mr. President, I am very grateful to the Senator from Nebraska for his cordial remarks, but I should not want to be a member of a large committee such as the Appropriations Committee and at the same time go around slandering them, saying the committee will not do anything. The Senator from Nebraska is a member of the Appropriations Committee, the most powerful committee of the Senate, the committee that holds the purse strings of the Nation. But, according to the Senator, the committee is no account, it will not do anything; the Appropriations Committee lets the Foreign Relations Committee, by way of a little authorization, be not only the boss of its own conduct, but also the boss of the

Senate in its conduct, in addition to being the boss of the Appropriations Committee itself. I think some internal treatment is needed in the Appropriations Committee. The Senator needs some action in the committee. I feel sure the great Senator from Tennessee [Mr. McKellar] knows the functions of the Appropriations Committee. He knows that an authorization does not bind the committee. The Senator knows the reason for providing an authorization. When I first came to the Senate, that was not done. Each committee appropriated what it pleased, without regard to authorizations. Later, in order to provide a ceiling on appropriations, we adopted the rule with respect to authorizations, allowing the Appropriations Committee to appropriate within prescribed limits, under a ceiling.

Mr. President, I am anxious to conclude my remarks. As I suggested a little while ago, one of the complaints made by those who are supporting the amendment, is that the plan is working too well in the United Kingdom, and therefore they want the appropriation cut down. This is the second year upon which we are about to embark, the most important year of the whole program, because we shall now build upon the experience we have had and the knowledge we have gained during the first year, which will give to the second year a momentum. In future years, if the money is not needed, we shall be able to make reductions, not a cut of 10 percent, but a radical cut in the appropriations for the third and fourth years.

Mr. President, a member of the Appropriations Committee says that reference of a bill to that committee is futile. I deny it. It is a great committee of the Senate. I have never been a member of it, but I have appeared before the committee on many occasions and now and then have enjoyed a small degree of success, but generally, no success at all, when the Appropriations Committee is against me.

Mr. President, at the conclusion of my remarks, I shall ask the clerk to read to the Senate a letter addressed to me and signed by Mr. Hoffman, the Administrator of ECA. From my own private investigations while I was in Europe, I was amazed to note the progress which had been made in many of the countries during the past year. I want to correct certain quotations of figures. Under the pending bill, we authorize \$4,280,000,000 for the 12 months, \$1,150,000,000 for the 3 months; so that for the 15-month period, the appropriation is \$5,430,000,000, as compared with the program last year, which was for 12 months only. The appropriation for the ensuing year is a \$730,000,000 reduction as against the same period last year. In other words, we have sliced off not 10 percent but \$730,000,000 from what it was last year.

Mr. President, the United States occupies a most exalted position among the nations of the world.

Mr. PEPPER. Mr. President, will the Senator yield for a question, before he concludes?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Florida for a question?

Mr. CONNALLY. I yield.

Mr. PEPPER. Mr. President, I am glad the Senator cleared up the matter of the comparison of the appropriations for the future.

There is one other matter. I think the Senator from Georgia [Mr. Russell] probably inadvertently fell into the error of supposing there were grants made to Ireland, Portugal, and Sweden—

Mr. CONNALLY. They were loans, not gifts.

Mr. PEPPER. They were loans in those cases; there were no grants made at all to those countries. Is that correct?

Mr. CONNALLY. The Senator is entirely correct. The loans were made because it was believed that by making loans the rehabilitation of the whole area would be aided. Those loans must be repaid. They are authorized to be repaid, and they will be repaid.

I thank the Senator from Florida for calling the matter to my attention.

Mr. President, the United States occupies the most enviable position in the world today. Many nations look to the United States. It is said that they look with their hands out. Where else can they go for aid, inspiration, and encouragement, to face the world and overcome their difficulties? Where can they look for aid except to the United States? I think of brave little Norway, which suffered so terribly during World War II, lining up with the United States and other nations in support of the Atlantic Pact. I think of little Denmark, weak in manpower, perhaps, but a great, brave, heroic nation, lined up with the United States. Look at Iceland, away yonder amid Arctic snows, weak in manpower, small in population, but stout of heart and rich in courage, lining up under the leadership of the United States and other parties to the Atlantic Pact.

Mr. President, I could name other countries, which are parties to the Atlantic Pact. We occupy a position of great leadership and great eminence. We must justify the regard in which we are held by the other nations of the world. Let us continue with the program; let us carry out our plans. Let us appropriate what the people in Europe and the United States say will be the minimum requirement for the carrying on of the program to successful completion.

Mr. President, I hope the Senate will vote down the Taft amendment and, in due course, will vote to pass this bill.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. CONNALLY. Not yet.

Mr. President, I send to the desk a letter which I received from Mr. Hoffman, and I should like to ask the clerk to read it.

Mr. DONNELL. Mr. President, a parliamentary inquiry.

Mr. LUCAS. Mr. President, I inquire who has the floor?

Mr. CONNALLY. I have the floor.

Mr. DONNELL. Mr. President, will the Senator yield for a parliamentary inquiry?

The PRESIDING OFFICER. The Senator cannot yield for a parliamentary inquiry.



The clerk will read the letter which the Senator from Texas has sent to the desk.

The Chief Clerk read as follows:

ECONOMIC COOPERATION

ADMINISTRATION,

Washington, D. C., March 29, 1949.

The Honorable TOM CONNALLY,

United States Senate.

DEAR SENATOR CONNALLY: I understand that a proposal has been made to cut the authorization for the European recovery program by a flat 10 percent. In our discussions of the recovery program with the Congress, we have made it clear that we are willing to go into the greatest detail in discussing the amounts required for the various country programs. At the same time, we have tried to make it clear that an arbitrary percentage cut might well result in shifting the program from recovery to relief. This would defeat the very objective for which Congress established the Economic Cooperation Administration and would be contrary to my understanding of the job I was asked to do. It is still true that if a man is drowning in a well and you need 20 feet of rope to save him, 18 feet won't do.

The authorization approved by your committee was based on minimum estimates of the amounts that would be needed for the last quarter of this fiscal year and for the next fiscal year. The proposal for an arbitrary cut suggests that the amount in the authorization bill is an arbitrary figure. This is by no means the case. Our estimates were the product of a careful and lengthy process of review and screening. In arriving at these estimates, we had nearly a year's experience to rely on. The amount we believe is needed is not a guess, but a realistic appraisal of facts. The figures reflect tangible recovery objectives, and are the amounts we honestly think are required to achieve those objectives. Any arbitrary reduction in such amounts can mean only one thing: It will mean that many of the specific steps toward European recovery simply will not be taken.

The Congress itself provided for the machinery by which our estimates were arrived at. ECA missions in each of the participating countries worked in the closest cooperation with those countries in developing estimates of the import requirements for the next year and a quarter. The individual country estimates were then transmitted to the Organization for European Economic Cooperation in Paris, where the Europeans themselves reviewed the figures in the light of the total economy of western Europe.

In short, the OEEC helped to convert them into a single estimate for the total program. The resulting figures and recommendations were then reviewed with the greatest thoroughness in the office of the ECA special representative, Mr. Harriman, and when that review was completed the program was sent to Washington to be subjected to further detailed analysis and consideration. In Washington the ECA's own staff studied and altered the estimates of requirements to accord with our views of what is necessary for European recovery and the ability of the United States economy to meet such requirements. Also in Washington the National Advisory Council on International Monetary and Financial Problems, established by the Congress, subjected the figures to the closest scrutiny and advised us with respect to the minimum actually required. Finally, with the benefit of all the recommendations secured through this process of review, it was my task to determine the amounts to be requested from the Congress. This I have done. The European recovery program finally proposed to the Congress and approved by your committee is a tight fit.

The effect of an arbitrary 10-percent cut will be far greater than a mere reduction of the program by 10 percent. Europe is

living today in austerity. Even to continue on that basis, foodstuffs and other essentials of life must continue to be imported. There is little give in these items. It is therefore clear that any reduction in the authorization would have to be borne largely by the projects aimed at making Europe self-sustaining by 1952. And the serious effects of an arbitrary cut will not end there. Imports of industrial raw material and equipment are used in the factories of the participating countries to produce goods both for domestic consumption and for export. Through such exports those countries earn money with which to purchase additional imports. Therefore a 10-percent cut in imports under the European recovery program would result in a greater cut in the total imports of the participating countries and would impair recovery by that much.

In short, as I have said, an arbitrary cut would tend to make the European recovery program another relief program. In the long run such a course would cost the United States taxpayers more money rather than less.

I want to emphasize again that I believe the amount we have requested is essential if Europe is to achieve recovery by 1952. I assure you that I don't want to spend any more money for European recovery than is necessary. If the amount we have requested is more than we need I will not spend it, and if recovery is achieved more rapidly than we now estimate it will be the amounts requested in the future will be less. The way to reduce the cost of this program is not to hamper recovery by arbitrary cuts in this authorization, but instead to do the job as quickly as possible with the minimum amount needed to provide the essential supplies.

I believe that economic aid to western Europe is just as important as money for military expenditures. Until world peace and security are assured through the success of measures we decide to undertake, including the European recovery program, it is dangerous to resort to an unwise economy which might defeat our efforts.

Sincerely yours,

PAUL G. HOFFMAN,  
Administrator.

Mr. TAFT. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield to the Senator from Ohio.

Mr. TAFT. Every argument Mr. Hoffman makes in the letter will be an argument against cutting the appropriation, will it not, just as much as against cutting the authorization?

Mr. CONNALLY. I am not dealing with the appropriation; I am dealing with the authorization. I have said repeatedly, and the Senator heard me, that the Committee on Appropriations is not bound. Something might occur which would change conditions. They have complete freedom. It is the Senator from Ohio who is arguing that whatever we do in the authorization is going to settle the matter, that the Committee on Appropriations will not have anything to do with it, that what we do here will be final. I take issue with the Senator. That is not the case at all.

I supposed we had a Committee on Appropriations composed of men with heads on their shoulders and brains in their heads and courage in their internals, who would do their duty regardless of politics, regardless of the Scripps-Howard newspapers, regardless of anything else. I am amazed at the Senator from Ohio. He is a man who has a rep-

utation for courage, yet he holds newspapers in his hands, refers to what some editor said somewhere, and quivers and trembles and asks what is wrong about this bill. "Look here: The Scripps-Howard papers, various papers—look what they said about me last year because I did not vote as they said." The Senator from Ohio is above that kind of weak, wobbly backbone. He has plenty of courage. Let him use it. Let him vote his convictions, and let the newspapers do what they want to do. We are not responsible for what the newspapers say.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. TAFT. I think the Senator misunderstood my question. What I asked was whether every argument Mr. Hoffman makes is not an argument against any cut in the appropriation just as much as against a cut in the authorization.

Mr. CONNALLY. When it comes to the appropriations, and he appears before the committee, I expect he will make the same arguments. They are good arguments.

Mr. TAFT. Does the Senator know of any public official who does not violently oppose a cut in his appropriations?

Mr. CONNALLY. Most of them do, but they are specialists. They have one little particular department. Mr. Hoffman has the whole of Europe. He is not picking out any one particular country. Naturally, a man who is the head of a particular agency works for that agency. For instance, a man, let us say, is the Commissioner of Fisheries. Therefore, he wants more fish and more fish eggs. If he is the Commissioner of Public Lands, he wants to spread out and take in more public lands and more public forests, and more this and more that, just as the Senator from Ohio is not content to be just a Member of the Senate, but has to be a leader of the Senate, to take jurisdiction over all the bills, reach out and get the bills, wherever they may be, pick them up, and get out his butcher knife and slice off 10 percent, then the next bill that comes along he may slice off only 5 percent, depending on whether or not the steak he cuts off is fat and juicy and toothsome.

Mr. President, of course experts in particular agencies want all they can get for their particular departments. There is nothing unnatural about that. But we are not considering such a case. The ECA is a new enterprise. Mr. Hoffman is not saturated with the nationalism of the United Kingdom. He does not speak French, so far as I know, and would not be partial to France. I know he does not speak Dutch. Very few people can speak Dutch. [Laughter.] He is not an administrative stooge, either.

Mr. President, I yield the floor.

Mr. DONNELL. Mr. President, I assure the Senator from Texas that I shall not attempt to deliver the remarks I have to make in Dutch, for I do not think anyone here could understand them.

Mr. TOBEY. The Senator would get "in Dutch" if he did. [Laughter.]

Mr. DONNELL. I agree with the Senator quite heartily. On the subject we



are discussing I feel, I think as much as most of us, a desire to reduce the expenditures of the United States, and I should like to be in position to vote in favor of a reduction in the bill if I could conscientiously do so under the evidence now before the Senate. It appears to me, however, after what I trust has been a careful consideration of the arguments which have been adduced, that I cannot vote in favor of the Taft amendment. Recognizing the lateness of the hour, I shall not unduly trespass upon the time of the Senate, but I should like, briefly as possible, to state the views which have caused me to arrive at the conclusion I have reached.

Before doing so I should like to address myself to what I thought I heard the Senator from Texas state a few moments ago, though I am not quite sure whether he did or not, and if he did not, I shall not venture further along that line. I understood the Senator to refer to the fact that the Atlantic Pact is to be signed in Washington in a few days, and to ask "What are we going to do about this vote on this economic-cooperation matter? Are we going to cut off these amounts and reduce them while all these foreign diplomats are here in Washington?" If the Senator did not refer to that, I shall not pursue the matter further.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. DONNELL. I yield.

Mr. CONNALLY. I made reference to that. I do not think I made it in the same words the Senator used, but I did say that there was more or less connection between peace and economics, that where there was economic prosperity there was more apt to be peace, and I asked whether, while the representatives of foreign countries were here to sign this pact in behalf of peace, we were going to take this step to cut the appropriations. I did say that.

Mr. DONNELL. I desire to address myself very briefly to that phase of the Senator's remarks before discussing the amendment now before the Senate.

To my mind the fact that these diplomats are in Washington, whether they have come or are coming by air or ship or both, has nothing whatsoever to do with how we should vote on either the pending amendment or on the bill itself. I realize that there has been built up a vast amount of widely extended public opinion in favor of the ratification of the Atlantic Pact. I shall not discuss the pact here tonight, but to my mind the present of all the diplomats in the world meeting together in the hall where they are to convene on Monday, to the strains, as I have observed in the newspapers, of the Marine Band, and with notable ceremony, with I believe some thousand persons or so present—all this vast amount of publicity about the presence of these diplomats to my mind should not weigh with the Senate one fraction of a scintilla in determining how we should vote on the pending bill or the pending amendment.

While I am commenting on that, let me say that I do not think the American public should be, and I hope it will not

be, unduly influenced in the opinion which it shall form of the Atlantic Pact by reason of the great advertising which we see day after day, statements and pictures and all sorts of indications in the press of the unprecedented situation of all these diplomats crowding into Washington for this great, momentous occasion. It is a momentous occasion, but the mere fact that they have come here, and the mere fact that they are going to sign this pact, should not to my mind deter the Senate or any Member of it from using his own individual sound, best, honest judgment when it comes to the vote upon whether the pact shall be ratified.

I think, Mr. President, that all this publicity about the procession of diplomats, about the Marine Band, about the luncheon to be given by the President, this display of rank and diplomacy that is going to be seen here in Washington, illustrates better than I could by far the soundness of the position taken by the eminent Senator from Utah [Mr. WATKINS] that we should not sign the pact. The President and the State Department should not have expected to have the pact signed until after the Senate had considered it, just as various other countries which are to be signatories are not signing until after their respective parliaments have considered the pact.

Mr. President, before discussing the pending measure itself, I want to make it clear that I do not agree with the implication which I thought I noted in the remarks of the Senator from Texas [Mr. CONNALLY], that because all these diplomats are to be here, and because of the foreign flags which are going to be displayed, and because the Marine Band is going to play, and because the newspapers all over the country will report this great, momentous incident, which is the greatest, so we are told, in diplomacy, since the declaration of the Monroe Doctrine—I do not agree that the Senate should allow that great display of pageantry to deter them from the proper consideration of a vote upon the pact when the pact shall come before the Senate for consideration.

Mr. President, I address myself now to the amendment proposed by the senior Senator from Ohio [Mr. TAFT]. I want to say that the Senator from Texas has referred to the Senator from Ohio as not being willing to be merely a Member of the Senate, but that he desires to be a leader and bring in various bills, and pass on them, and so forth. As one Member of the Senate, without any flattery whatsoever with respect to the senior Senator from Ohio, I wish to say that I rejoice that the Senate has within its membership a man of the integrity, courage, knowledge, industry, intelligence, and information possessed by the senior Senator from Ohio. I was for him for the Republican nomination for the Presidency of the United States, and to my mind we would have made no mistake in selecting him for that exalted office. As one Member of the Senate, instead of even jocularly rebuking him for being a leader in the Senate—and I want the Senator from Texas to hear this, since he has just come back into the Senate Chamber—I

say, instead of even jocularly rebuking the Senator, and I am sure the statement was jocular in the mind of the Senator from Texas, I for one am grateful for the presence in this great body of a man of the intellectual power and of the character possessed by the senior Senator from Ohio, and I am confident that my good friend, the Senator from Texas, joins in that view which I now express.

Now, Mr. President, I speak with respect to the particular amendment submitted by the Senator from Ohio. He said a little earlier this evening that the figure in the bill itself is not a sacred amount, and I thoroughly agree with him in that view. To my mind it is not at all obligatory upon the Senate to adopt the figure or the figures which are set forth in the bill if the Senate shall not deem such action to be wholesome and advisable under all the circumstances. But, Mr. President, as I have considered the matter I have come to the conclusion, and desire to place myself on record to that effect, that it is not shown by the evidence between the Senate to be advisable that we shall adopt the amendment proposed by the Senator from Ohio. Why do I say that? Summing my reason up in one sentence, I will say that I do not believe that the evidence before the Senate is sufficient to justify the conclusion that the Economic Cooperation Administration is in error in recommending the figures which are set forth in the bill.

As I understand generally the purpose of the Economic Cooperation Act, it is for our Nation to go reasonably far toward assisting various other nations of the world in the rehabilitation of their respective countries. The judgment of the Economic Cooperation Administration is to the effect that the amounts in the bill are necessary for that purpose, if the rehabilitation is to be carried on in accordance with the policies which the respective nations themselves believe to be the proper policies for their own internal development.

I had not seen the letter from Mr. Hoffman and did not know of it until it was presented here a few minutes ago, but it impressed me, as I heard it read, by the care and the thought that had been used in preparing it. I recall in that connection the fact that the senior Senator from Ohio himself referred to-day, as I understand, to the fine capacity which has been shown by Mr. Hoffman in the administration of the Economic Cooperation Administration. I say, Mr. President, that the judgment of the Economic Cooperation Administration is that the amounts set forth in the bill are necessary for the purpose of going reasonably far toward the rehabilitation of the countries involved, provided that rehabilitation is to be carried out in accordance with the policies which the respective nations themselves believe to be the proper policies for their own internal development.

Mr. President, if we should here tonight reduce the amounts of this authorization, as I see it, we would in effect be requiring changes to be made in the internal developments and plans of the respective nations. I think we have a



perfect right to bring about a reduction which would cause such change in internal policies provided we deem it the part of wisdom to make such a requirement. It is our money. We have a right to say whether we want it used in a nation such as Great Britain, which is going so far along socialistic lines, and which, at least according to the opinion of Mr. Mayhew, a member of Parliament, has been so much aided in her development along socialistic lines by the use of ERP funds. We have a right to say to the nations of the world that we are not going to permit our money to go to a nation which wants to follow such plans. But I do not believe that there is evidence before us to show that in carrying out the purposes of the Economic Cooperation Act it is advisable for the United States of America to reduce the amount of its appropriation below the figure in the bill to a point which would in effect require a change by these nations in their internal policies.

Now, Mr. President, I want to address myself very briefly to the subject of the Appropriations Committee. As I see it, the Appropriations Committee, of course, retains the power, notwithstanding what we may pass here tonight in the way of an authorization, to recommend to the Senate a proper reduction; and, to be sure the Senate retains, regardless of what recommendations shall be made by the Appropriations Committee, the power itself to bring about such a reduction.

I am not unmindful, Mr. President, of the fact that there has been frequently used in the Senate the argument that when an authorization has been made, the Appropriations Committee should follow the authorization. I do not personally agree with that at all. If I am not mistaken I have either expressed myself to that effect upon the floor of the Senate, or within the hearing of other persons. I think the legal situation is, as was conceded by the Senator from Ohio, that the Appropriations Committee does retain that power.

I think that as a result of this debate upon the floor of the Senate the Appropriations Committee should observe the fact that it has the power to pass independently upon what is done here by way of authorization, and to recommend to the Senate what it deems to be the proper amount. It may be that the Appropriations Committee will come back with a recommendation substantially the same as or identical with the amount set forth in the bill. I should not be greatly surprised if it did. Neither should I be greatly surprised if it recommended some material change in the bill.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. DONNELL. I yield for a question.

Mr. CONNALLY. Has not the Appropriations Committee complete jurisdiction to summon anyone it wishes before it and go into the whole question on its own responsibility?

Mr. DONNELL. That is my understanding. I think that is undoubtedly true.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. DONNELL. I yield.

Mr. MAYBANK. Will the Senator name the occasions upon which the Appropriations Committee has done so?

Mr. DONNELL. I cannot. I have never served upon the Appropriations Committee. Let me answer the question fully. It may be that in the past the Appropriations Committee has been unduly guided by the authorization features of an authorization bill. If it has, I undertake to say that we have now arrived at a point where the Appropriations Committee should realize, beyond peradventure of doubt, that the Senate expects the Appropriations Committee to retain for itself the power which it possesses, and not to act as a mere rubber stamp upon an appropriation.

Mr. MAYBANK. Mr. President, will the Senator further yield?

Mr. DONNELL. I yield for a question.

Mr. MAYBANK. Will the Senator support the Appropriations Committee to the end?

Mr. DONNELL. I make no promises whatsoever as to what I shall do. I shall do as I have done tonight, namely, make my decision and vote as I deem proper at the time. I shall make no commitment in advance of the time when I am to cast my vote.

Mr. MAYBANK. Then, as I understand the Senator's statement, he would not support the Appropriations Committee, but he retains to himself the right to judge what to do. At the same time, he says that the Appropriations Committee has the right to change the authorization. In substance, the Senator states that he would pass the buck to the Appropriations Committee.

Mr. DONNELL. I say no such thing. I say nothing about passing any buck, or anything to that effect. I say that we have two coordinate committees in the Senate, of equal dignity and power. One of those committees is the Committee on Foreign Relations. The other is the Committee on Appropriations.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. DONNELL. I decline to yield further at this point. The Appropriations Committee should have—and I trust does have—the backbone, just as it has the legal power, to use its own independent judgment upon the evidence which is before it. I do not know what the Appropriations Committee may do. The Appropriations Committee may say that the Committee on Foreign Relations was right. I can well see how the Appropriations Committee might take the letter of Mr. Hoffman as a very significant expression to the general effect that the Foreign Relations Committee was right. But in my judgment every member of the Appropriations Committee should consider himself under a solemn duty, which cannot be delegated to the Foreign Relations Committee, to consider and act independently upon the question of appropriations.

Mr. MAYBANK. Mr. President—

Mr. DONNELL. Does the Senator desire to ask a question?

Mr. MAYBANK. Yes. Is not the Senator agreeing with the Foreign Relations Committee tonight?

Mr. DONNELL. I did not catch the question.

Mr. MAYBANK. The Senator is in accord with the Foreign Relations Committee tonight, is he not?

Mr. DONNELL. I am in accord with the idea of voting against this amendment, for the reasons which I have just stated.

Mr. MAYBANK. I understand; but those are the reasons of the Foreign Relations Committee, are they not?

Mr. DONNELL. They have their own reasons. I have mine. My reason is just as I have stated it so far. I propose to vote against the amendment for the reasons which I have indicated.

Mr. MAYBANK. If the members of the Appropriations Committee do their duty, as I am sure they will, will the Senator then support the Appropriations Committee if it should reduce the appropriation?

Mr. DONNELL. As I have stated to the Senator, I make no promises directly or indirectly. I consider that I have a solemn duty, when the report of the Appropriations Committee is brought before us for consideration, to vote for it if I think it is right. If I think it is wrong, I shall vote against it. That is the only promise I will make to the Senator from South Carolina or to any other Member of the Senate, or to any other constituent, or to any other person in the United States.

Mr. MAYBANK. The Senator is putting off the date when we shall determine what amount of money we shall actually appropriate.

Mr. DONNELL. That question, of course, calls for a "Yes" or "No" answer, and I will answer it "Yes," in this respect: The day will, of course, be deferred, because the Appropriations Committee is not in session tonight. I should say that if the Appropriations Committee were in session tonight, it would be exercising very doubtful judgment if, within a period of 30 minutes, it should pass upon a question involving five and a half billion dollars. Of course, it will mean that the time between now and the time when the Appropriations Committee shall make a recommendation will elapse before we receive that recommendation. But even if we adopt the amendment, or pass the bill without the amendment, the Appropriations Committee will still have its duty to perform, and we cannot finally act upon the amount to be appropriated until the Appropriations Committee shall have submitted its report. So the effect of what I am advocating here tonight is not a delay of one 15-minute period.

Mr. MAYBANK. Mr. President, will the Senator further yield?

Mr. DONNELL. I yield to the Senator from South Carolina.

Mr. MAYBANK. I only wish to say to the distinguished Senator from Missouri that I am happy to have him express the thought that we are not appropriating any money tonight.

Mr. DONNELL. I certainly do not understand that if I vote tonight for this bill I am voting for any appropriation. I shall vote upon what the bill says, namely, an authorization for an appro-



priation to be made in an amount not to exceed the amount specified in the bill. I am not voting on any appropriation. No Senator is tonight called upon to vote upon any appropriation. He will vote solely upon the measure which is before us, which is merely an authorization.

Mr. MAYBANK. I am happy to hear what the distinguished Senator from Missouri has said. I do not want any foreign governments to be fooled into believing that we are voting \$5,000,000,000 for them tonight, because in my judgment the Appropriations Committee will never do it.

The PRESIDING OFFICER. The Senator from Missouri can yield only for a question.

Mr. DONNELL. Mr. President, I agree with the Senator from South Carolina. I do not want any foreign government to be fooled either. I hope the press will make it so clear that no one can misunderstand, that what we are doing is a mere authorization, and that we are not passing upon the final amount to be appropriated.

Reverting for a moment to the North Atlantic Pact, I hope also that the press of the country will make it so clear that any person who can read will understand, that the mere fact of the elaborate ceremony, with flags flying, the Marine Band playing, the luncheons, and the great display of diplomats is not a final determination that the United States is ratifying the North Atlantic Pact.

Tonight the Senator from Ohio [Mr. TAFT] presented various newspaper clippings showing that after the action taken last year on the European recovery bill certain newspapers over the country misunderstood the situation. One newspaper stated that the House of Representatives had welshed. Other newspapers indicated that the committee of the House had gone back on the agreement which had been made by the passage of the bill.

The Senator from Texas [Mr. CONNALLY], with his fine sense of humor and his dramatic ability, portrayed the Senator from Ohio as being almost afflicted with creeping palsy as he presented those newspaper statements before the Senate. I observed no indications of serious illness on the part of the Senator from Ohio. If he were suffering from any such ailment, I should say that it would be the duty of his colleagues promptly to communicate the information to the official physician of the Senate. I do not believe that there was any indication of tremor, or anything approaching cowardice, or anything approaching fear. I think the Senator from Ohio was giving us what the press had stated and what the press understood and believed.

Mr. President, I wish to say two things: In the first place, the press which understood that the authorization bill of last year was the equivalent of an appropriation was 100 percent wrong, and I hope the press will wake up to that fact; in fact, I hope they have waked up to it tonight. There is no binding effect whatsoever in an authorization bill, as regards the appropriation thereafter to be made. The authorization bill simply creates a condition under which author-

ity is granted to make an appropriation; and subsequently the question arises as to whether the appropriation shall be made. Therefore, Mr. President, I say the newspapers were wrong.

Furthermore, I wish to say that even if every newspaper in the United States should be wrong in that respect, when we change this figure, if we do, on final action, to my mind the Senate will have acted properly, conscientiously, and legally in recognizing the fact that this is merely an authorization bill, and that what subsequently will come is entirely distinct from it, and that the mere fact that the appropriation bill may carry a different figure from the figure in the authorization bill will not mean that there has been any backing down on an obligation, any failure on the part of any Member of Congress to do his duty as a Member of Congress. I hope that out of this debate tonight will come a general realization by the press of our Nation—yes, and perhaps by some of the Members of the Senate—of the fact that two great coordinate committees are involved in this matter, each of which should act independently of the other.

So, Mr. President, in the final words which I shall utter tonight I wish to say that because of the facts I have indicated—which, summed up in a sentence, may be stated as this: that I do not believe there is evidence before the Senate sufficient to justify the conclusion that the Economic Cooperation Administration is in error in recommending the figures as set out in the bill—I shall vote against the amendment of the senior Senator from Ohio.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. DONNELL. I yield for a question.

Mr. TAFT. Does not the Senator think the burden is on the Economic Cooperation Administration to prove that it is correct? Can the Senator find in the hearings any evidence to support the figure "\$5,460,000,000," any more than any other figure which might be before the Senate?

Mr. DONNELL. I should say, in answer to that question, that there has been a presumptive finding, as I see it, by the Foreign Relations Committee, which has come before us, after hearing the evidence, and has recommended that figure. I have not read this book of evidence or hearings, and I doubt whether any Member of the Senate who is not a member of the Foreign Relations Committee has read it. In fact, perhaps not any member of the Foreign Relations Committee itself has read all of it. But the committee held the hearings, and now has come before us with a finding which to my mind is entitled to some presumptive value. Therefore, when a Senator not a member of the committee rises on the floor of the Senate and seeks to reduce the amount recommended by the committee, and contained in its report, I say that the burden is certainly upon such a Senator who seeks to reduce the amount recommended by the committee; or, at any rate, if such Senator does not concede the correctness of that statement, then I say we are entitled to consider all the arguments and all the

facts and all the evidence which have been placed before the Senate, and to draw our best conclusion from those facts and from that evidence and from those arguments.

Mr. President, although I should like to see a substantial saving made, from the standpoint of the expenditures made by the United States Government, and although I should like to see part of that saving made in this bill, yet I am perfectly willing tonight to say that either on the ground that the evidence which has been adduced shows that the proposed amendment is wrong, or on the basis of our conclusions after searching the entire record to the extent that we Members of the Senate have been afforded an opportunity to do so in connection with the debate, I am of the opinion that the Taft amendment should not be adopted, but the figure contained in the bill should be approved, instead.

Mr. CAPEHART. Mr. President, I shall not delay the Senate for long. I should like to have the Members of the Senate look at the record and consider it.

I have been listening all evening to Senators who have been trying to reduce the expenses of our expensive Government by making reductions in arbitrary amounts in connection with the pending measure. The able Senator from Texas, of course, at times becomes very humorous and likes to joke. He likes to wink a little at other Senators, so to speak, and he likes to make believe that those of us who oppose him do not know what we are talking about. Tonight he has likened those of us who wish to reduce the figure contained in the bill to a man who asks a tailor to make him a suit of clothes, but to use 2 yards of cloth less than the amount that is absolutely required, as a minimum, to make a suit. The Senator from Texas has criticized the use of arbitrary figures by certain Senators.

Mr. President, let us examine the record. I state here and now that unless this body wishes to finance 100 percent the deficits—meaning the difference between exports and imports—of the European countries, we should make a cut in the figure reported by the committee. I shall take the record of the ECA itself and shall prove to the Senate that what we should be talking about, instead of a 10-percent cut in the authorization, is a reduction of it to \$3,000,000,000.

I had intended to offer an amendment providing that the figure be reduced to \$3,000,000,000. I shall not do so, because that would be hopeless, in view of the fact that this body has already voted down an amendment providing for a 15-percent reduction.

Mr. President, let us look at the record. After all, this matter is not complicated; it is really very simple. It is only necessary to read the report of the ECA.

I hold in my hand the eighth report of the Economic Cooperation Administration, Paul G. Hoffman, Administrator, of February 16, 1949. I am looking at page 2. At the top of the page I read:

European recovery program.

How we stand as of January 31.

At the bottom of that page it is stated that \$2,300,000,000 worth of goods or sup-



plies from last year's appropriation have been shipped. Keep that amount in mind, Mr. President. That means that \$2,700,000,000 worth of last year's appropriation has yet to be shipped. Yet, by the administration's own reports—and it has not been denied on the floor of the Senate—recovery in Europe is now back to prewar levels in every instance, and in most instances it is above prewar levels. We are told that there is no unemployment in Europe, with the exception of in Italy and in western Germany. Let us keep that fact in mind. If there is any Senator who disagrees with it, I wish he would say so. The able Senator from Michigan [Mr. VANDENBERG] a week ago tonight agreed with that statement, but said that the countries of Europe have lost a great many of their foreign investments and have lost their tourist trade and have lost other things. He admitted that their production was back to normal, and in most cases above normal.

I arrive at my figure of \$3,000,000,000 in this way—and it is not an arbitrary figure: There is still \$2,700,000,000 worth of goods or supplies from last year's appropriation to be shipped. If we appropriate \$3,000,000,000 for next year, that will make a total of \$5,700,000,000, which is approximately \$300,000,000 more than is being asked in connection with this bill.

Mr. President, I ask in all fairness: If the nations of Europe have been able to make the remarkable recovery they have made, if their production is up to prewar levels or above, and if they have been able to do all that with \$2,300,000,000 from us, then if we give them another \$2,700,000,000 worth of goods from last year's appropriation and \$3,000,000,000 worth of goods from the next appropriation, or a total of \$5,700,000,000 worth, what more can we do for them?

After all, it is a practicable matter. We talk about appropriating this money. Mr. President, we do not have the money. How do Senators know that we shall have the money next year? We have a \$252,000,000,000 public debt. How is it possible to know what our revenue will be next year, with prices falling as they are at the moment? How can it be known that we will collect \$40,000,000,000 next year? Suppose it should only be \$35,000,000,000, or \$32,000,000,000. Does anyone think for a moment that this Nation can live if we continue to run in the red each and every year, with a public debt of \$252,000,000,000 at the present time? Yesterday the President of the United States said that, in the current fiscal year ending on June 30, he anticipated the deficit would be \$700,000,000 or \$800,000,000. If this Government of ours—and we are the Government; we are the one who appropriate the money—following 1948, the most prosperous year in the history of the Nation, with the high prosperity we are today enjoying, with taxes about as high as the people can be asked to pay, is unable to balance the budget under such conditions, I ask how in the name of heaven are we going to be able to balance the budget and keep out of the red when prices level off.

If the European nations were as friendly to us as I should like to feel they are, they would be as much interested in our financial condition as we ourselves are. What good is it going to do us to give them an extra two or three billion dollars if thereby we run our Government further into the red? Where is the money coming from? Whose money is it? We do not have it.

How is it possible to appropriate millions and billions of dollars when there is an existing public debt of \$252,000,000,000? In view of ECA's own record, in which it is admitted that production in certain of the beneficiary countries is above prewar, in which it is admitted there is no unemployment—those are ECA figures and records, not mine—and knowing as we do that our revenues for the next year are going to be less, knowing that we have a \$252,000,000,000 debt, and knowing that the worst possible thing that could happen to the Nation would be that we run into the red for the next 5 or 6 or 7 or 8 or 10 years, and pile billions and billions upon our present \$252,000,000,000 debt, I ask what are we thinking about? When are we to begin reducing appropriations? When are we to begin cutting expenses?

I say, cut the authorization to \$3,000,000,000. The able Senators from Ohio and Georgia offered an amendment to cut it about \$500,000,000. To me, the amount is absurd. It should be more than that. I never was any more serious in my life. I never was any more worried about the future of our Nation than I am tonight, because any Senator on this floor, if he will but stop to think, can come to but one conclusion, and that is that revenues for the fiscal year ending June 30, 1950, are going to be smaller. I should have no hesitancy in voting \$5,000,000,000, \$6,000,000,000, or \$7,000,000,000 if we had the money, if we were not in debt. It is all right to laugh about the matter. It is all right for the able Senator from Texas to laugh about it, but I want to tell Senators the American people are not laughing.

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I should rather not.

Mr. CONNALLY. Very well.

Mr. CAPEHART. I say to Senators in all seriousness, when this Nation runs a deficit of two, three, four, or five billion dollars during peacetime, and when we are forced to increase the taxes of the American people in order to pay all or a portion of the \$5,000,000,000 that is talked about tonight, I say they are going to rise up. I say that our grand children and great grand children will hate us for putting them so heavily into debt. It is unnecessary. It is unnecessary because, by ECA's own records, a \$3,000,000,000 appropriation, in my personal opinion, will do the beneficiaries just as much good as the \$5,000,000,000 that is talked about, unless perchance it is desired that the American taxpayers shall balance the deficit of the participating countries, as the able Senator from Ohio explained here this afternoon.

Frankly, I do not know what Senators are thinking about. I do not know where

the money is to come from. I know we do not have it. I know that the revenues of our Government are going to be less next year than they are this year. I know we are going to be called upon shortly to appropriate another \$1,000,000,000 or \$1,500,000,000 to rearm the countries of western Europe. I know we should cut expenses, and I believe it is the intention of every Senator to cut expenses. I say, God help us when we start cutting domestic expenses, which we may be forced to do as a result of reduced Government income. God help us when we are forced to reduce domestic expenses, after we have voted in the Senate to appropriate \$5,500,000,000 in order to aid people in other countries, when it is proved to the American people, and will be proved to them, that it is unnecessary, and that half the amount would serve the purpose equally well.

I am pleading with the Senate to give some thought to the matter of keeping our Government sound. I care not whether it be an individual, a corporation, a family, or a government; if the individual, corporation, family, or Government continues to spend more money than it takes in, each day and each month and each year, nothing but calamity can come to it. If there is a Senator on the floor tonight who feels that the Federal income for the fiscal year ending June 30, 1950, will be, without increasing taxes, larger than it will be on June 30 this year, I wish he would stand up and say so.

Mr. President, I shall vote for the amendment.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Is the Senator from Indiana yielding the floor?

Mr. CAPEHART. I shall be happy to yield to the Senator from Texas before yielding the floor.

Mr. CONNALLY. Would the Senator vote for \$3,000,000,000 if that should be the amount of the authorization in the bill?

Mr. CAPEHART. Yes.

Mr. CONNALLY. The Senator's views have changed, since he voted against all appropriations a year ago, and also voted against the bill. Is that not true?

Mr. CAPEHART. The Senator is absolutely correct. I offered a substitute for the bill last year, which was rejected by the Senate, but I voted against the bill which was passed.

I may say, Mr. President, that I shall vote against the pending bill unless there is a substantial reduction, because I shall not vote for billions and billions of dollars for foreign aid when it is unnecessary and then deny my own people the many things they need. Someone someday has got to represent the taxpayers; someone must represent the common folks. The able Senator from Texas said a moment ago, "You should not even question these amounts, because Mr. Harriman and Mr. Hoffman and Mr. Bruce recommended them."

Mr. CONNALLY. Mr. President, I did not say that.

Mr. CAPEHART. Who are Mr. Harriman, Mr. Hoffman, and Mr. Bruce?



They represent Wall Street. They represent the group which the President of the United States went up and down the Nation describing as undesirable persons. They are the ones who recommended \$5,500,000,000. It was not the common folks who recommended it. It was not the Democratic Party. It was not the able Senator from Texas. Who recommended it? The representatives of Wall Street, those mischief makers, those awful people—Mr. Bruce, with branch offices all over the world; Mr. Harriman, who inherited his millions and is a member of a Wall Street investment firm; Mr. Hoffman, who represents the Studebaker Corp., which is financed by Wall Street. It was not the Democratic Party, not the common people, not the taxpayers; it was the despicable Wall Streeters whom Mr. Truman condemned from one end of the Nation to the other. Now the able Senator from Texas tells us that we should accept the figures recommended by those men, that they know best, and we know nothing about it. It was only last October and November that they were called—well, I cannot describe the terms which were used.

Mr. President, I say, "Wake up, America! Let us have the courage to do the right thing; let us have the courage to face the facts; let us try to realize what we are doing; let us keep our own Nation strong."

Yes, Mr. President, I shall vote for \$3,000,000,000. If there is a dime over that amount, I shall vote against it.

Mr. LODGE. Mr. President, I have attended this debate for the past few days, and I will say, in all frankness, that it has, to me, had an atmosphere of great unreality. It is as if World War II had never been fought, as though the nations of western Europe had never collapsed, as though airplanes had never been invented. It is as though we could sit in safety on this side of the Atlantic Ocean, which once was so broad.

I have heard those who are in favor of economic assistance to the nations of western Europe in their struggle against communism described as being men who, by inference, at least, are opposed to a high standard of living, against low taxes, against integrity of investments, in favor of socialism, have not the interests of our boys and girls at heart, are not concerned with the welfare of the plain people of America, and do not desire to keep the Government sound.

Those are a few of the things which have been said. I may say, Mr. President, that I am in favor of low taxes, a high standard of living, the integrity of investments; I am opposed to socialism, in favor of national defense, I want to keep the Government sound, and I want to keep the boys and girls at home, and out of war. No Senator here has a copyright on a desire to keep the country safe—

Mr. KEM. Mr. President, will the Senator yield?

Mr. LODGE. I do not have time to yield. I shall yield to the Senator from Missouri in my own good time. I have had quite a difficult time getting recognized. Senators opposed to the bill have

had the floor for a long time, and I intend to keep it for a few minutes. If the Senator will be patient he will have an opportunity to make his point again.

Mr. President, I shall address myself to the limiting amendments which have been offered by the Senator from Ohio [Mr. TAFT]. I think my friend from Nebraska [Mr. WHERRY] has one also. I presume he does not speak for the minority, although I see nothing in the RECORD to make the point clear—

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. WHERRY. I certainly want to make it clear that I do not speak for any Senator except myself. My amendment has already been voted upon.

Mr. LODGE. I am glad to have that assurance. I thought the Senator had another amendment, as a matter of fact, relating to the duration. The Senator did not make that point clear before. I am glad he makes it clear now, because it is my recollection that most, if not all, the members of the minority on the Foreign Relations Committee were in favor of the proposition which I am discussing.

Mr. President, a great deal has been said about the Foreign Relations Committee. The Senator from Ohio, who, I regret to say, is not present at the moment, went so far as to say we had been negligent in our duty. That is a serious charge. When a man is charged with being negligent in his duty, I think it is a very serious charge. Heaven knows, Mr. President, I do not boast about the Foreign Relations Committee, but I say in all candor that I am not a bit ashamed of it. I am not ashamed of the work which has been done by the watchdog committee, of which I am no longer a member, but of which I was a member at the beginning. I challenge any Senator to find an instance of an activity of the Government being subjected to a more thorough and more detailed questioning than has been the case in the watchdog committee. I do not think a more thorough investigation can be found.

I should also like to know of a case in which a standing committee of the Congress has organized its work in a more realistic manner than has been the case with the watchdog committee. I think we have done our duty. The fact that a committee of Congress does not consider every individual amendment that every Senator may offer, does not mean that he does not consider the subject as a whole. The fact that we did not consider a specific amendment cutting the authorization 10 percent does not mean we have not given the most careful consideration to the figures, which, of course, we did.

We shall not get anywhere in this discussion unless we have certain common assumptions. So long as the idea is perpetuated that those who are against the Marshall plan are in favor of peace, and those who are in favor of the Marshall plan are aiding communism—and that has been said, Mr. President, many times, fantastic as it may be, and incredible as it may appear—

Mr. JENNER. Mr. President, will the Senator yield?

Mr. LODGE. I shall not yield now. I shall yield in my own good time and in my own way, after I have developed my point. I shall yield to suit myself, and not to suit the Senator from Indiana. The Senator from Indiana yielded to suit himself.

Mr. JENNER. Mr. President—

The VICE PRESIDENT. The Senator should not be interrupted when he declines to yield.

Mr. LODGE. Mr. President, it has been said that those who are opposing the Marshall plan are trying to get a copyright on peace, and those who are in favor of the plan are in favor of communism, when all the world knows that the Marshall plan has been a brilliant success. Instead of following the Marshall plan, some have been following the advice of those who said, "Put your money into guns." Communism can only be stopped by human treatment, and that is what the Marshall plan has meant.

Sometimes when we sit here listening to all these facts which are individually correct, with the erroneous deductions we hear being drawn from them, we wonder what century we are in. We must have some common assumption or the whole thing makes no sense at all. We have to assume that we agree that the attempt of international communism to set up a godless world dictatorship is a danger. If one does not think it is a danger, there is no use arguing with him. If any Senator does not think it is a danger, he is at liberty to think so. But if the assumption I have stated is true, then it must be evidently in our interest to help get the nations of western Europe onto their feet and off our backs. But not because we like them. I have heard a childish notion advanced here in the last few days that we help the nations we like and we do not help the nations we do not like, and that if we help a nation and they do not like us, our feelings are going to be terribly hurt.

Mr. President, this is not a Sunday-school picnic, this is international politics. We are helping Germany, we are sending a great deal of money to Germany. We are running the air lift into Berlin to feed 2,000,000 Germans. We have had two wars with the Germans in our lifetime. We are not sending aid there because we like them. We are sending it there because it seems to be the right thing to do.

If someone is sick in bed in a hospital his doctor wants to get him well. If in the process of getting well he throws a book at the doctor and calls him a low name, the doctor realizes the patient is getting well. The doctor is not trying to win popularity; he is trying to restore the patient's health not so that he will be liked but so that the patient will be able to get out and fight for himself.

There seems to be an idea that it is possible to buy popularity. That is not possible in our individual lives, and how can we expect to find it so in international life? It does not work that way.

Here we have Mr. Hoffman, a very brilliant and able man, who has done a very brilliant and able job. I suppose if



he had done a poor job, we would certainly want to cut the authorization, but he has done a good job, yet there are still some who want to cut it.

I think Mr. Hoffman's figures are honest. I think they are as near to rock-bottom figures as can be gotten in connection with a proposition of this kind. I do not agree with the contention that the situation with respect to appropriations is the same this year that it was last year. If we had failed last year to appropriate the money which we had authorized, it would have been a psychological blow to the sick countries in Europe. Now the sick countries are much healthier. They have had quite an education in American methods. I think the Committee on Appropriations is perfectly free to reduce the appropriation below the ceiling fixed, and the figure in the bill, Mr. President, is a ceiling. I know that in the Committee on Foreign Relations I stated on the record, as many other Senators did, that I would favor this as a ceiling, and would reserve my right to vote for a lower appropriation if the costs of the articles we must buy declined. So let no one assert that the situation this year in regard to appropriations is the same as it was last year because, in my opinion, it is not.

Now, I yield to the Senator from Indiana.

Mr. JENNER. The Senator stated that there must be one general assumption upon which we must agree, namely, that communism is a bad thing. I wish to ask the Senator whether or not it is a fact that since the Marshall plan has been in effect communism has made its greatest gain, and has come to dominate more people in the past year than it ever had in the previous 20 years of its existence.

Mr. LODGE. In the past year the Communists have had the greatest setback in western Europe they have had at any time since the war. They have made great gains in China, but, so far as western Europe is concerned, they have had the greatest setback they have had since the war.

Mr. JENNER. I am sure the Senator listened to Winston Churchill last evening.

Mr. LODGE. I did.

Mr. JENNER. He referred to that very subject. He attributed the use of the term "cold war" to America, and in substance he asked, "How are we getting along in the cold war?" He said what the Senator has said, that in western Europe we are getting along pretty well, but in the east things are not going so well. So I ask the Senator the question, Is it not a fact that communism actually dominates more human beings tonight, 1 year after the Marshall plan has been in effect in western Europe, than it dominated in the past 20 years of its history?

Mr. LODGE. No, I do not think that is the case in western Europe. I think communism dominates a far smaller number of people in western Europe than it did a year ago.

Mr. JENNER. In the world, I mean.

Mr. LODGE. I thought the Senator said western Europe.

Mr. JENNER. I beg the Senator's pardon.

Mr. LODGE. It dominates fewer people in western Europe but more people in China. I think the situation in China is extremely serious, very grave indeed, but I do not think this is the time or the place to go into that.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LODGE. I yield to the Senator from Ohio.

Mr. TAFT. I believe the Senator referred to the watchdog committee.

Mr. LODGE. Yes.

Mr. TAFT. Did the watchdog committee ever approve the figures in the proposed appropriation?

Mr. LODGE. No. I mentioned the watchdog committee while the Senator was out of the Chamber, I think, because of the statement I understood the Senator from Ohio to have made that members of the Committee on Foreign Relations had been negligent in their duty.

Mr. TAFT. I made no such statement.

Mr. LODGE. I understood the Senator to say that.

Mr. TAFT. Not at all. I said I understood the Senator from Michigan to say that my amendment had not been given any consideration in the committee, and I said that if it had not been given consideration, they had not done their duty, because it was necessarily involved in the consideration which they obviously and properly gave to the amount requested.

Mr. LODGE. That is where I part company with the Senator. The committee did consider the over-all figures and all the factors that went into it, and the fact that it did not consider some individual Senator's particular amendment does not, in my opinion, indicate that we were negligent in our duty.

Mr. IVES and Mr. TAFT addressed the Chair.

The VICE PRESIDENT. Does the Senator from Massachusetts yield, and if so, to whom?

Mr. LODGE. I yield first to the Senator from New York, and then I shall yield to the Senator from Ohio.

Mr. IVES. Apropos of the question previously raised by the able Senator from Indiana, is it not very likely that without the Marshall plan in effect, without ECA aid, the inroads of communism, the march of communism in the world, would have been a great deal more pronounced than has been the case?

Mr. LODGE. I think there is no question about it.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. LODGE. Just a moment, until I answer the question. I think there is no question that what the Senator from New York has said represents the facts. I think the Marshall plan has had the effect he indicates. It has tended to prevent the development of an open war. I think it has been a great preserver and safeguard for the lives of all our sons of military age, and I believe it has completely justified itself.

Mr. JENNER. Mr. President—

Mr. LODGE. I yield to the Senator from Indiana for a question.

Mr. JENNER. On the assumption that communism is bad and must be stopped, we are going to have to do the

same thing in the east, in China, for example, that we have done in western Europe. Is not that correct, under the Senator's theory?

Mr. LODGE. No; I do not think we can do the same thing in China we can do in Europe. I do not know China very well; I have been there only twice, but I know enough about it to lead me to feel certain that the whole structure is different from that of Europe.

Mr. JENNER. Mr. President—

Mr. LODGE. The Senator has raised a very important point which is entitled to one or two moments' consideration.

China is larger than the United States in area. There is an uncalculated number of people who live in China, probably 400,000,000. There are no roads there to speak of, there is very little technology. They are a people not accustomed to western methods of production. In the case of a small country in Europe, with a small population, something can really be accomplished, but our efforts are swallowed up in China. So while I think we should resist communism in China in whatever way we can do it effectively, I do not think we can apply the same medicine to China that we apply to western Europe.

Mr. JENNER. Mr. President, will the Senator yield for another question?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Indiana for a question?

Mr. LODGE. I yield for a question.

Mr. JENNER. I ask the distinguished Senator from Massachusetts, if communism reared its ugly head in India, what would we do about that?

Mr. LODGE. I do not know that there is anything we can do in India. I do not think the situation in India is on all fours with the situation in China.

Mr. JENNER. Is it any worse for communism to come in through our eastern door than it is for communism to come in through our western door?

Mr. LODGE. I think the two things are on a different footing. I think it is a very dangerous thing for the Atlantic nations to fall into the hands of the Communists, because leaving all sentimentality and questions of humanitarianism out of the question, the nations of western Europe have a much greater productivity, and consequently they are a much greater military and cultural asset than any other country on earth; so in that sense they deserve special consideration. I shall never minimize the importance of China, and I hope that a way may be found to develop a really successful Chinese policy. I think we can; but we certainly cannot write out the same prescription for both areas.

Mr. JENNER. Mr. President, will the Senator again yield?

Mr. LODGE. I yield.

Mr. JENNER. But from the standpoint of our security and our peace, and from the standpoint of the future security and the peace of the world, is not communism just as much a threat when it comes from the east as when it comes from the west?

Mr. LODGE. No; I do not think it is the same thing; because, as I have just said, in one place you have communism taking over a great industrial complex,



technologically strong, and that is bound to make the impact of it different. The two cannot be put on the same footing.

Mr. SALTONSTALL. Mr. President, will my colleague yield to me?

Mr. LODGE. I yield to my colleague from Massachusetts.

Mr. SALTONSTALL. My colleague has stated that the problem is a problem of international politics. As I understand the problem of international politics, the first objective of our Government is our security, the advancement of our safety, and the promotion of worldwide peace. In the opinion of the Senator from Massachusetts is not our security greater today than it was a year ago as a result of the advancement of the Marshall plan and what we have done so far as western Europe is concerned in our dealings with the people of that area?

Mr. LODGE. I think our security is very much greater today than it was a year ago. I think the enactment of the selective service, the authorization of a larger Air Force, the passage of the unification bill, have all been factors in bringing about greater security, but I think the Marshall plan is certainly one of the very fundamental factors in causing us to be very much better off today than we were last year.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. BREWSTER. I should like to ask the Senator a rather detailed question about something which concerns both of us, since we are both from New England. The Senator may be familiar with the statement of Mr. John G. Wright, president of the Boston Wool Trade Association, made before the Senate Foreign Relations Committee, in which he pointed out—

The business of buying and selling wool is practically at a standstill today, and many wool mills are either shut down or are running at curtailed capacity, resulting in much unemployment.

He goes on to attribute the reason for that to the fact that we get practically two-thirds of our wool from outside, chiefly from Australia, approximating 1,000,000,000 pounds, for which we are obliged to pay, under the existing regulations in buying British pounds sterling at \$4.02, while our European competitors are able to buy, with American money advanced by us under ECA, British pounds sterling in the free market at \$3.20, giving them a 20-percent advantage with which, with their lower production costs, they are able to funnel wool into our markets, and secure more American dollars, buy more cheap British pounds, and continue an endless cycle. As Mr. Wright says in his conclusion:

I cannot bring to the attention of this committee too forcibly the fact that unemployment and further deterioration in our wool-textile industry will continue and become more acute until the advantage enjoyed by certain European nationals who have access to free market sterling, is also made available to American business.

I should like to ask the Senator to what extent that subject has received attention in connection with the pend-

ing measure, or what measures are calculated to bring equality to the textile industry of our own New England and the Northeast?

Mr. LODGE. I can speak for myself in answering the Senator from Maine, that the matter of the wool trade has taken up a great deal of my time, and concern. That particular policy of the Economic Cooperation Administration is, I think, a mistaken one, and I am trying to have it changed.

Mr. BREWSTER. The Senator does feel—

Mr. LODGE. Let me answer the first question of the Senator from Maine before he goes on to another one. Insofar as the importation of textiles and woolen goods into this country is concerned, which undercut and undersell the American product, I appeared before the Finance Committee to request that in the reciprocal trade extension act a provision be incorporated which would provide that importations should not fall below what the Senator from Maine knows is the peril point.

Mr. BREWSTER. Does the Senator from Massachusetts know what the peril point is?

Mr. LODGE. I could not tell the Senator offhand, without looking them up, what the precise figures are.

Mr. BREWSTER. Let me advise the Senator from Massachusetts that under the existing regulations no Senator is permitted to know.

Mr. LODGE. I think that is a great mistake.

Mr. BREWSTER. I agree with the Senator.

Mr. LODGE. There are individual items in the operation of the Marshall plan of which I disapprove. I think it is a pity that they are aiding the foreign watch business. I think the Senator from Maine knows about that. There are other items of that kind. But I think the over-all net effect is very much in the interest of all Americans, including the people who work in these industries, who, after all, do not want to see their sons go off to world war III.

Mr. BREWSTER. I gather from the certain phases of this program with which the Senator from Massachusetts has an especial familiarity, such as wool and watches, that he realizes he cannot fully approve of the practices and policies of the administration? Is that correct?

Mr. LODGE. I think the administration is composed of human beings, and they have made some mistakes. I am hopeful that they will correct the mistakes as they are pointed out to them.

Mr. BREWSTER. I have one other question. Is the Senator from Massachusetts familiar with the letter of Mr. Hoffman, the Administrator, to one of the oil companies, regarding the prices of Middle East oil in which he states that they were charging for such oil in this country from \$1 to \$1.75, while for the part which we were financing in Europe they were charging from 25 cents to \$1.25 more? He referred to the oil being furnished from the Middle East to Europe on which ECA funds were being expended. Did that come to the Senator's attention?

Mr. LODGE. Is it the Senator's question that oil from the Middle East received a higher price?

Mr. BREWSTER. They charged 25 cents to \$1.25 more a barrel for the Middle East oil supplied to Europe than they charged for the oil shipped to this country. Does the Senator think that ECA funds should be used in that way to pay so obviously disproportionate and uncompetitive a price?

Mr. LODGE. No; I do not defend that price, I will say to the Senator. I have given that some thought also. But I do think that there is an advantage in the development of oil in that part of the world from the standpoint of Europe and from our own standpoint.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. JENNER. Returning to the colloquy between the distinguished Senator from Massachusetts and his colleague [Mr. SALTONSTALL], I believe, in reply to the question of the senior Senator from Massachusetts, the junior Senator made the statement that we were more secure this year than we were a year ago as the result of the Marshall plan activities. Is that correct?

Mr. LODGE. Yes; I think the Marshall plan is one of the factors that has increased our security.

Mr. JENNER. Then I ask the Senator, if we are more secure now than we were a year ago, why do we propose to spend \$15,000,000,000 this year on our national defense, and why do we invite to our shores representatives of the countries of the North Atlantic area to sign a security pact which will cost billions of dollars more? If we are more secure, why do we keep putting up the cost of security and building up a greater defense?

Mr. LODGE. Because we are not secure enough. That is a simple question.

Mr. President, I have no desire to detain the Senate any longer.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. WHERRY. I am very much interested in the reply the Senator from Massachusetts made to the Senator from Maine [Mr. BREWSTER] relative to the shipments of wool and of textiles to New England. I have in my hand the report on the European recovery program, United Kingdom study, with which, no doubt, the Senator is well acquainted, in view of the fact that the Senator made the response he did to the Senator from Maine that the wool situation should be taken care of. I think he mentioned that the matter of watches should also be taken care of, as well as the oil situation—and if there is anything that should be taken care of, it is oil. On page 63 there is a statement concerning the over-all situation. I should like to read a brief excerpt, consisting of about six lines, showing the degree to which exports may overcome the dollar deficit. That is, of course, what we are after in this appropriation.

The degree to which exports may overcome the dollar deficit may be of greater importance to the solution of the present problem than the over-all total. Immediately before



the war the United Kingdom sold about 4.5 percent of total exports to the United States and 17.5 percent to the Western Hemisphere as a whole. The object of the program is to increase these proportions to 6 and 20 percent by 1952-53. Since the total volume would be greater, this would mean an increase in shipments to the Western Hemisphere of about 80 percent over the volume in 1938.

I ask the Senator this question: When all these exports, including petroleum, come from the United Kingdom or the colonial possessions into the dollar areas, will we not run into the same difficulty which the Senator pointed out in connection with wool, textiles, watches, and the other items mentioned a moment ago, if we attempt, with the aid of ECA funds, to increase shipments to the Western Hemisphere by 1952 to the extent desired?

Mr. LODGE. The ideal solution is for the nations of Europe to build up their export trade by producing the things which we do not produce. With skillful management, it ought to be possible for them to build up their economies without having a deleterious effect on American trade. That is easy to say—

Mr. WHERRY. That does not answer my question.

Mr. LODGE. As I say, that is easy to say. That is the way I think it ought to be done. As I understood the Senator, he asked me to peer into the future. That is what I am trying to do.

Mr. WHERRY. Mr. President, will the Senator further yield?

Mr. LODGE. I yield for a question.

Mr. WHERRY. Inasmuch as this is the program outlined by the United Kingdom, will not the difficulty be, as they make shipments of fabricated materials, textiles, wool, petroleum, or anything else the production of which is promoted over there, that the very money which we use to promote the program will come back into the dollar areas, and we shall have the same trouble, especially if the attempt is made to increase shipments to the Western Hemisphere by about 80 percent over the volume of 1938? Should we subsidize the program to that extent?

Mr. LODGE. The Senator asked me to look into the future and tell what I think is going to happen under that program. Let me say once again that the ideal solution is for those countries to develop their export trade by making things which they produce best, and which we do not produce.

Mr. WHERRY. I agree with the Senator.

Mr. LODGE. Let me complete my answer to the Senator's question. If one of those countries should begin under selling us in the case of one of our staple products in a way which is extremely harmful to us, I hope that we in the Congress will have the gumption to place a peril-point in the administrative act to prevent our own industries from being scuttled.

Mr. President, I have said all I care to say. I am opposed to this amendment, and I hope it will be defeated.

The VICE PRESIDENT. The question is on agreeing to the amendment offered

by the Senator from Ohio [Mr. TAFT] for himself and the Senator from Georgia [Mr. RUSSELL].

Mr. FERGUSON. Mr. President, I shall not take much of the time of the Senate. However, I wish to say a few words about this amendment.

As a member of the Appropriations Committee, I am glad that the chairman of the Foreign Relations Committee [Mr. CONNALLY], and my colleague from Michigan [Mr. VANDENBERG], the ranking Republican member of that committee, have stated upon the floor that the amount set forth in the bill as a ceiling is only for the purpose of authorization, and that in their opinion the Appropriations Committee has full authority—which we all know it has under the rules of the Senate—to pass upon the items in the appropriation bill.

Mr. President, we realize that at times committees have overlapping authorities. From time to time Congress is called upon to pass authorization measures, and then the Committee on Appropriations in each House has full authority to pass upon the items in the appropriation bill. As a Member of the Senate Committee on Appropriations, I believe that that committee will perform its duties fully when the appropriation bill comes before it. I am satisfied that the burden of proof should be upon those who ask for the appropriation, and that the amount fixed as a ceiling in the authorization bill is not necessarily the amount which must be in the appropriation bill which will be reported to the Senate.

From time to time Members of the Appropriations Committee have been told, in connection with an appropriation pursuant to an authorization act, that the Committee which recommended the authorization knew more about the subject than did the Appropriations Committee.

In this particular case I shall not vote to reduce the authorization, because I feel that the Appropriations Committee should perform its function. I feel that the time has come in the Senate for that committee to perform that function, which it has not done in all cases.

Mr. President, if we are to keep this Nation strong in the fight against communism in the world, we must keep it economically strong. The fact that I shall not vote to reduce the amount of the authorization by 10 percent is no evidence of my feeling as to a reduction both in the foreign field and in the domestic field.

In connection with this bill, as in connection with all similar bills, there are two tests: First, what is the Nation's capacity? What can we as a nation appropriate and remain economically and financially strong? Second, what are the requirements of the foreign nations, and what are the requirements of our domestic budget, in order that we may remain strong as a nation? I think the responsibility is greater this year than it has been in the past years on the Appropriations Committee to determine those two great questions.

I shall not forget that when the question of the determination of the amount

of the legislative budget was postponed until May 15, I stood upon this floor and stated that I thought that was a mistake.

The able Senator from Georgia [Mr. GEORGE] has argued the question of taxes. I think that is a very pertinent question, because if our income is to be reduced and our expenses are not to be reduced, we shall run into deficit spending. That will be a calamity not only for the United States, but for all those who are on the side of the United States in the struggle to make this a better world in which to live.

Mr. LUCAS. Mr. President, I rise in opposition to the amendment offered by the distinguished Senator from Ohio [Mr. TAFT], for himself, and the distinguished Senator from Georgia [Mr. RUSSELL]. I shall not take very much of the time of the Senate, although I think I would be justified in doing so, in view of the fact that I have listened patiently for the past 10 days to the addresses and the colloquies upon the floor of the Senate upon many questions which seemed to be utterly immaterial and not germane to the question before the Senate.

The Senator from Illinois is interested in this legislation from more than one standpoint. It seems to me that the thing which now vitally concerns the people of America, and which has concerned them almost from the beginning of our Nation, is the question of peace for mankind. We have seen the United States participate in two world wars, neither of which was of our making. We attempted, through a policy of neutrality, to keep out of both wars. Notwithstanding that fact, we became a participant in those wars. I doubt whether there is a Senator on the floor tonight who would say that if tomorrow there were war somewhere in Europe or somewhere in the Middle East, if an aggressor were to start war there, as we have seen aggressors start war in the past, the United States of America could keep out of the conflict and conflagration.

So, Mr. President, the Marshall plan was conceived for two purposes. The primary purpose was to keep the United States of America out of war; and the second purpose was to rehabilitate the western democracies of Europe in order that they might help maintain the peace of the world.

After listening to some of the debates here on the floor of the Senate of the United States, one might readily believe that the Marshall plan is a one-way street, that all we are doing by means of this appropriation or authorization is merely giving a grant of money to the western democracies.

Mr. LANGER. That is what it is—an appropriation.

Mr. LUCAS. I know the Senator from North Dakota thinks it is. According to some of the debates, when we grant or give this money to the western democracies of Europe, we have no hope of any kind for a return or reward as a result of what we are doing.

Mr. President, I am interested in the safety and security of the United States. America has been good to me. It is the only nation in the world in which a



humble son of a tenant farmer such as I, could rise to a seat in its greatest legislative body.

Mr. President, let us make no mistake about it: The people of the United States are more concerned about peace than about any other single thing.

Senators who tonight are talking about a simple 10-percent cut, for which they have been arguing for weeks, are simply attempting to pinch pennies on the question of peace. They speak of the United States as a bankrupt nation. Mr. President, I remember one afternoon during the war when the distinguished Senator from Tennessee [Mr. McKellar] brought in an appropriation bill, and, without even a record vote, the Senate provided \$59,000,000,000 to carry on cold, cruel, devastating war. Yet when we ask for a pittance, so to speak, as compared to that sum, for the sake of peace, or at least in an attempt to bring peace to the world, we hear Members of the Senate talk as if they lived back in the days of 1850.

Mr. President, I do not say, and I have never said, that the Marshall plan will avoid war. I have always said it is a calculated risk on the part of the American people. But where is there a Senator who has any alternative other than for us who live in the United States to stick our heads in the sand, like the ostrich of legendary fame? In that case we must build our country into an armed camp, and must spend, not \$5,000,000,000 on the Marshall plan, but, as was said so ably this afternoon by the Senator from Maryland [Mr. Tydings], billions upon billions of dollars in getting ready for another war.

Mr. President, the other thing the Marshall plan does is to stop communism. Some Senators speak of communism advancing in the world, but I say that communism has been stopped dead in its tracks in Europe as a result of the Marshall plan. The able Senator from Arkansas [Mr. Fulbright] and the Senator from Illinois traveled in some six or seven European countries last year, where the Marshall plan was in effect. I wish every Member of the Senate and every person in the United States could have been with us in Turkey and Italy and Greece and France, and could have talked to the people on the street, to those high and low in government, if you please, and could have asked them what they thought the Marshall plan had done to stop the deadly menace and march of communism across the plains and states of Europe. There was not a single person to whom I talked, other than a Communist, who did not almost get down on his knees and thank Almighty God and the American people for the Marshall plan and aid to Turkey and Greece. Yes, Mr. President; the Marshall plan and our aid to Turkey and Greece have stopped communism in Europe, and have stopped it cold. The greatest opponents of the Marshall plan today in the world are, not Members of the Senate of the United States, but the Kremlin and the Politburo. Mr. President, the Kremlin and the Politburo are fighting tooth and nail against the Marshall plan. Every time we cut an appropriation or authorization of this kind,

we give aid and comfort to the Politburo, and in my opinion we help destroy the faith which the people of Europe, whom we are trying to help, have in the American people and in our efforts to help the people of Europe rehabilitate their nations to the point where they will be able to help us again in case of trouble, and also be able to help themselves economically.

There are 240,000,000 people in the democracies of western Europe. They will recover. Communism will not cross the line unless by force. I agree with Winston Churchill when he said last night that war is not inevitable. That was the greatest statement he made in his speech last night, in my humble opinion. That is exactly what I believe, as I stand here tonight: that war is not inevitable. The Marshall plan, along with the atom bomb, as Mr. Churchill said, is the real reason why the Russians are hesitating in these graver transactions of life, and why they will pause before they take any fatal step.

Mr. President, I cannot understand how it is that Members of the Senate continually stand here, day after day, and condemn England. I have never heard any Senator on this floor castigate France or Italy or any other nation; it is always England. Yet England has been the greatest ally of the United States in the last two world wars. But it is always England that is condemned by Senators. I do not know why that is. I say to Senators that they had better get after France if they wish to criticize any country. She is the weak link in the chain, so far as the Marshall plan is concerned.

No, Mr. President; a 10-percent horizontal cut, without a single fact or figure to back it up, is preposterous. Senators simply take out of the thin air the figure 10 percent, by which they would reduce this authorization, despite the fact that the amount of the authorization has already been carefully screened by Mr. Hoffman and his experts. As the able Senator from Texas said a while ago, certainly Mr. Hoffman cannot be charged with being an administration stooge. Mr. Hoffman is a businessman, and probably has just as much interest in the economy of the United States and in the laboring men of the United States as another big businessman, the Senator from Indiana [Mr. Capehart] has. Probably Mr. Hoffman pays more taxes than the Senator from Indiana does. Yet Mr. Hoffman is asking for the amount set forth in the bill. Why does he ask for it?

In a speech which he made in California night before last, Mr. Hoffman said, as quoted in the press:

"With an intensity and determination that make Hitler's efforts seem amateurish by comparison," Russia is waging "an all-out drive for world domination that carries with it the possibility of World War III unless we can meet the challenge."

A little later he said:

Hunger, poverty, and chaos are Russia's "best allies."

Later on he said:

Our way of life will be secure if Europe is strong and free in 1952. I believe if recovery is an accomplished fact in 1952, it is

more than probable that the Kremlin will have decided upon a policy of live and let live. If the recovery program fails, the Kremlin will make an all-out effort to communize western Europe.

I do not say that Mr. Hoffman has any crystal ball into which he can look and say whether that is what would happen. But with all his experience in the administration of funds under the Marshall plan, I am willing to accept his judgment rather than the judgment of some United States Senator who does not know a single thing about the program.

I have been in the Senate 14 years. I have never contended that I knew everything about every subject that came before the Senate. I have to put faith and confidence in men who have studied the problems involved. I know of no two Senators upon whom I could rely more confidently than the distinguished Senator from Texas [Mr. Connally] and the distinguished Senator from Michigan [Mr. Vandenberg], who have devoted the best years of their lives in the Senate to studying problems of foreign policy. They sit in committee meetings day after day, week after week, listening to all the testimony, and they bring forth a unanimous report on a question, and then we hear from Senators who purport to know more about the problem than these two distinguished Senators, who occupy positions in our bipartisan foreign policy which is so important to the welfare of America and the world. To any young Senator on the floor tonight, or to any older Senator, who has not had an opportunity to study the hearings and to analyze the testimony, I say that he cannot go very far wrong, so far as his conscience is concerned, if he follows the faithful, devoted, distinguished, and honorable leadership of the two great Senators whom I have mentioned.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio, for himself, and the Senator from Georgia.

Mr. LANGER. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BREWSTER. Mr. President, I listened with great interest to the majority leader in the early part of his address, regarding the attempt to maintain the peace, which, in my judgment, certainly is the objective of everyone in the United States. The Senator has no monopoly in that desire. I am sure he will recognize, as do many others, that when it comes to the problem of keeping America out of war, the great Democratic Party which he represents also possesses no monopoly. Within my lifetime I have experienced two Democratic administrations. We became involved in two world wars, at the end of 5 years, in one administration, and at the end of 9 years, in the other. I do not say the Democratic Party was responsible. I do not say that the Republican Party could have done any better. I simply say it could not have done any worse. Let us lay the subject of peace and war on the table and admit that every American is entitled to his opinion as to the best way of maintaining peace.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. BREWSTER. Certainly.



Mr. LUCAS. Will the Senator tell me what I said that caused this outburst? I try to give everybody his due in the Senate. I spoke very highly, I thought, of the bipartisan foreign policy of the Senate. I questioned the sincerity of no Senator, whether he was for or against anything. The only thing the Senator from Illinois is saying is that if some Senator—

Mr. BREWSTER. Mr. President, I am yielding for a question only.

Mr. LUCAS. The Senator has started berating me. I was merely wondering what it was all about.

Mr. BREWSTER. I shall tell the Senator what I was alluding to, if he would like me to.

Mr. LUCAS. I shall be happy to listen.

Mr. BREWSTER. I alluded to the first portion of the Senator's remarks, in which he emphasized that the single objective should be peace—to keep us out of war. I think there was a very clear implication that, on this side of the aisle, or on the other, those who questioned the exact formula the Senator was laying down were not equally interested in the maintenance of peace. If I am wrong, I am very sorry.

Mr. LUCAS. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Illinois?

Mr. BREWSTER. I yield.

Mr. LUCAS. The Senator is certainly in error.

Mr. BREWSTER. I shall be very glad to be corrected.

Mr. LUCAS. I did not imply that any Senator on the other side of the aisle did not want peace. If I had done so, I should want to apologize.

Mr. BREWSTER. Then let us start on the basis that we all want peace.

Mr. LUCAS. I am sure I do. And I am sure the Senator from Maine wants peace. But I am not so sure the Senator from Maine wants peace here on the floor of the Senate. I am not talking about the peace of the world.

The VICE PRESIDENT. The Senator from Maine can yield for a question only. SEVERAL SENATORS. Vote! Vote!

The VICE PRESIDENT. The Senate will be in order.

Mr. BREWSTER. I may suggest that is a very poor way to stop the Senator from Maine. I think perhaps I may be pardoned for a few words.

Mr. LUCAS. I think the Senate should be in order.

The VICE PRESIDENT. The Chair is trying to keep order in the Senate, but it is an up-hill job. The Senator from Maine has the floor, and can yield for a question.

Mr. LUCAS. I may say I was a little surprised, that is all, at the comment made by the Senator. I inferred he was making an attack on me. Certainly there was nothing I said that gave him the right to do so. I want to make myself clear to the Senator from Maine and to other Senators on his side of the aisle. I do not want to bring politics into this matter, because there is no politics involved.

Mr. BREWSTER. If I did the Senator from Illinois any injustice in my comment on his remarks, I am certainly sorry. I was trying to make it plain that I thought every Member of the Senate was equally concerned in seeking peace, that we were seeking it by the methods which seemed to us best. I voted for the Marshall plan originally. I expect to vote for the Marshall plan this year. For 20 years I have supported personally practically every measure that seemed calculated to strengthen our hand in foreign relations. I still reserve the right to my individual opinion. One year ago I pointed out the manner in which I felt \$1,000,000,000 could have been properly saved in the ECA expenditure. I enumerated the items concerned with the great shipbuilding program which was then contemplated in the foreign countries, which I thought was unwarranted in the face of all their needs. Today, those other countries have a greater merchant marine than they had ever had before in history. The Senator from Michigan said we were not going to put them above where they were, we were merely trying to get them back to the point where they were before the war. Today every country in Europe except Germany is, in the point of industrial production, above where it was prior to the war. That I think is a pertinent thing to remember. Exports from England to this country during the next year, according to their announced plans, will amount to 183 percent of prewar shipments. That is having a terrific impact upon our economy, and it must constantly continue to have. I think it is something we must think about, whether it be, in respect to oil, charging us \$1, \$1.25, or \$2 more for it under the European program, or whether it be in respect to the \$18,000,000 worth of the most modern textile machinery we have shipped to the ECA countries, 60 percent of our entire modern textile machinery going abroad to rehabilitate their economy. I simply say the point may come where we must consider the dollar problem.

One item alone, certainly I think everyone will agree, must have great significance. All the values in this program that I could find put in this book were based on November 30, 1948. Is there anyone so blind now as not to know that the figures for the coming year are altogether certain to be very materially less? We cannot tell how much less. We know they will be much less. A month from now we shall know more; although today we know much. That is the reason why I feel warranted in the impression that we must sharpen our pencils and that we can properly and safely cut this item by the amount proposed by the Senator from Ohio without doing serious injury to the recovery we all desire.

I did a little pencil-sharpening as to one item. It was on the item of food. I figured a 10-percent cut on food and what that would mean to England. Their daily calorie consumption is nearly 3,000. Under the present program they are to get 2,990, 10 calories less. If the 10-percent cut suggested by the Senator from Ohio should go into effect, England

would get 15 calories less, or 2,975. I am sure that would not be fatal. As the result of the \$2,000,000,000 absorption on the food costs, British textile workers receive \$20 a week as against our \$60 or \$70 for American workers. But, still, they have our best machinery, and the British mechanics receive \$30 a week as against \$75 and \$100 paid American mechanics. That is a result, in large measure, of the contribution we are making. I am simply suggesting that at some point we must remember that charity must finally begin at home.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT], for himself and the Senator from Georgia [Mr. RUSSELL], on which the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BUTLER (when his name was called). On this vote I have a pair with the junior Senator from Connecticut [Mr. BALDWIN]. If he were present, he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

Mr. LONG (when his name was called). On this vote I have a pair with the senior Senator from Oklahoma [Mr. THOMAS], who is absent by leave of the Senate. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

Mr. MAYBANK (when his name was called). On this vote I have a pair with the junior Senator from Oklahoma [Mr. KERR], who is absent on public business. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

The roll call was concluded.

Mr. LUCAS. I announce that on this vote the Senator from Mississippi [Mr. EASTLAND], who is necessarily absent, is paired with the Senator from Nevada [Mr. MALONE]. If present, the Senator from Mississippi would vote "nay," and the Senator from Nevada would vote "yea."

The Senator from Delaware [Mr. FREAR], who is absent on public business, is paired on this vote with the Senator from Kansas [Mr. SCHOEPPPEL]. If present, the Senator from Delaware would vote "nay," and the Senator from Kansas would vote "yea."

On this vote the Senator from Idaho [Mr. TAYLOR], who is necessarily absent, is paired with the Senator from Pennsylvania [Mr. MYERS], who is absent on public business. If present, the Senator from Idaho would vote "yea," and the Senator from Pennsylvania would vote "nay."

The Senator from New Mexico [Mr. CHAVEZ] and the Senator from New York [Mr. WAGNER] are necessarily absent.

I announce further that the Senator from New York [Mr. WAGNER] would vote "nay" on this amendment, if present.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr.



BALDWIN] is absent by leave of the Senate, and his pair with the Senator from Nebraska [Mr. BUTLER] has been previously announced.

The Senator from New Hampshire [Mr. BRIDGES] is absent because of illness in his family.

The Senator from Vermont [Mr. FLANDERS] is necessarily absent. If present and voting, the Senator from Vermont would vote "nay."

The Senator from Kansas [Mr. SCHOEPPPEL] is absent on official business and is paired with the Senator from Delaware [Mr. FREAR]. If present and voting, the Senator from Kansas [Mr. SCHOEPPPEL] would vote "yea" and the Senator from Delaware [Mr. FREAR] would vote "nay."

The Senator from New Jersey [Mr. SMITH] is absent because of illness. If present and voting, the Senator from New Jersey would vote "nay."

The Senator from Nevada [Mr. MALONE] is unavoidably detained and is paired with the Senator from Mississippi [Mr. EASTLAND]. If present and voting, the Senator from Nevada [Mr. MALONE] would vote "yea" and the Senator from Mississippi [Mr. EASTLAND] would vote "nay."

The Senator from New Hampshire [Mr. TOBEY] is absent on official business and is paired with the Senator from Massachusetts [Mr. LODGE] who is necessarily absent. If present and voting, the Senator from New Hampshire [Mr. TOBEY] would vote "yea" and the Senator from Massachusetts [Mr. LODGE] would vote "nay."

The result was announced—yeas 23, nays 54, as follows:

## YEAS—23

Brewster	Gillette	Martin
Bricker	Holland	Russell
Byrd	Jenner	Taft
Cain	Johnson, Colo.	Watkins
Capehart	Johnston, S. C.	Wherry
Ecton	Kem	Williams
Ellender	Langer	Young
George	McClellan	

## NAYS—54

Alken	Humphrey	Mundt
Anderson	Hunt	Murray
Chapman	Ives	Neely
Connally	Johnson, Tex.	O'Connor
Cordon	Kefauver	O'Mahoney
Donnell	Kilgore	Pepper
Douglas	Knowland	Reed
Downey	Lucas	Robertson
Ferguson	McCarran	Saltonstall
Fulbright	McCarthy	Smith, Maine
Graham	McFarland	Sparkman
Green	McGrath	Stennis
Gurney	McKellar	Thomas, Utah
Hayden	McMahon	Thye
Hendrickson	Magnuson	Tydings
Hickenlooper	Miller	Vandenberg
Hill	Millikin	Wiley
Hoey	Morse	Withers

## NOT VOTING—19

Baldwin	Kerr	Smith, N. J.
Bridges	Lodge	Taylor
Butler	Long	Thomas, Okla.
Chavez	Malone	Tobey
Eastland	Maybank	Wagner
Flanders	Myers	
Frear	Schoeppel	

So the amendment offered by Mr. TAFT for himself and Mr. RUSSELL was rejected.

Mr. LUCAS obtained the floor.

Mr. ELLENDER. Mr. President—

Mr. LUCAS. Does the Senator desire me to yield to him?

Mr. ELLENDER. I should like to send an amendment to the desk and have it stated.

The VICE PRESIDENT. Does the Senator offer his amendment?

Mr. ELLENDER. I offer the amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 8, line 3, it is proposed to strike out "5 per centum" and insert in lieu thereof "25 per centum", and on page 9, line 1, after the word "materials" it is proposed to insert "plus amounts allocated in accordance with subsection (h)."

Mr. ELLENDER obtained the floor.

Mr. LUCAS. Mr. President, will the Senator yield? How long does he expect to speak on the amendment?

Mr. ELLENDER. I cannot exactly say, but it will require probably a couple of hours. [Laughter.] I might ask unanimous consent that I may have the floor whenever the Senate meets tomorrow.

Mr. LUCAS. The Senator is not starting on a long speech again, is he?

Mr. ELLENDER. No; I am not doing that.

Mr. LUCAS. Mr. President, I had hoped that we might get a unanimous-consent agreement to vote on all amendments some time on Monday next, giving us an opportunity to get away tomorrow permitting Senators to take care of the mail in their offices. But if we cannot get unanimous consent, we shall probably have to return tomorrow.

I should like to test out the sentiment of the Senate to see what could be done. I should be willing to ask for a recess until 11 o'clock Monday next, if we could get an agreement to vote on all amendments by 4 o'clock in the afternoon on Monday.

The VICE PRESIDENT. Does the Senator propose that as a unanimous consent?

Mr. LUCAS. Mr. President, I ask unanimous consent that on Monday, April 4, 1949, at the hour of 4 o'clock p. m., the Senate proceed to vote, without further debate, upon any amendment or motion that may be pending or that may be proposed to the pending bill (S. 1209) to amend the Economic Cooperation Act of 1948, that the third reading of the bill be then deemed to be ordered, and that immediately thereafter the vote be taken on the final passage of the pending bill.

Mr. LANGER. Mr. President—

Mr. LUCAS. I yield.

Mr. LANGER. I object.

Mr. LUCAS. Has the Senator from North Dakota any other terms he would like to suggest?

Mr. LANGER. I have no terms at all; just an objection.

The VICE PRESIDENT. The Senator from North Dakota objects.

Mr. MAYBANK. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a quotation from

the news ticker referring to a statement by Mr. Hoffman today.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Hoffman said that if, by the time the new ECA program passes Congress, there are indications of general price decreases, we will need less dollars and we will ask for less dollars.

Hoffman talked to reporters after an Italian delegation, including Ambassador Alberto Tarchiani, Foreign Minister Carlos Sforza, and Egidio Ortona, first secretary of the Embassy, had paid him a 20-minute call.

## THE CASE OF SAMUEL L. WAHRHAFTIG

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD a statement prepared by him regarding the case of Samuel L. Wahrhaftig, an American military government official in Germany removed from his position in the office of the military government on March 9, 1949, which appears in the Appendix.]

## RECESS

Mr. LUCAS. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 11 o'clock and 2 minutes p. m.) the Senate took a recess until tomorrow, Saturday, April 2, 1949, at 12 o'clock meridian.

## NOMINATIONS

Executive nominations received by the Senate April 1 (legislative day of March 18), 1949:

## COLLECTOR OF CUSTOMS

Sam D. W. Low, of Houston, Tex., to be collector of customs for customs collection district No. 22, with headquarters at Galveston, Tex., to fill an existing vacancy.

## IN THE ARMY

The following named officers for promotion in the Regular Army of the United States, under the provisions of sections 502 and 508 of the Officer Personnel Act of 1947. Those officers whose names are preceded by the symbol (X) are subject to examination required by law. All others have been examined and found qualified for promotion.

## To be first lieutenants

Don Walter Adair, O28491.  
Lloyd Senter Adams, Jr., O28238.  
Thomas Jacob Agnor, Jr., O28152.  
Robert Hildebrand Ahlers, O27905.  
Brooke Albert, O27944.  
Donald Gould Albright, O28025.  
Frederick King Alderson, O28458.  
Alford Edward Allen, O28209.  
Robert Wallace Allen, O28211.  
Ferd Emanuel Anderson, Jr., O27906.  
Wayne Stetson Anderson, O28166.  
Gunnar Hinar Anderson, O28239.  
Gilbert Chester Anthony, O28248.  
Peter Gerald Arend, O28402.  
John Loveland Armstrong, O28469.  
Calvin Lincoln Arnold, O28071.  
Robert Earl Arnold, O28313.  
Alvin Ash, O28539.  
William Franklin Ashby, O28664.  
Shirley Sylvester Ashton, Jr., O28502.  
Grover Woodrow Asmus, O28605.  
Robert Anderson Babcock 3d, O28556.  
Richard Hamlin Bacon, Jr., O28656.  
Frederick Clark Badger, O27902.  
George Raney Bailey, Jr., O28707.  
Charles Pitman Baker 3d, O28434.  
David Thomas Baker, O27984.  
Francis Rene Baker, O28543.  
Van Roy Baker, O28083.  
Edmund Keith Ball, O28308.



To carry the parallel still further, let me give you a list of 10 rules for the making of a successful politician which I have set down for my own guidance. A politician must have a good personality. He must have what we call character—he must be a substantial human being. He must work hard. He must be able to get other people to work for him and with him. He must have active ability and must be able to see and use ability in others. He must be aggressive but not to the point of being offensive. He must have a feeling for what people want. He must be able to make decisions. He must understand the meaning of the practical compromise without loss of principle. Above all, he must be truthful. The man—or the advertisement that does not tell the truth is distrusted and shunned, and rightfully so. The dog of untrammelled ambition is usually pursued by the rabbit of conscience.

In short, I find little difference in the rules for success, whether in advertising, or politics, or any other field.

To what extent and in what countries are American advertising and promotion techniques adaptable to marketing problems? It would be nice to give a flat answer and an exact list, but either the problem is not that simple or I am not that wise.

It is obvious that advertising does not function in a vacuum, but thrives in the soil of a free economy with its characteristics of competition, publicity, criticism, continuous improvement, of product, and adherence to truth.

It is likewise obvious that advertising will thrive best in those countries where conditions most nearly approach our own. In free countries we will find that it work much the same as here. In the totalitarian countries it will hardly work at all. Again the reason is clear. The essence of an advertisement is the belief and faith in it that is earned by the manufacturer.

When you get to a totalitarian country the printed word is used not as a means of examining and distilling out the truth but as propaganda to enforce a predetermined point of view. Here all words lose their meaning and advertising suffers—it is discounted like everything else that is said. The home of totalitarianism is also usually the home of the state monopoly and the cartel, and under these conditions you can neither advertise nor do business as we understand it. It is clear to all of us, I think, that American advertising would not pay very well in Russia even if it were possible. On this basis I think you can make up a list of countries where our advertising methods will succeed that will be as good as any I could give you.

Yet there is one saving grace. I have found people are much the same the world over, and if you treat the public with respect it will respect you in return. The public everywhere responds to quality and character to such an extent that the integrity of American products has tended to make them synonymous for quality around the globe. The public in other countries will respond likewise to quality and integrity in advertising when they find you mean what you say. Here again the respect has to be earned and in many places you start from scratch. It takes time but it works. To the newcomer in the foreign advertising field, I have only this word of advice. The temptation to be expedient and to compete with the propagandist will be very great, but like most expediency it is short-sighted and costs more in the end. It only succeeds in classifying your product as one of those that claims whatever is necessary to make a sale. Permanent sales cannot be built in that way.

In this respect, American advertising has a function to perform. It is clear to all of us by now that in the world as it is constituted today we cannot live alone. It is clear that

this country can live only in a world of character, truth, faith, and honest words among neighbors like ourselves. The ERP and the Atlantic Pact are but one expression of that fact. They are merely an advance guard which must be followed up in hundreds of ways and through thousands of commonplace details in our daily contacts with the countries about us. It must be followed up by trade, by quality of product, by strict adherence to truth in the printed word—by a slow process of education. I am certain that it will be ideas rather than force that will finally succeed in showing the rest of the world what kind of people we are and thus eventually win them over to our way of living.

In this process, American advertising with its self-discipline, its policy of deliberate understatement, its sense of fair play, its respect for a competitor, and its ability to live and let live can play a vital part. It is an endeavor worthy of the best that is in us as advertising men.

## The Freedom Manifesto

### EXTENSION OF REMARKS

OF

### HON. BROOKS HAYS

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Friday, April 1, 1949

Mr. HAYS of Arkansas. Mr. Speaker, recently, at the conclusion of an address at the University of Florida, Mr. Edward J. Meeman, editor of the Memphis Press-Scimitar, offered the first draft of a proposed freedom manifesto. This is an inspiring document and it will be received favorably wherever the love of freedom persists. Under leave to extend my remarks, I include the full statement:

#### THE FREEDOM MANIFESTO

For the last 100 years, the world has been dominated by the Communist manifesto, issued by Marx and Engels in 1848. True liberalism has been under attack from Marxism from without. As the democratic nations have been weakened by human fifth columns, so the democratic philosophy has been weakened from within by the poison of Marxist conceptions, and related statist conceptions.

By its fruits, shall we know this philosophy. The Marxist century has ended with half of the world in slavery and the other half in fear.

We are, in this year of 1949, starting a new century. Let us make it a century of hope.

Let us, in this year of 1949, issue a freedom manifesto. The Communist manifesto led mankind to slavery and despair. The freedom manifesto will guide the world to liberty and hope.

Let me propose a basis for the freedom manifesto.

#### PROPOSED BASIS OF THE FREEDOM MANIFESTO

We proclaim the Free Society.

Let us begin with the economic, since economics is basic. We do not accept the Marxian theory that man is animated only by materialistic motives. We do not believe that ideas and ideals are only an expression of a predetermined economic system; but we do believe that ideas and ideals which do not find expression in the way we work, buy, sell, distribute, and consume are vain. So we express freedom in our economic life.

Marxism teaches that one economic system succeeds another in automatic evolution—slavery, feudalism, capitalism. Marxists claim that capitalism is destined to be followed by socialism or collectivism which

is to be the final and permanent system. This we deny.

#### ECONOMIC DIVERSITY

There is no need to accept, or reason to choose, a society dominated by one economic form. In our free society, various economic forms exist side by side, in competition with each other, and flourish as they meet human needs and conceptions of the good life; they diminish as they do not meet these needs.

In our free society there is self-employment—the person who employs himself repairing radios, or watches, or automobiles, or making by hand, furniture, or baskets, or hats, or cookery. Perhaps we should have more self-employment; certainly it should be recognized as one of our permanent and valued economic forms, and the doors should be always wide open to it for those who like it and can make it pay.

There is the partnership.

There is the cooperative, where a group of people join forces to produce, to sell, or to buy.

There is the corporation. Corrections are needed in corporate structure and practice. Stockholders should have more voice and take more responsibility. Workers should share profits and have a sense of owning and belonging. Perhaps, even, corporations need to develop and perhaps can develop, souls. However, which of us would want to live in a society without corporations? Not everyone wants to work for himself, or in a cooperative, or for the Government, or to depend on such forms to meet all his needs. There are things which the corporation can do better than any other economic form. So the corporation is permanently one of the economic forms in our free society.

There is government or public ownership. Public ownership is sometimes inefficient, sometimes bureaucratic; but there are economic activities which government—municipal, State, or national—can do better than a cooperative or a corporation. So we will have government ownership in our free society. We shall get away from bureaucracy and inefficiency by an extension of the TVA idea. That is, through the government corporation instead of the bureau, through regionalism instead of centralization in the capital, we shall induce government enterprise rather than mere government operation. In such government enterprise, employees are under a personnel system, oppressed neither by political uncertainty nor by the dead hand of an unimaginative civil service; they may find careers, promotion, and security such as they would find with a well-managed private corporation.

However, Government operation is only one of our economic forms; it is not a social corrective of ills that may exist in other forms. Law, not collectivism, is that corrective.

#### NO FINAL DECISION

In our free society, we never make a final decision as to how much of one economic form we shall have and how much of another. If a Government operation is not working well, the people will not hesitate to sell it to a corporation or a cooperative. If it is indicated that a corporate activity should be under public ownership, the people will not hesitate to buy it. Experience and a sense of values, not dogmatic theory, will determine their decisions, and decisions are always subject to review. We find what is better by never-ending thought and experiment. However, changes from one form to another are made without confiscation, and without harm or loss to individuals.

#### PRIVATE PROPERTY

The right of private property is fundamental.

The institution of private property is not evil; it is a positive good. Property is neces-



sary to the freedom and dignity of man. A propertyless man can have spiritual freedom and dignity, but not complete freedom of movement, activity, and enjoyment; he cannot be an effective citizen in a vigorous democracy. If property is not owned by individuals, it will be owned by the state, and the state will thereby become a dictatorship. We need to have property more fairly acquired, more widely distributed, and more securely held against loss and confiscation. High taxes from war and excessive governmental activities are one form of confiscation. A free society requires that most of its citizens shall be responsible property owners.

#### LABOR MOVEMENT

With such a conception of the need of private property, the labor movement will necessarily change its strategy. Instead of moving on and on in the industrial field toward the confiscation of profits, it will see them as a necessary thing. It will strive to increase the property holdings of the workers it represents. Under a system in which private property is becoming ever more widely held, the workers represented by labor unions would become owners of stocks in their own and other industries. Workers should become owners; owners should be workers. Thus we can attain a stability under which society will not move, with the inevitability of gradualness, into a centralized Socialist state.

#### RESERVES

Under such a system there should be few periods of recession or depression.

However, corporations should build up reserves for pensions and for employment, in order to avoid lay-offs or discharges in slack times. This will minimize dependence on government and strengthen the property system.

But no security outside one self can equal the security of ownership of property in a system in which property is made secure.

The ownership of property by individuals, and the building up of private savings reserves should be that reliance.

#### DECENTRALIZATION

A healthy rural life is the foundation of a free society. A family living on its own acres is the ideal.

We favor the decentralization of property, of industries, of population. Our cities are too big. They should be remade to make possible more wholesome living. Bring the country to the city, as we have already brought urban comforts to the countryside. Eliminate smoke, smells, noise and traffic hazards. Bring to the country the interest and variety of the city; to the city dweller that self-expression that comes from working with growing and living things.

#### MASS PRODUCTION

Mass production should have brought man freedom from drudgery, not slavery to mechanism and to artificial appetites for unneeded things or cheap satisfactions. The object of mass production should not be something not needed or to be thrown away after a brief use.

The commercial manufacture of food and clothing outside the home, the commercial performance of services for the individual which the individual should do for himself has been carried too far. We need to do more things for ourselves with our own hands.

Exaggerated, high-pressure advertising is illegitimate. Man is not a consumer. He is not a waste container for industries whose wheels dare not stop. Industry is a servant whose wheels turn at the command of man to satisfy his needs. We are not slaves of the industrial machine.

#### POLITICAL DEMOCRACY

Freedom depends on a vigorous political democracy also. Citizens should take responsibility for government in their counties, towns, and cities. When citizens com-

mittees, without selfish motives, organize permanently to maintain nonpolitical county-manager government, as is done in Cincinnati, they are accepting their responsibility. Then there is no room for a boss.

#### UNION OF THE FREE

We do not despair of the United Nations. We wish to continue our efforts to make it ever more and more effective as the organization of our "one world." But we put freedom first. Freedom is fundamental. If freedom is to be preserved and extended in the world as a whole, then the nations which have long practiced freedom must federate. They must have a common policy in international affairs, a common defense force, a common currency, common citizenship, and a customs union. Therefore, we favor a federal union, not merely a military alliance, of the Marshall plan countries—those contributing and those receiving. Those are the United States, Canada, Australia, New Zealand, Union of South Africa, Eire, Great Britain, and the democracies of western Europe. We favor a great union of the free, and we urge that the first steps be taken now. If the present crisis which threatens freedom should pass, it will still be necessary, in order to avert or to cope with future dangers, that the free nations be permanently united with each other. To the great union should be added other states, from time to time, as they wish to join and can qualify through having established within themselves the practice of freedom and democracy.

#### MAN

In order to bring into being and preserve this free society, we must have men who are determined to remain free, and who know how to remain free. There is nothing wrong with the nature of man. He need only awaken to what he really is, and live in the fullness and perfection of his true nature. He was made for dominion over a self and a world which offer him satisfaction and joy. Man is the expression of God, the fulfillment of the Divine Being. When man lives at one with God, and wields God's infinite power, he will not desire any puny power over other men. He will not submit to any human being so foolish as to wish to lord it over him. Here is the key to human freedom.

How shall we get such men, such citizens for our free society? By cultivating them. The principles are laid down in all religions. Religions do not agree on the reasons why men should be good, but they substantially agree on what men should do. The need is to get these teachings practiced. This can best be done by forming groups or circles of laymen in each faith to meet with each other to study the practice of religion and to encourage each other in that practice. It is useful also to form "cells" which cut across denominational lines for the encouragement of the practice of individual responsibility in freedom.

Thus men will be trained to live and help other men to live in the sunlight of freedom in the joy of that self-expression which belongs to all the sons and daughters of God.

### ERP Nations Selling War Goods to Reds— Survey Shows Russia, Allies Get \$3,000,000,000

#### EXTENSION OF REMARKS

OF

HON. OTTO E. PASSMAN

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, April 1, 1949

Mr. PASSMAN. Mr. Speaker, under leave to extend my remarks in the Rec-

ORD, I include the following article from the Washington Times-Herald for March 24, 1949:

**ERP NATIONS SELLING WAR GOODS TO REDS—  
SURVEY SHOWS RUSSIA, ALLIES GET THREE  
BILLIONS—POTENTIAL MATÉRIEL SENT UN-  
DER 91 TRADE PACTS**

(By Frank Holeman)

Soviet Russia and her satellites are acquiring through 91 trade deals with Marshall plan countries many of the potential war matériels which this Government, through export controls, refuses to ship to the U. S. S. R. because of the cold war, a survey showed yesterday.

Statistics on the flow of trade—amounting to about \$3,000,000,000 in total value—across the iron curtain came from government agencies and embassies here of our European allies.

#### SPIRIT OF ACT VIOLATED

Such trade deals involving heavy industrial equipment and similar war-vital goods violate the spirit if not the letter of the Marshall plan act, and also grabs off potential markets behind the iron curtain denied American exporters by the export-control policy.

The cautious Eightieth Congress inserted in the Marshall plan law a provision designed to prevent recipient nations from selling behind the iron curtain those goods which this Government will not export into the Communist domain.

On the other hand, an economic cooperation administration official pointed out yesterday, this trade is saving the United States money in that the ERP nations swap their exports directly for food and do not have to use dollars. If all raw materials had to be bought outside the iron curtain, the cost of the \$17,000,000,000 Marshall plan would go up another \$5,000,000,000 over 4 years, officials estimate.

#### METHOD USED BY REDS

The way in which Russia and its satellites have been able to force industrial equipment from Marshall plan countries in exchange for vitally needed food and raw material shows up in these trade facts:

1. In fiscal 1950 Britain, France, and other western European countries are committed to sell to iron curtain countries an estimated \$1,500,000,000 in goods which will further build up the Communist economy and make Russia tougher to fight if war comes. Crude rubber, tin and nickel, scientific equipment, locomotives, generators—those are some of the "hot items."

2. In exchange for this inward flow of potential war material the Communist nations are turning over approximately \$1,500,000,000 in raw materials, including grain, coal, timber, potash fertilizer.

#### CAN'T BUY IT HERE

A Commerce Department official freely admitted that no export licenses for delivery to Russia would be granted on such items as these on the Russian-British trade list:

Ten oil refineries, 2,400 flat trucks, \$600,000 worth of scientific and laboratory equipment, 1,100 narrow-gauge locomotives, 150 mobile Diesel-electric generators, 25 steam-power turbines, 18 ball mills for copper ore grading.

The strict export controls have cut our outgoing trade with Russia down to \$500,000 a month, compared with \$12,000,000 a month in 1947.

One top ECA planner declared:

"If we served an ultimatum, and told the western European nations to quit doing business with the Communists, or give up Marshall-plan aid, they would probably have told us to go to hell," he said, bluntly.

"They would rather have their world trade than the aid program any day."

Britain, getting the lion's share of United States aid, has besides its Russian agreement, a trade pact with Poland. This 5-year barter deal calls for Britain to supply \$40,000,-



000 worth of wool a year, 3,000 to 5,000 tons of crude rubber a year, \$500,000 worth of rubber tires for cars and tractors a year, \$500,000 worth of auto spare parts, and 3,000 pounds of semimanufactured copper.

#### TITO GETS MACHINERY

In addition, Britain agreed to clear the way for British merchants to sell Poland 180,000 to 250,000 tons of crude oil from the Middle East every year. Also, they would help find sisal, manila, electrolytic nickel, ferrotungsten, ferrovanadium, ferromanganese, and 1,000 tons a year of tin.

None of the stuff could be exported directly from the United States, the Office of International Trade advised. Moreover, the United States Munitions Board is still buying sisal, manila, tungsten, vanadium and manganese for war stock piles, an official said.

The British-Yugoslav pact provides for Tito to get \$10,000,000 worth of miscellaneous machinery, \$2,400,000 of electro technical material, \$140,000 worth of instruments and parts for scientific use, 3,000 tons of rolled steel, 10,000 tires, and 1,500 tons of rubber.

Other deals in the British pattern include:

France: Pacts with Finland, Czechoslovakia, Hungary, Yugoslavia, Bulgaria, and Poland. The French generally export luxury goods, wines, and light manufactures in exchange for timber and other raw materials.

Benelux countries (Belgium, Netherlands, and Luxemburg): Pacts with Finland, Czechoslovakia, Bulgaria, Poland, Russia, Soviet zone of Germany. Light manufactures and industrial goods, scientific instruments, etc., for food and raw materials.

#### SOVIET GETS \$9,000,000

Sweden: Pacts with Finland, Czechoslovakia, Hungary, Yugoslavia, Bulgaria, Poland, Soviet zone of Germany. Sweden sells ball bearings, a wide range of industrial products, in exchange for raw materials, sending Russia \$9,000,000 of stuff a year.

Italy: Pacts with Czechoslovakia, Hungary, Rumania, Yugoslavia, Bulgaria, Poland, Russia, Soviet zone of Germany. Italy sells agricultural products, wines, and industrial goods, for raw materials.

Turkey: Pacts with Finland, Czechoslovakia, Yugoslavia, and Poland. Poland has imported \$166,000,000 worth of goods from Turkey and sold \$106,000,000 since the agreement was signed in July 1948.

Greece: One pact, with Czechoslovakia; terms secret.

Switzerland: Pacts with Finland, Czechoslovakia, Hungary, Rumania, Yugoslavia, Bulgaria, Poland, Russia, and the Soviet zone of Germany. Switzerland deals in a wide range of industrial and agricultural products, as the middleman of Europe. Own manufactures are mainly instruments and watches.

#### Butter Versus Oleomargarine

#### EXTENSION OF REMARKS

OF

**HON. EUGENE J. McCARTHY**

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, April 1, 1949

Mr. McCARTHY. Mr. Speaker, I have listened to the debate on the butter-oleo issue for 2 days. There is general agreement that the tax on oleo should be removed. I certainly agree. The important question, the question which has not been satisfactorily resolved, is that of the proper marketing of oleomargarine. I know of no competent bio-

chemist who will maintain that the nutritive value of oleo is equivalent to that of butter. The sellers of oleo may say that their product contains an equivalent number of vitamin units or an equivalent calorie value. These two standards do not in any way indicate the nutritive value of the two food products. The evidence of experience is that animal foods are more nutritive than vegetable foods; that healthy, progressive nations and peoples have lived on a diet which contained an adequate proportion of animal food products. There is a place for vegetable foods and for vegetable oils. But I hold that the consumer should know what he is eating. The Rivers amendment fails wholly to meet this requirement. I do not believe that the Poage amendment provides the guaranties which are necessary. The Granger bill is not satisfactory. Its approach is indirect, its effects cannot be clearly seen, but in the absence of better proposals—and it appears that this is the best measure we shall have a chance to vote on today—it has the advantage that it gives the people of the various States opportunity to protect themselves through their own State legislatures.

#### California Democrats and the Truman Administration

#### EXTENSION OF REMARKS

OF

**HON. NORRIS POULSON**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, April 1, 1949

Mr. POULSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include an article entitled "Capital Scene," written by Frank Macomber, and printed in the Tribune Sun of San Diego, as of March 26, 1949. This article clearly depicts the controversy between the California Democrats and the Truman administration:

#### CAPITAL SCENE

(By Frank Macomber)

WASHINGTON, March 26.—A bitter scrap between Democratic Party leaders in California and the Truman administration is boiling toward the surface here.

The reason? Because the Interior Department has sold California down the Colorado River, so to speak.

Top California Democrats, in the Capital and in the golden State, are becoming more and more concerned about the treatment accorded their State by the Reclamation Bureau in the struggle between California and Arizona over the division of Colorado River water.

Some Californians who previously supported the Reclamation Bureau are backing away now and are ready to join forces with those who believe the time has come for a show-down. That must come, of course, at a conference with President Truman. No one else can resolve the differences which have created the present strained relations between California and the Reclamation Bureau.

Senator SHERIDAN DOWNEY (Democrat, of California) for months has been the only articulate foe of the Reclamation Bureau.

He has stood up in committee and on the Senate floor to warn that the Bureau and its policies will ruin California's Central Valley project and block further water and reclamation development in the State if Interior officials aren't harnessed.

The senior California Senator has been accused of harping too much on the evils of the Reclamation Bureau, whose functions influence the shape of things to come in the far West, so far as water development is concerned. But DOWNEY merely has been repeating what other California legislators have found to be true in the last few weeks.

They have discovered to their dismay—and the word has been passed on out to California Democratic Party leaders—the Reclamation Bureau is firmly on the side of Arizona in the fight over Colorado River water. Like DOWNEY, lawyers and California State and local officials who have come to Washington from time to time on water problems have known this for a long time. But the California congressional delegation roster changes in some respects every 2 years—at election time. So there are many newcomers who have not been so familiar with this fight.

Now even the freshmen must realize their fight to bring California its share of Colorado River water is not only with Arizona but also with the Reclamation Bureau.

The record of the Bureau in the last few weeks—the Bureau and the Interior Department being synonymous in this essay—has proved the hostility of reclamation officials toward California. For example, President Truman said he didn't want to see the Central Arizona irrigation-reclamation project started until the 2-State Colorado River water controversy had been resolved. Budget Director Frank Pace quoted the President to this effect in a letter to Senator O'MAHONEY, Democrat, of Wyoming, chairman of the Senate Interior and Insular Affairs Committee.

Yet when Oscar Chapman, Interior Under Secretary, referred to the project in a letter to O'MAHONEY, he deleted the President's thinking. Moreover, he neglected to point out that the President had gone so far as to say the Central Arizona project was not in line with his program for developing the Far West at this time.

These omissions were deliberate, according to California Congressmen, and certainly they appeared to be. Chapman's letter to O'MAHONEY brought into the open the hostility between California and the Interior Department, at least the Department's Reclamation Bureau.

The criticism of Downey because he had harangued so long at the Bureau has died down. Californians read into Chapman's letter to O'MAHONEY a Bureau approval of the Central Arizona project which would take from California some 1,200,000 acre-feet of Colorado River water annually.

Chapman, the real villain of the piece so far as California Congressmen are concerned, has tipped his hand before, but not many noticed it. In effect, he was supporting the Central Arizona project when he advocated time and again the distillation of sea water for drinking and irrigation purposes along the California coast and the channeling of surplus Columbia River water thousands of miles from the State of Washington to Southern California.

These projects were proposed to show California has potential sources of additional water other than the mighty Colorado.

Both of them are years away, even if they are practical, and Californians claim neither of them are.

In at least one other way Chapman and the Reclamation Bureau have attempted to thwart California in her fight for enough water to keep the southern end of the State from turning to desert. The Under Secretary's second letter to O'MAHONEY, in effect, was an unfavorable report on a California-



backed resolution to send the Colorado River water division quarrel to the Supreme Court for settlement. Chapman said this should be done only as a last resort.

This position is Arizona's position too, for its officials know full well a Supreme Court decision would split the disputed 1,200,000 acre-feet of Colorado River water between the two contesting States. Arizona must have all 1,200,000 to make its Central Valley project work.

Unfortunately, squeezed into the middle of this mounting struggle between California and the Reclamation Bureau is a former Californian who would like to support the State where he was born, but can't. He is William E. Warne, Assistant Interior Secretary.

Warne has been a great help to Californians as they come to the Capital with individual water-development problems. But when it comes to the larger issue of the fight with Arizona he must remain silent officially and must side with his superiors as far as policy goes.

Not until O'MAHONEY's committee decides what to do about the central Arizona project and the bill to let the Supreme Court be a water-rights referee will Californians make their next move. If the committee rules against the Golden State, you can look for the fight to take on partisan lines, with California Democratic leaders stepping in to blast away at Chapman and his associates through the White House.

## Canadian Tax Reduction Reflects on United States

### EXTENSION OF REMARKS OF

**HON. LEON H. GAVIN**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, April 1, 1949

Mr. GAVIN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article by Merryle S. Rukeyser:

#### CANADIAN TAX REDUCTION REFLECTS ON UNITED STATES

(By Merryle S. Rukeyser)

The newly announced tax-reduction program revealed by Douglas Abbott, finance minister of Canada, provides a yardstick for measuring the incompetent management of the finances of the Federal Government in the United States.

Exemptions in Canada have been raised in connection with the personal income tax, and rates have been lowered. In addition, the tax rate has been substantially cut for small corporations, though increased slightly for large ones. The net over-all effect will be substantial tax relief.

Numerous wartime excise taxes in Canada have been eliminated and others have been reduced. In addition, there has been relaxation of import restrictions, and numerous price ceilings have been removed.

#### SEEK STABILITY

In contrast to the policy of the Truman administration in proposing this year net increases in regular Federal taxes of \$4,000,000,000 and \$2,000,000,000 additional in pay-roll taxes the Canadian fiscal policy nearly 4 years after the end of the shooting phase of the war is to readjust Dominion affairs to more stable conditions.

Even in regard to price ceilings, the Canadian approach has been more orderly. On the other hand, the Truman administration backed and filled. The administration was

anxious to beat the gun early on removal of war controls, and then later changed its mind and wanted to restore them.

But in respect to taxation, the Canadian attitude seems more healthy than that of the Keynesians and other doctrinaire policy-makers in the Fair Deal.

These American theorists appear to be contemptuous of the taxpayer. They lean to the totalitarian view that the total national income belongs to the Government, and that the politicians in their generosity decide how much to release after taxes to the earners.

#### TAX RELIEF

Thus, they are reluctant to concede, as the Canadians have, that the time has come for tax relief.

Shortly after the Republican congressional sweep in November 1946, the counter-propaganda to the effect that the time has not yet come for tax relief began.

This was carried so far that Secretary Snyder took the view that even correction of admitted tax inequities should be deferred.

It resulted in a veto by President Truman last year in the personal income tax reduction schedules passed by the Eightieth Congress. The bill was, of course, repassed over the Presidential veto.

But through the campaign of 1948 the tax-reduction measure was castigated as a rich man's tax law.

That characterization was a Hitlerian lie because the 1948 revenue law primarily relieved low-income groups, removing several millions from the bottom of the tax rolls.

#### WRONG SLANT

In addition for the fiscal year to date, that is, since July 1 last, collections under the new law have resulted in a loss of revenue primarily from the low brackets only. The workingmen, including those on pay-rolls subject to the withholding tax, have paid in during the current fiscal year \$1,185,000,000 less than in the previous year. On the other hand, collections from the so-called rich men, those not in the withholding tax groups, have paid out in Federal income taxes substantially the same amounts as under the previous law.

Another difference between the Canadian and the Fair Deal bloc approach is that the latter evidently regards unprecedentedly heavy peacetime Federal spending as an instrument in economic planning for the welfare state.

Whatever the motivation, high taxation and a big Federal budget add to the social overhead, and are reflected in the cost of all goods and services produced.

## Israeli Veterans

### EXTENSION OF REMARKS OF

**HON. JACOB K. JAVITS**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, April 1, 1949

Mr. JAVITS. Mr. Speaker, the whole world has hailed Israel's fight for her own independence and her resistance to aggression. The courage and skill shown in this struggle have been convincing evidence of the fact that the Jews of Israel know how to fight in the cause of justice. A group of Israeli veterans are about to tour the United States in the interests of the united Jewish appeal and to thank the American people for their sympathetic consideration of Israel. There is appended hereto the invitation to a reception to these veterans

held in the Capitol, sent to interested Members by the Honorable EMANUEL CELLER, of New York, and myself:

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, D. C., March 30, 1949.

DEAR COLLEAGUE: You are cordially invited to be present at a reception for soldier veterans of Israel's fight for independence on Friday, 1 p. m., April 1, in Statuary Hall in the Capitol. This contingent of from 7 to 12 Israeli veterans under the leadership of Lt. Col. Mati Dagan, Lt. Herzala Shalfon, Capt. Geyra Gershon, and Maj. Ben Arzi, is leaving from Washington on a train called the Caravan of Hope, one of seven different train units which will visit more than 100 cities in 41 States from April 3 to April 27 sponsored by the United Jewish Appeal to thank the United States for past help and as part of the current campaign to raise \$250,000,000 for Jewish refugees and rehabilitation work in Europe, north Africa, and Israel.

Also present at the reception will be the military attaché of the Israeli Embassy (Col. Ephraim Ben Arzi) and officials of the United Jewish Appeal. National and local press services are being invited to be present and to take photographs.

Will you be good enough to telephone extension 450 or 1974 to advise that you will be present.

Sincerely yours,

J. K. JAVITS,  
Member of Congress.  
EMANUEL CELLER,  
Member of Congress.

Among the Members of the Senate and House present were: Senator IRVING M. IVES, New York; Senator CLAUDE PEPPER, Florida; Representatives WILLIAM A. BARRETT, Pennsylvania; GORDON CANFIELD, New Jersey; EMANUEL CELLER, New York; ISIDORE DOLLINGER, New York; HERMAN P. EBERHARTER, Pennsylvania; WILLIAM T. GRANAHAAN, Pennsylvania; T. MILLET HAND, New Jersey; EDWARD J. HART, New Jersey; JAMES J. HEFFERNAN, New York; LOUIS B. HELLER, New York; JACOB K. JAVITS, New York; BERNARD W. KEARNEY, New York; KENNETH B. KEATING, New York; ARTHUR KLEIN, New York; HENDERSON LANHAM, Georgia; HENRY J. LATHAM, New York; JOHN DAVIS LODGE, Connecticut; HAROLD O. LOVRE, South Dakota; RAY J. MADDEN, Indiana; ABRAHAM J. MULTER, New York; HARRY P. O'NEILL, Pennsylvania; JAMES T. PATTERSON, Connecticut; WILLIAM L. PFEIFFER, New York; ABRAHAM A. RIBICOFF, Connecticut; R. WALTER RIEHLMAN, New York; PETER W. RODINO, Jr., New Jersey; ADOLPH J. SABATH, Illinois; KATHARINE ST. GEORGE, New York; GEORGE A. SMATHERS, Florida; ANTHONY F. TAURIELLO, New York; SIDNEY R. YATES, Illinois.

## The Lacrosse (Va.) High School

### EXTENSION OF REMARKS OF

**HON. WATKINS M. ABBITT**

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, April 1, 1949

Mr. ABBITT. Mr. Speaker, it gives me great pleasure today to welcome to Washington, the seat of government of our great country, the senior class, its teach-











by floods to repay their loans: Now, therefore, be it

*Resolved by the Scottsbluff-Gering National Farm Loan Association in annual meeting this 8th day of March 1949, That we earnestly urge that relief measures be taken at the earliest possible date to relieve the flood conditions in Gering and Mitchell Valleys, and we recommend: (1) That the Corps of Army Engineers undertake the stabilizing of the drains on a nonreimbursable basis; (2) that Soil Conservation Service stress its program for better crop practices to prevent erosion and undertake the building of retention dams and some terracing on the uplands above the irrigation districts; and (3) that the Bureau of Reclamation lend its efforts to a better efficiency of the irrigation system by a program to prevent unreasonable seepage conditions.*

#### COMMUNISM—PETITION

Mr. REED. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, without all the signatures attached, a petition signed by 40 citizens in the neighborhood of Hays, Kans., in which they urge the Congress to take action against increasing communism in America.

There being no objection, the petition was referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, without all the signatures attached, as follows:

*To the Congress of the United States:*

We the undersigned ask Congress to take action on effective legislation to stop the increasing growth of communism in America and in foreign countries.

1. Registration and fingerprinting of all Communist Party members in the United States.

2. Assist labor in its effort to dispose of all Communist leadership.

3. Increase under the world-recovery plan the shipping of agricultural products, food, and clothing to all needy and Christian countries of the world to increase their hope and enthusiasm in their fight against Communist destruction.

ALBERT DINKEL,  
A. A. HERMAN,  
MIKE BILLINGER,  
PETER SANER,  
BEN A. ROME

(And 35 other citizens around Hays, Kans.).

#### ADDITIONAL FUNDS FOR JOINT COMMITTEE ON LABOR-MANAGEMENT RELATIONS—REPORT OF A COMMITTEE

Mr. HAYDEN. Mr. President, from the Committee on Rules and Administration, I report favorably, with an additional amendment, Senate concurrent 10, to provide additional funds for the Joint Committee on Labor-Management Relations, submitted by the Senator from Montana [Mr. MURRAY] on January 27, 1949, and I submit a report (No. 206) thereon. I ask unanimous consent for its immediate consideration.

Mr. WHERRY. Mr. President, may I inquire of the distinguished Senator from Arizona if this is not the concurrent resolution submitted by the distinguished Senator from Montana [Mr. MURRAY] which provides for the payment of terminal leave to employees of the committee whose services were terminated?

Mr. HAYDEN. That is correct.

Mr. WHERRY. It also asks for appropriations for 1 month to review the findings of the committee, does it not?

Mr. HAYDEN. That is correct.

The VICE PRESIDENT. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution, which had been reported previously from the Committee on Labor and Public Welfare with amendments, on page 1, line 5, after the word "through", to strike out "February 28" and insert "March 31,"; and in line 6, after the word "exceed", to strike out "\$10,000" and insert "\$13,975.80."

The amendment of the Committee on Rules and Administration was, on page 1, line 5, after the word "and", to strike out "through March 31, 1949, to" as proposed to be amended, and insert "for a period not to exceed 1 month following the date this resolution is agreed to, to."

The amendments were agreed to.

The concurrent resolution, as amended, was agreed to, as follows:

*Resolved by the Senate (the House of Representatives concurring), That the Joint Committee on Labor-Management Relations, created by title IV of the Labor-Management Relations Act, 1947, is authorized after December 31, 1948, and for a period not to exceed 1 month following the date this resolution is agreed to, to incur expenses not to exceed \$13,975.80, which shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives on vouchers signed by the chairman. Disbursements to pay such expenses shall be made by the Secretary of the Senate out of the contingent fund of the Senate, such contingent fund to be reimbursed from the contingent fund of the House of Representatives in the amount of one-half of the disbursements so made.*

#### PRINTING OF ADDITIONAL COPIES OF PRAYERS BY THE CHAPLAIN—REPORT OF A COMMITTEE

Mr. HAYDEN. Mr. President, from the Committee on Rules and Administration, I report favorably, with amendments, Senate Concurrent Resolution 19, authorizing the printing of additional copies of prayers offered by the Chaplain, the Reverend Peter Marshall, doctor of divinity, at the opening of the daily sessions of the Senate of the United States during the Eightieth Congress, and I submit a report (No. 207) thereon. I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

The amendment of the Committee on Rules and Administration was, on page 1, line 2, to strike out all after the resolving clause and insert:

That there be printed as a Senate document the prayers offered by the Chaplain, the Reverend Peter Marshall, D. D., at the opening of the daily sessions of the Senate of the United States during the Eightieth Congress, 1947-48, and at the opening of the first 10 daily sessions of the Senate of the United States, Eighty-first Congress, 1949, together with excerpts from the CONGRESSIONAL RECORD relative to Dr. Marshall's death; and that 6,000 additional copies be printed and bound, of which 5,00 shall be for the use of the Senate and 1,000 shall be

for the use of the Joint Committee on Printing.

The amendment was agreed to.

The title was amended so as to read: "Concurrent resolution authorizing the printing of additional copies of prayers offered by the Chaplain, the Reverend Peter Marshall, doctor of divinity, at the opening of the daily sessions of the Senate of the United States during the Eightieth and Eighty-first Congresses."

The concurrent resolution, as amended, was agreed to.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GURNEY (for himself, Mr. MUNDT, and Mr. YOUNG):

S. 1488. A bill to authorize the negotiation, approval, and ratification of separate settlement contracts with the Sioux Indians of Cheyenne River Reservation in South Dakota and of Standing Rock Reservation in South Dakota and North Dakota for Indian lands and rights required by the United States for the Oahe Dam and Reservoir, Missouri River Development; to the Committee on Interior and Insular Affairs.

By Mr. KNOWLAND:

S. 1489. A bill authorizing a review of the report on the Inter-oceanic Canal across Nicaragua contained in House Document No. 139, Seventy-second Congress, first session; to the Committee on Armed Services.

By Mr. McGRATH:

S. 1490. A bill to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the International Bank for Reconstruction and Development; to the Committee on the District of Columbia.

By Mr. DOUGLAS:

S. 1491. A bill for the relief of Rudolph Meinhard and Irene Hallinger;

S. 1492. A bill for the relief of Agnes Targani; and

S. 1493. A bill for the relief of Peter Penovic, Milos Grabovac, Nikola Maljkovic and Mile Milanovic; to the Committee on the Judiciary.

By Mr. JOHNSON of Colorado:

S. 1494. A bill for the relief of Fausto Leonardo Marcal; to the Committee on the Judiciary.

By Mr. JOHNSON of Colorado (for himself and Mr. MILLIKIN):

S. 1495. A bill to establish a United States Air Force Academy; to the Committee on Armed Services.

#### INVESTIGATION OF PROPOSED DISCONTINUANCE OF CORRECTIONAL INSTITUTION AT SANDSTONE, MINN.

Mr. LANGER submitted the following resolution (S. Res. 100), which was referred to the Committee on the Judiciary:

*Resolved, That the Committee on the Judiciary or any duly authorized subcommittee thereof is authorized and directed to make a full and complete investigation with respect to the proposed discontinuance of the Federal correctional institution at Sandstone, Minn., with a view to determining whether the continued operation of such institution is desirable in order to prevent overcrowding at other similar institutions, or whether some other institutions or Federal penitentiaries should be closed. The committee shall report to the Senate at the earliest practicable date the results of its study and investigation, together with such recommendations for legislation as it may deem necessary.*



SEC. 2. The Attorney General is requested to postpone action with respect to the closing of such correctional institution until the committee shall have had an opportunity to complete the investigation and study authorized by this resolution.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM—AMENDMENT

Mr. CAIN (for himself and Mr. BRIDGES) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, which was ordered to lie on the table and to be printed.

#### HOUSE BILL REFERRED

The bill (H. R. 2023) to regulate oleomargarine, to repeal certain taxes relating to oleomargarine, and for other purposes, was read twice by its title and referred to the Committee on Finance.

#### EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### COTTON IN OUR ECONOMY—ADDRESSES BY SENATOR KEFAUVER AND WILLIAM D. FELDER, JR.

[Mr. KEFAUVER asked and obtained leave to have printed in the RECORD addresses delivered by himself and William D. Felder, Jr., before the Texas Cotton Association on March 25, 1949, which appear in the Appendix.]

#### ATLANTIC UNION—EDITORIAL FROM THE NEW YORK HERALD TRIBUNE

[Mr. KEFAUVER asked and obtained leave to have printed in the RECORD an editorial entitled "Atlantic Union," from the New York Herald Tribune of March 9, 1949, which appears in the Appendix.]

#### ADDRESS BY ARCHBISHOP BERGAN AT ST. PATRICK'S DAY BANQUET, OMAHA, NEBR.

[Mr. BUTLER asked and obtained leave to have printed in the RECORD an address delivered by Archbishop Bergan at the St. Patrick's Day banquet sponsored by Omaha's Ancient Order of Hibernians, at Omaha, Nebr., on March 17, 1949, which appears in the Appendix.]

#### CHRISTIAN ETHICS—LETTER FROM MRS. JOHN A. WOOD

[Mr. ROBERTSON asked and obtained leave to have printed in the RECORD a letter from Mrs. John A. Wood, mother of the widow of Dr. Peter Marshall, late Chaplain of the Senate, which appears in the Appendix.]

#### TRUMAN ECONOMICS AND THE REALITIES—EDITORIAL FROM THE PHILADELPHIA INQUIRER

[Mr. MARTIN asked and obtained leave to have printed in the RECORD an editorial entitled "Truman Economics and the Realities," published in the Philadelphia Inquirer of April 1, 1949, which appears in the Appendix.]

#### WHY SOUTH FIGHTS FOR FILIBUSTER—EDITORIAL FROM UNITED STATES NEWS AND WORLD REPORT

[Mr. NEELY asked and obtained leave to have printed in the RECORD an editorial entitled "Why South Fights for Filibuster," published in the United States News and

World Report of February 11, 1949, which appears in the Appendix.]

#### DEMOCRACY CAN TAKE IT—EDITORIAL FROM THE PUTNAM (W. VA.) DEMOCRAT

[Mr. KILGORE asked and obtained leave to have printed in the RECORD an editorial entitled "Democracy Can Take It," published in the Putnam (W. Va.) Democrat of March 25, 1949, which appears in the Appendix.]

#### THE CHICAGO HOUSING SHORTAGE—EDITORIAL FROM THE CHICAGO SUN-TIMES

[Mr. DOUGLAS asked and obtained leave to have printed in the RECORD an editorial entitled "Chicago and S. 1070," published in the Chicago Sun-Times of March 23, 1949, which appears in the Appendix.]

#### CENTRAL AMERICA—EXCERPTS FROM STATEMENTS BY EDUCATORS

[Mr. BREWSTER asked and obtained leave to have printed in the RECORD excerpts from statements made by certain educators relative to Central America, which appear in the Appendix.]

#### BRETTON WOODS, THE BRITISH LOAN, AND THE MARSHALL PLAN—STATEMENTS BY PUBLIC OFFICIALS

[Mr. BREWSTER asked and obtained leave to have printed in the RECORD a compilation of statements made by certain public officials in reference to the Bretton Woods and British loan agreements and the Marshall plan, which appear in the Appendix.]

#### VALUE IN TERMS OF PROPERTY OF ECA AUTHORIZATION

Mr. WHERRY. Mr. President, during the debate on the pending measure, many issues have been raised and many fine things have been said in an attempt to justify the continuance of ECA. There are those who feel, however, that it should be continued on as economical a basis as possible because \$5,580,000,000 is a lot of money.

There are those on the Senate floor who are not members of the committee and, I am satisfied, at least one member of the Appropriations Committee, who are apprehensive that if the authorization goes through, the figure of \$5,580,000,000 will be the appropriation that is finally granted.

Senators have made speeches in which, disregarding the amount of money involved, they stress the necessity for financing ECA, and contend that if the authorization should be reduced the result might be much higher costs in the event we should become involved in a third world war. But, regardless of all of the arguments for and against the objectives of the bill the fact remains that very few have given consideration to the amount of value in \$5,580,000,000. In order that the people of the farm States and especially Nebraska may have some idea of what it means to appropriate \$5,580,000,000, I ask unanimous consent that the news release from the Omaha World-Herald of April 1, 1949, may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

Yesterday's paper carried a statement made by the junior Senator of Nebraska, setting out some of these comparisons with the

value of farm land, of our buildings, of our counties, of our municipalities, and the crop production of not only Nebraska but the Middle Western States that we call the bread basket of America:

Aside from being a whale of a lot, how much is \$5,500,000,000; just how much, actually.

For one thing, it is the amount that President Truman insists the United States should spend on foreign aid in the next 15 months. He says Congress shouldn't cut it a penny.

For another, it is some 18 times the valuation of all Omaha's assessed real and personal property, more than twice the valuation of Nebraska's assessed valuation.

It is little more than five times the total gross farm income, including Government payments, of Nebraska farmers in the record income year of 1947. That was \$1,139,086,000.

Mr. Truman calls for foreign aid totaling \$5,580,000,000.

The parallel was drawn Thursday by Senator WHERRY, of Nebraska, the Republican leader in the Senate, who is one of the leaders in the fight to reduce ECA expenditures.

He favors extending the aid for 12 months at a time instead of 15 and a reduction of 15 percent in the administration request.

He drew his parallels showing how much five and one-half billions is in order that the people of Nebraska could get a close-to-home comparison of what foreign aid was costing, he declared.

He drew them shortly after President Truman made it clear to reporters that he wouldn't be satisfied with anything less than the full \$5,580,000,000.

That, said Senator WHERRY, is \$100,000 more than the total farm income of Minnesota, Iowa, Missouri, North and South Dakota, Nebraska, and Kansas in 1945, the last war year.

It is just about the same as the total gross income for livestock in 1947, the record year, in Minnesota, Iowa, Missouri, North and South Dakota, Nebraska, and Kansas. That figure was \$5,799,596,000.

It is something like 13 times the total assessed valuation of Douglas County property, personal, tangible, and intangible.

That valuation is \$455,707,864.

Nebraska's assessed valuation in 1949 was \$2,299,222,769. Mr. Truman is asking more than double that for foreign aid in the current bill.

It would take 100,000 men earning \$100 per week 10 years and 9 months to make that much.

In 1934, said Mr. WHERRY, the entire cost of United States Government was \$6,011,000,000, just a half billion more than the requested ECA appropriation.

Mr. WHERRY pointed out that last year's record corn production of 3,650,548,000 bushels would have to be sold for \$1.50 per bushel to raise the \$5,580,000,000 Mr. Truman has asked. That is 20 to 30 cents more than today's market.

"Similar comparisons could be made in relation to industrial income," Mr. WHERRY said. "I have drawn these parallels to show the folks in Nebraska just how much we are being asked to contribute."

#### STATE AND LOCAL HISTORY AND AMERICANISM—STATEMENT BY DR. SYLVESTER K. STEVENS

Mr. MARTIN. Mr. President, I feel that the understanding of State and local history is most important in impressing upon the people of the United States the real plan of our form of government. Dr. Sylvester K. Stevens, State historian of the Commonwealth of Pennsylvania, has prepared a very useful statement on that subject, and I ask unanimous consent to have it printed in the RECORD at this point as a part of my remarks.



mous-consent proposal to have the Senate vote some time on Monday on all other amendments. I shall talk to him a little later in private, and perhaps I can persuade him to go along with us.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. BREWSTER. I should be very glad if it would be possible to take up the amendment on which I spoke at some length yesterday. I do not contemplate more extended speaking on it, so I hope it will be possible to dispose of it.

Mr. LUCAS. I hope the Senators who have amendments will remain rather close at hand, in order that we may take up some of them.

Mr. WHERRY. Mr. President, let me ask the distinguished majority leader if he plans—I understood he said this might be done, but I should like to know whether he can assure us of it—at the end of the presentation of the amendment affecting strategic materials, to lay it aside temporarily, so that we may then proceed to dispose of certain other amendments. I wonder whether we can have a clear statement in that regard.

Mr. LUCAS. Yes; I think I have that tentative understanding with the Senator from Louisiana, and I think there will be no question about it.

Mr. ELLENDER. I am very glad to agree to have that done, Mr. President.

The VICE PRESIDENT. The Senator from Louisiana is recognized for the purpose of discussing the amendment which he offered last evening.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed a bill (H. R. 2023) to regulate oleomargarine, to repeal certain taxes relating to oleomargarine, and for other purposes, in which it requested the concurrence of the Senate.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. ELLENDER obtained the floor.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Louisiana [Mr. ELLENDER] on page 8, line 3, to strike out "5 per centum" and insert in lieu thereof "25 per centum", and on page 9, line 1, after the word "materials", to insert "plus amounts allocated in accordance with subsection (h)."

Mr. ELLENDER. Mr. President, at the outset I wish to make it crystal clear that the amendment proposed by me does not in any manner affect the pending authorization for the ECA program. The sole purpose of the amendment is to increase by 20 percent our minimum share of the local-currency account established under the provisions of the present law. That account is known as the counterpart fund. As I understand the way in which the counterpart fund operates, the importers of, let us say, France, furnish a statement of the re-

quirements of French merchants, farmers, or manufacturers. The statement of requirement is then sent to the ECA Administrator in Washington. After he approves it, the goods are purchased and paid for from dollars allocated to the given country, in this case, France. When the goods reach France, they are sold through normal trade channels to the manufacturer, the merchant, or to the farmer, and so forth. They are paid for in francs. The francs are thereafter deposited in a bank and, as I have just indicated, they become known as counterpart funds. Under existing law not less than 5 percent of this special local-currency fund is allotted to the use of the United States Government for purchase of strategic materials and for other local-currency requirements of the United States. Section 10 (h), found on page 8 of the pending bill, states:

(h) Not less than 5 percent of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.

Dropping down to line 21, subparagraph (2), I read further:

In furtherance of such objectives and within the limits of the appropriations and contract authorizations of the Bureau of Federal Supply to procure strategic and critical materials—

At this point on page 9, line 1, my amendment proposes to insert "plus amounts allocated in accordance with subsection (h)."

As I have already indicated, that would have the effect of increasing the minimum from 5 percent to 25 percent. I continue the reading of subparagraph (2):

The Administrator, with the approval of the Director of such Bureau, shall enter into contracts in the name of the United States for the account of such Bureau for the purchase of strategic and critical materials in any participating country. Such contracts may provide for deliveries over definite periods, but not to exceed 20 years in any contract, and may provide for payments in advance of deliveries.

Before proceeding to a detailed discussion of the amendment which is now pending, I shall ask the indulgence of Senators in order that I may pass in parade some of the proposals or plans which have been submitted thus far by our advisors, in order to bring to us and to the world permanent peace. It will be recalled that the movement started early in 1945, when 51 nations met at San Francisco to organize the United Nations. Under date of July 28, 1945, the Senate adopted a resolution agreeing to membership in that organization. We were told at that time that other steps were necessary in order to make it possible for us to have a settled world, which in turn would lead to peace. We were told at that time that it was necessary that the Congress agree to the Bretton Woods proposals. It will be recalled

that the Bretton Woods proposals are, to a certain extent, part and parcel of the United Nations Charter. As a matter of fact, when the countries were meeting at San Francisco for the purpose of determining what should be included in the charter, there were present representatives from all countries who had met at Bretton Woods, N. H., for the purpose of devising ways and means of rendering assistance to countries that had suffered from the war. As a result of those conferences we agreed to subscribe to the Bretton Woods proposals.

In one of those proposals we agreed to subscribe to the capital stock of the International Bank to the extent of \$3,175,000,000. The United Kingdom was to subscribe in the amount of \$1,300,000,000. Not long after the International Bank was created, the participating countries were asked to supply a minimum of 2 percent of what they had subscribed. We immediately put up our portion. All other countries put up their 2 percent. Later the directors of the bank made further calls totaling 18 percent on all subscribers. This was to be in the currency of the subscribing nations, and to be banked in those countries. It was also provided that the bank could not use the 18 percent funds of the other countries without the express permission of the respective governments concerned. Up to the present time the bank has succeeded in freeing, of these 18 percent funds of other countries, the sum of approximately \$2,000,000 from the United Kingdom, and another \$10,000,000 from Belgium and Canada. So that actually, the only country to pay its entire subscription was the United States. In addition to the 2 percent of the subscription we had originally deposited, we put up this additional 18 percent, amounting to \$571,500,000. Great Britain's 18 percent amounted to \$234,000,000. All she actually put up, in addition to the original 2 percent, which amounted to \$26,000,000, was \$2,000,000. The total actually put up by other countries as a result of the 18 percent call was \$10,000,000.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. JOHNSON of Colorado. Does the Senator recall that when the British loan, which preceded the Marshall plan, was being considered by the Senate, it was repeatedly stated on the floor that one of the purposes of the loan was to enable Great Britain to carry her load in the fund and in the International Bank?

Mr. ELLENDER. Yes, that was one of the purposes, I may say to the Senator, but after she procured our money by way of a loan she did not put up her full share for the International Bank.

Mr. JOHNSON of Colorado. It was one of the arguments, was it not?

Mr. ELLENDER. Yes; but evidently none of the money was used for that purpose, as I have just stated. As a matter of fact, Mr. President, the entire amount of subscribed and paid-in stock of the International Bank aggregates \$1,004,326,000, and we have put up every penny



of that amount, with the exception of \$10,000,000, from Belgium and Canada, \$28,000,000 from Great Britain, and the 2 percent originally subscribed by other nations. There were also sold in this country, to our own people, bonds of the International Bank in the amount of \$250,000,000. So that, of this entire amount of approximately \$1,000,000,000, we in the United States have placed the greater portion at the disposal of the bank.

Let us see how this money was loaned out. Belgium received \$16,000,000; France, \$250,000,000; The Netherlands, \$195,000,000; Denmark, \$40,000,000; Luxemburg, \$12,000,000; Chile, \$16,000,000; the Dutch Shipping companies, \$12,000,000; Mexico, \$34,100,000; Brazil, \$75,000,000, making a total to date of \$650,100,000. There is still available for lending purposes \$370,000,000. Of course, there may be good reasons why the countries which are in need of funds today do not go to the bank which was created for the purpose of making money available for them. In that bank they must put up some kind of security if they wish to borrow, which was agreed to by them as part and parcel of the plan to bring about prosperity and permanent world peace.

Mr. President, the next step which was taken by us, with respect to the Bretton Woods proposal, was to subscribe to the International Monetary Fund, or the so-called stabilization fund. It will be recalled that when the matter was presented to us it was all important that the fund be established so as to be used in order to stabilize the currencies of all participating countries.

Let me point out to the Senate the extent to which we participated in that fund. Our share was \$2,750,000,000 which we put up in United States dollars and gold. The United Kingdom put up \$300,000,000 in gold and \$1,000,000,000 pounds sterling, or a total of \$1,300,000,000; all other nations put up in gold the sum of \$1,000,000,000.

That makes a total in United States dollars and gold of \$4,050,000,000. Not long after Great Britain had put up her \$300,000,000 in gold she immediately purchased \$300,000,000 of United States dollar currency, by putting up an equal amount in pounds sterling, so that today in effect, all the money which Great Britain has in the fund is sterling. France withdrew \$125,000,000 in United States dollars; the Netherlands, \$62,500,000; Belgium, \$33,000,000; Denmark, \$10,200,000; Norway, \$5,000,000; Czechoslovakia, \$6,000,000; Turkey, \$5,000,000, other nations, \$135,900,000. The entire amount which has now been withdrawn from that fund aggregates \$700,000,000, of which \$682,900,000 was in United States dollars. There is still available in United States dollars the difference between that latter sum of \$4,050,000,000.

But, again, I wish to point out to the Senate that the United States Government put up the major portion of that \$4,000,000,000.

Mr. President, not long after we were told it was necessary that we join hands with other nations in the formation of the International Bank and the stabilization fund, which I have just mentioned,

another proposal was made to us. It was another "must," in order to develop trade among various nations and bring about peace and prosperity.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield.

Mr. KEM. I am very much interested in the enlightening report which the Senator is making. Will the Senator summarize what the experience at Bretton Woods has cost the American people up to this time?

Mr. ELLENDER. I have that information here. I have discussed it. We have subscribed, and we are responsible in those two ventures, for a total sum of more than \$6,000,000,000. If the Senator will be patient with me, I shall presently summarize this amount, together with other amounts which we have obligated ourselves to pay.

Another adjunct to this peace proposal which was described as essential was the increase in the lending ability of the Export-Import Bank. The Export-Import Bank is a corporation entirely owned by the Federal Government. The Federal Government owns the stock in it. The bank has a lending capacity of \$3,500,000,000. We increased the lending authority to that amount, under date of July 31, 1945, about the same time and in the same period that we joined the United Nations organization and subscribed to the International Bank and the stabilization fund to which I have just referred. Under that plan the United States Government has again made funds available to various nations, not only in Europe, but all over the world. The outstanding loans are as follows:

Latin America.....	\$711, 166, 866. 39
Asia .....	289, 191, 099. 07
Europe .....	2, 039, 392, 808. 63
Other contributions.....	200, 367, 614. 28
Total.....	3,240,118, 388. 27

Mr. President, that is another obligation we have assumed for assisting foreign nations, in addition to what I have just stated to the Senate.

Let me give a break-down of the European loans:

Sweden .....	\$2, 155, 000
France.....	1, 200, 000, 000

The United Kingdom did not borrow from the Export-Import Bank. Subsequently, as I shall point out in a few minutes, we made them a direct loan of \$3,750,000,000, almost on her own terms. It will be recalled that at that time the British were very much disappointed that we did not keep on with the lend-lease program whereby they could get all the supplies and materials they needed without having to put up any security or in fact any of her possessions. It was more or less in the nature of a grant of gift.

Other countries receiving loans from the Export-Import Bank are—

Austria.....	\$13, 505, 000. 00
Belgium.....	132, 000, 000. 00
Czechoslovakia.....	21, 987, 000. 00
Denmark.....	20, 000, 000. 00
Finland.....	125, 146, 204. 68
Poland.....	46, 166, 742. 52
Germany.....	23, 592, 103. 00
Italy.....	134, 263, 812. 33
The Netherlands.....	209, 878, 142. 50
Norway.....	50, 250, 000. 00

Mr. President, the grand total of funds the Government of the United States made available to foreign governments by loans, credits, and grants from July 1, 1945, to June 30, 1948, plus the ECA appropriations for the fiscal year ending June 30, 1949, is the stupendous sum of \$23,783,000,000.

Mr. JENNER. Mr. President—

The PRESIDING OFFICER (Mr. O'Connor in the chair). Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. ELLENDER. I yield.

Mr. JENNER. Do the figures the Senator has given include UNRRA?

Mr. ELLENDER. Yes.

Mr. JENNER. Do they include the cost of the army of occupation in Germany?

Mr. ELLENDER. Yes, up to June 30, 1948.

Mr. JENNER. Do they include the cost of the army of occupation in Japan?

Mr. ELLENDER. Yes. These figures were taken from a report made by the National Advisory Council. I shall give a break-down of them for the benefit of Senators.

Insofar as I am aware, the only thing that is not included in this tabulation is the approximately \$6,000,000,000 loss we sustained when we sold \$6,400,000,000 worth of lend-lease goods in the pipe lines to Great Britain for the sum of \$640,000,000.

It will be recalled that soon after the war our Government sold to the government of Great Britain lend-lease goods in the pipe line valued at a sum in excess of \$6,000,000,000. For that amount we received an I O U of \$640,000,000, or about 10 percent of the value of the goods. When the British pay that debt, if they ever do, we will be obligated to spend every dime of it in the United Kingdom. We cannot spend it anywhere else except in the United Kingdom.

Mr. President, in order to give a picture of how that huge sum was distributed, let me point out to the Senate these facts: The United Kingdom got \$5,958,000,000 worth of loans and gifts in addition to twenty-five or thirty billion dollars we have given under lend-lease, and which is not included in these figures.

France got \$3,374,000,000. Western Germany got \$2,467,000,000. Italy got \$1,868,000,000. Greece got \$942,000,000. The Netherlands got \$759,000,000. Austria got \$580,000,000. Belgium and Luxemburg got \$356,000,000. Others got \$584,000,000. The total to the European nations participating in ECA amounted to \$16,888,000,000.

Other European nations received the following: Russia, \$465,000,000; Poland, \$443,000,000; Yugoslavia, \$249,000,000; Czechoslovakia, \$213,000,000; all others, \$163,000,000, or a total of \$1,583,000,000.

Mr. JENNER. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. JENNER. The Senator made reference to \$465,000,000 going to Russia.

Mr. ELLENDER. Yes.

Mr. JENNER. When did we send them \$465,000,000?

Mr. ELLENDER. That was made available to them soon after the war,



when things were going fairly well between us.

Mr. JENNER. Was that in the period from 1945 to the present time, to which the Senator recently referred in his remarks?

Mr. ELLENDER. Yes.

Mr. JENNER. In what form was that money given to them?

Mr. ELLENDER. In the form of goods and supplies and items of that character.

Mr. JENNER. Did it include goods of a strategic nature?

Mr. ELLENDER. I am unable to state as to that.

Mr. JENNER. The Senator does not have the break-down?

Mr. ELLENDER. I do not have the break-down.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield for a question.

Mr. JOHNSON of Colorado. I am not clear as to whether the Senator is including in the total the pipe-line lend-lease goods which were on their way to the United Kingdom and to other nations in Europe.

Mr. ELLENDER. The figures I have just quoted cover all the money in the form of loans, credits, and grants that were made available to these countries.

Mr. JOHNSON of Colorado. But not goods?

Mr. ELLENDER. Certainly there were goods, for the reason that, as I have just indicated, the ECA appropriation for the fiscal year ending June 30, 1949, was included.

Mr. JOHNSON of Colorado. That was not quite the question I desired to ask. What I am trying to ascertain is whether or not the lend-lease items in the pipe lines are included in these grants and expenditures and investments.

Mr. ELLENDER. The figures I have given include them, and the only thing left out, as I have just stated, is the huge loss we took on the \$640,000,000 sale of lend-lease goods to Great Britain.

Mr. JOHNSON of Colorado. Which was deducted from the pipe line?

Mr. ELLENDER. It should be added to the almost \$6,000,000,000 figure.

Mr. JENNER. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield for a question.

Mr. JENNER. I wonder if the Senator in his study of these loans, grants, and gifts which have cost of the American taxpayers since 1945 approximately \$23,000,000,000—

Mr. ELLENDER. Twenty-four billion dollars.

Mr. JENNER. I wonder if the Senator has included the following items: As I understand, at the conclusion of World War II, we had several billion dollars' worth of equipment—a great part of which was in the British Isles. Does the Senator know what happened to that several billion dollars' worth of goods, whether or not they are included, or did we just walk off and leave them?

Mr. ELLENDER. A moment ago I stated that in addition to the amount of

\$5,958,000,000 that was chargeable to the United Kingdom, we have to add the sum of over \$6,000,000,000 of lend-lease supplies which our Government sold to Great Britain for \$640,000,000 in the form of an IOU given to us by Great Britain.

Mr. JENNER. What was the total value of that material?

Mr. ELLENDER. Six billion four hundred million dollars.

Mr. JENNER. And we sold it to Great Britain for 10 cents on the dollar?

Mr. ELLENDER. Yes. But the joke of it all is that we received from Great Britain an IOU, and if and when the British pay us the amount due on the IOU we will have to spend the money in Great Britain.

Mr. JENNER. Mr. President, will the Senator yield for a further question?

Mr. ELLENDER. I do.

Mr. JENNER. We know that England has been helping to build up the war potential of Russia by the shipment to Russia of jet planes, and so forth. Day before yesterday, supposedly for nonwar goods, Britain loaned Russia 36,000,000 additional dollars. Does the Senator from Louisiana know whether or not of the \$6,000,000,000 worth of war equipment we left in England, for which she gave us an IOU, which amounted to only 10 cents on the dollar, or \$640,000,000, which we shall be obliged to spend in the British Isles, England has shipped almost \$5,000,000,000 worth of it to Russia and the Russian satellite countries further to develop their war potential?

Mr. ELLENDER. I believe the ECA Administrator should by all means look into that before any more funds are made available to Great Britain. This should apply to all countries receiving our assistance.

Mr. JENNER. Has the Senator received any evidence from the Foreign Relations Committee or anyone else that that matter has been looked into?

Mr. ELLENDER. No; I have not.

I want to make it plain by way of emphasis, because it is important—

Mr. JENNER. It cannot be repeated too often.

Mr. ELLENDER. I want to make it plain that the figure I have just given and with respect to which I now propose to give the details—the figure of \$23,783,000,000—does not include the \$6,000,000,000 loss in the sale of lend-lease supplies to Great Britain, and it does not include the amounts we are liable for in the International Monetary Fund and the International Bank, which aggregate almost \$6,000,000,000. So it would be necessary to add to the figure of almost \$24,000,000,000, another \$6,000,000,000 representing our loss on the lend-lease sale to Great Britain, plus almost \$6,000,000,000 more which we have contracted for in the Bretton Woods proposals. I am making these figures available to the Senate simply to illustrate the extent to which we have already helped our friends, and so that we may determine how long and in what amounts we can continue our help. The amendment I propose is simply to provide that a minimum of one-fourth of this counterpart fund be made available to our country

so that we can replenish the millions of tons of our God-given natural resources which we are shipping across the seas.

By my amendment I do not ask that the strategic materials be given us today or tomorrow or next week. My amendment provides that, with the fund mentioned, the Bureau of Supplies, together with the ECA Administrator, may contract over a period of 20 years for the production and furnishing of those materials. These funds so derived can be retained in the Bank of England, in the Bank of France, or in the bank of any other country receiving ECA funds, and if and when the strategic materials are made available that money can be used in order to purchase them for the use of our country. That is all my amendment provides. It does not in any manner reduce the amount of the appropriation. It does not reduce the amount of United States dollars that will be made available next year to the ERP countries. It simply provides that of the amount of money paid over by the receiving country for the goods purchased with our dollars, and which is placed in this counterpart fund, at least 25 percent shall be set aside so that we in turn can contract with the nationals of the various countries to furnish us with strategic materials in the future. That is all the amendment requires, and I cannot for the life of me see any objection to such an amendment.

Mr. JENNER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. ELLENDER. I yield.

Mr. JENNER. Is not the Senator's amendment also in keeping with the policy already established by Congress which authorizes the Government of the United States to go out into the world and accumulate stock piles of strategic materials needed for our national defense and security?

Mr. ELLENDER. That is correct. I shall go into that subject in a little more detail in a few moments.

I have before me a list of all the ECA countries and their colonies where the strategic materials can be found. What I am trying to do is to make possible the use of a minimum of 25 percent of the fund in question so as to purchase strategic materials from those we are assisting. In other words, I propose that we say to the nationals of the countries in question, "We have so much money in your banks. Go out and try to discover strategic materials. We will furnish you the money to build factories, and over a period of time you can repay us when you find the strategic materials." That will help them to rebuild their economy.

Mr. JENNER. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield for a question.

Mr. JENNER. In view of the fact that dignitaries from these countries are now on our shores to sign the North Atlantic Pact, and the North Atlantic Pact, as I understand, is directed toward the security and the defense of these very nations themselves, would it not be reason-



able to assume that all the European countries which are now under the Marshall plan, and their colonies, which have strategic materials, would be glad to cooperate in such a program as the Senator's amendment contemplates in order to build up their defense and security?

Mr. ELLENDER. My answer is yes. I propose that we say to them, "We will use at least 25 percent of the counterpart fund in order to help you to develop ways and means to obtain these strategic materials."

Mr. President, I shall continue reading from this table showing the total amount of loans, grants, and credits from our Government to foreign nations. I give the figures for Asia. China \$1,898,000,000; Japan, \$1,609,000,000; the Philippines, \$507,000,000; Southern Korea, \$307,000,000; other Asiatic countries, \$218,000,000. A total for Asia of \$4,539,000,000.

The Western Hemisphere: Latin America and Canada. Latin America, \$473,000,000; Canada, \$300,000,000. A total of \$773,000,000.

Senators, that is the total amount of aid we have so far made available to our friends, as of the dates I mentioned awhile ago.

Mr. President, I ask unanimous consent that the table from which I have quoted be printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

*Authorizations and appropriations for foreign relief (loans, credits, grants, etc.), July 1, 1945, to June 30, 1948*

(Includes ECA appropriation for fiscal year ending June 30, 1949)

European nations participating in ERP:

United Kingdom	\$5,958,000,000
France	3,374,000,000
Western Germany	2,467,000,000
Italy	1,868,000,000
Greece	942,000,000
Netherlands	759,000,000
Austria	580,000,000
Belgium-Luxemburg	356,000,000
Other	584,000,000
Total	16,888,000,000

Other European nations:

U. S. S. R.	465,000,000
Poland	443,000,000
Yugoslavia	299,000,000
Czechoslovakia	213,000,000
Other	163,000,000

Total 1,583,000,000

Asia:

China	1,898,000,000
Japan	1,609,000,000
Philippines	507,000,000
Southern Korea	307,000,000
Other Asia	218,000,000

Total 4,539,000,000

Western Hemisphere:

Latin America	473,000,000
Canada	300,000,000

Total 773,000,000

Grand total 23,783,000,000

Source: P. 7, Report of National Advisory Council covering activities Apr. 1 to Sept. 30, 1948.

Included in the amounts shown on the foregoing table are the following items:

(a) Interest-bearing credits and loans:	
Loan to United Kingdom, authorized July 1946	\$3,750,000,000
Export-Import Bank loans to France	1,200,000,000
Sale of United States surplus property on long-term credit to France and Italy	544,000,000
Loans authorized under ECA program for fiscal year ending June 30, 1949	1,000,000,000
(b) Grants and Relief:	
United States contribution toward UNRRA	2,700,000,000
United States foreign-relief program (authorization of July 1947)	332,000,000
Interim aid to Austria, France, and Italy, enacted December 1947	522,000,000
Greek-Turkish aid	400,000,000
GARIOA (Government and relief in occupied areas)	2,850,000,000
Germany	1,422,000,000
Austria	114,000,000
Japan	1,050,000,000
Korea	264,000,000
ECA appropriation for fiscal year 1948-49	4,000,000,000

Mr. ELLENDER. Let me bring to the attention of the Senate the load we are now carrying in order to help the occupied countries of the world. At first Great Britain made a start in helping. In 1946 our contribution to Germany was \$211,000,000. Great Britain's was \$250,000,000. In 1947 our contribution was \$251,700,000, and Great Britain's was \$319,400,000. In 1948 our contribution, including ECA allocations, was \$1,079,800,000. Great Britain fell from \$319,000,000 to \$88,000,000. In 1949, including the proposed ECA appropriation which is pending, we shall have contributed \$909,000,000 as against \$70,000,000 for Britain.

During this entire period the French did not put up a dime. In other words, in the occupation of Germany for the years 1946 to 1949—that is, the year ending June 30, 1949, and including ECA appropriations—our cost is \$2,451,500,000, Great Britain's, \$727,000,000, and the French, nothing.

Let us take a look at Austria. In Austria we have put up, for the years 1946, 1947, 1948, and 1949, a total of \$526,000,000, including ECA aid; the British and French not a penny. I invite the attention of the Senate to an article published in the Washington Star of Sunday, March 27, 1949, headed "U. S. reported paying expenses of three other armies in Austria." I read one paragraph from the article:

The American Army pays its own bills for its Austrian household. The British, French, and Russian armies live off the Austrian economy.

And the Austrian economy lives off the American taxpayer.

It costs us today \$4,000,000 a week in order to assist Austria.

Mr. President, I ask unanimous consent to have the entire article printed in

the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

UNITED STATES REPORTED PAYING EXPENSES OF THREE OTHER ARMIES IN AUSTRIA

(By George Weller)

VIENNA, AUSTRIA, March 26.—When if ever you, as an American taxpayer, get a chance to look at your bill for holding Austria, a light like an atomic bomb may dazzle your brain.

No; it's not the size of the bill. It's the items on it that are fantastic.

You have been paying for the upkeep of the American forces in Austria, though the peace treaties do not oblige you to do so.

"All right, I like and want to help Austria," you say.

Wait! Here are some more items:

1. You are paying for the British forces here.

2. You are paying for the French upkeep here.

3. You are paying for the Russian Army here.

4. In the case of the Russians, you are paying for the red-starred army not once, but twice. Your Soviet bill is half again more than the other two.

AUSTRIA IS BRIDGEHEAD

Austria is an invaluable bridgehead to the west, weaker but more necessary than Czechoslovakia to the Communist east. To keep its economy alive you, the American taxpayer, spend \$4,000,000 a week.

One of the reasons is that you are acting as host for three armies, none of them your own.

The American Army pays its own bills for its Austrian household. The British, French, and Russian armies live off the Austrian economy.

And the Austrian economy lives off the American taxpayer.

The Russians, under the smartest little blackmail system west of the iron curtain, collect everything with an extra dividend.

The vexed question of how much the Americans, through the Austrian Government, should pay to support everybody else here is almost constantly under discussion between the generals representing the four powers.

COSTS OFTEN DISCUSSED

Sometimes one of the western generals will try to introduce the idea of "occupation costs."

But Col. Gen. L. V. Kurasov shies away. If you start pinning down where American aid, going into Austria, is going, the Russian racket of extra collection for extra troops sticks up like a mountain.

Nearly 3 years ago a low-level committee struggled to hogtie "occupation costs" into a fixed formula to include wages of soldiers and Austrian workers, rentals for premises, and goods supplied by Austria. But when the four-power board tried to outlaw special Soviet charges for running Russian business enterprises, transport, and administration, the board itself disappeared in a puff of polemics.

GENERALS QUIT ARGUING

So now the four generals have given up arguing why the American money is being collected. They just bargain about the amount.

Lt. Gen. Geoffrey Keyes, the American, holds out for the lowest amount possible, usually around 8 percent of the Austrian budget. Col. Gen. Kurasov wants 12 percent or so. The Briton, Lt. Gen. Alexander Galloway, and the Frenchman, Lt. Gen. M. E. Bethousart, usually hover around 9 percent.

Last year they compromised on 10.5 percent. For 1949 they may go down another point.



## METHOD CALLED BLACKMAIL

Why do the Americans keep on paying Russian bills?

Well, at least one American official here has an answer.

"We're scared of the Russians," says he. "It's blackmail, but we pay and keep on paying to avoid trouble."

Riding the American gravy train, the Soviets here in Austria up to January 1 had taken 1,956,000,000 schillings (about \$200,000,000) through the ever-abnormal Austrian budget.

The French and British had taken about \$64,000,000 each. But 20 months ago, when the United States stopped accepting anything more from Austria, the Americans had received \$40,000,000 from themselves, of which they returned \$30,000,000.

What these figures mean is that the Russian puts his hand in for about 4 percent of the Austrian budget and the Briton and Frenchman each for 2.5 percent, while the American keeps pouring money in.

## RED SYSTEM EXPLAINED

The way the Russian gets his extra dividend from the American taxpayer is especially adroit. Here's how it is done:

After the annual percentage figure has been agreed on by the four generals—with Austrian groans audible halfway across Europe—all four powers are supposed to get a quarter share of the pseudo-Austrian pie made of American materials. The facade of Allied equality is maintained, but it is only a genteel sham to conceal the Soviet advantage.

The Americans take their \$15,000,000 and hand it right back into the Austrian economy, to join the approximate \$500,000,000 they have given under ERP. In addition the Americans pay in dollars their household costs of around \$13,000,000.

## FRENCH GET SHARE

The French take their \$15,000,000 and pay their local bills, exclusive of soldiers' pay. Whether they do better than break even, nobody knows.

The British claim their \$15,000,000, but for the last 6 months they have let it remain untouched. Without releasing their share, as the Americans have done, they have given the Austrians hope that they will, by paying their current accounts themselves.

The Soviets take their \$15,000,000 and use it to meet some expenses. Then they take about half their Austrian bills and send them unpaid to the Austrian Government. And Austria pays them—with American money.

Mr. ELLENDER. Let us switch now to Asia. In Japan the United States contribution for the years 1946, 1947, 1948, and up to June 30, 1949, will be \$1,048,200,000; the British contribution, nothing; the French contribution, nothing. In other words, we have borne the entire burden in order to maintain the army of occupation in Japan, and to assist the Japanese.

In Korea our contribution for the years just mentioned is \$264,400,000, with no contribution from any other country.

I have before me a summary of the total contributions for all occupied countries. The United States contributions, beginning with 1946 and extending to 1949, including the ECA allocations, were \$4,290,300,000; the British, \$727,000,000; the French, nothing. So for all occupied countries we have put up 85 percent of the entire cost.

I now wish to give a recapitulation of expenditures in the occupied countries of Europe and Asia. These figures are

exclusive of ECA aid. In Europe alone we have contributed 68 percent, and the British 32 percent. In Asia we have contributed 100 percent. Throughout the world, the United States has paid 80 percent and the British 20 percent. I am citing all these figures simply to emphasize the extent to which our Government is being called upon to dissipate its own resources in order to assist the world.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. JENNER. In connection with the astounding facts he has presented, does the Senator know that the national debt of our country is almost double the national debt of all the countries in the Marshall plan?

Mr. ELLENDER. The Senator is anticipating me. I have the exact figures, and in the course of my remarks I shall present them to the Senate. I shall also present to the Senate a statement showing the area which we occupy and our population, in contrast to the area and population of the ECA countries. It seems that we are being punished because we are a progressive nation. The whole world is now looking to us, and my theory is that if we continue to dish out as we are now doing, we are more than likely to place ourselves on the same level as the countries we are trying to assist. If that ever happens, God pity the world. We should and must remain strong if the lights of freedom are to continue to burn.

Mr. JENNER. What would happen to the peace and security of the world if our economy should go down?

Will the Senator further yield, while we are talking about the figures for Germany, and the amount which the United States has put up, as compared with what the other nations, France and England, are putting up?

Mr. ELLENDER. I yield.

Mr. JENNER. Does the Senator know that while we have been doing that job in western Germany, under the foreign policy leadership of this Nation we have permitted Russia to take out of this very same area \$12,000,000,000 in war reparations?

Mr. ELLENDER. I have read about it. I have not verified the amount.

Mr. JENNER. That figure should be included with these figures, should it not?

Mr. ELLENDER. Yes. It required quite a while to obtain the figures which I am now presenting to the Senate. My entire office force was working on the job. I have very competent aid, and under my direction the employees of my office have obtained the information which I have asked for.

Mr. JENNER. They have done a great job.

Mr. ELLENDER. I realize that more could be done. I will say to the distinguished Senator from Indiana that my office force is continuing this work, and when Mr. Hoffman and his aides come before the Appropriations Committee, of which I am a member, I shall be ready to ask them a few questions. I believe that the subject should be explored from every angle. I hope to be

in a position to ask them questions to bring out the facts.

When we read the record of the hearings on the European recovery program we do not find much said as to how this program will affect our own economy. Our State Department and Mr. Hoffman have been ambassadors of the countries of western Europe. Western Europe could not have sent any better propagandists than were supplied by the State Department. I am confident that the European representatives themselves could not have made a better case than has been made by the State Department—and all of this without considering how it would affect our own economy.

Those are questions that should be looked into. I should also like to know the extent to which we are to be called upon further in order to attain the millennium to which we have subscribed. If we are to continue to bear almost the entire expense of placing the countries of western Europe in a situation in which they will become our chief competitors, it is bound to register against our own economy.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. JENNER. The Foreign Relations Committee is composed of 13 members, as the Senator from Louisiana knows. It rather reminds me of a ball team where the score is always 13 to 0, because in this instance the American people have not yet had a chance to go to bat.

Mr. ELLENDER. Mr. President, the record is replete with statements from various sources, including the brochure which was sent all over the country, about the Bretton Woods proposals and the proposals to increase the capital or lending authority of the Export-Import Bank, that they would "do the trick." However, it was not long thereafter that President Truman demanded that we loan Great Britain \$3,750,000,000. I shall not go into the details of the British loan, for now that loan is water under the bridge. I do not deny that some good came from that loan, but, of course, it did not by any means accomplish what it was supposed to do. The loan was to carry the United Kingdom economy for a period of over 3 years, but in less than 20 months we were again asked for aid.

Now, Mr. President, we come to the ECA Act which was adopted by the Congress during the Eightieth Congress. Let us remember that all the proposals and all the plans our advisers said would do the trick did not work out that way; but in the meantime we continued to put up the money; we spent the amounts I have just stated; and then ECA came into being last year. Under that plan we are being asked to put up, over a period of 4 years, a total of \$17,000,000,000. Last year we appropriated \$5,000,000,000, plus. We are now being asked to appropriate another \$5,500,000,000. With that money the economy of Europe is to be improved.

Mr. President, in my opening remarks I stated briefly how the so-called counter-



part fund was created. I now hold in my hand an article appearing in section 2, the editorial section, of the Washington Post of Sunday, March 27, 1949. The article is entitled "The Marshall Plan Delivers a Tractor." To my way of thinking, this article in a very succinct manner states how the Marshall plan is working and how the counterpart fund is created. I ask unanimous consent to have the article printed at this point in the RECORD as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### MARSHALL PLAN DELIVERS A TRACTOR

(A year ago this week, Congress finally passed the Economic Cooperation Act, which put into effect the Marshall plan, or the European recovery program, as it was variously called. The bill was signed by President Truman April 3, 1948. The following story shows how the plan has worked out, and is working, in the life of an individual Frenchman.)

(By Stephen White)

ENTREVIN, FRANCE, March 26.—Le Petit Entrevin is a few houses tucked insignificantly into the rolling landscape of Cher, in almost the geographical center of France. Here M. Albert Jolivet farms 90 acres of fertile land, as his father did before him. Over the years he has not done badly, but this year he expects to do even better, for he has a new tractor, thanks to the Marshall plan.

M. Jolivet would be incensed if he were asked to think of the tractor as a gift. He paid for it in hard cash—well over 500,000 francs. Nevertheless, it is only because the Marshall plan is in operation that M. Jolivet was able to turn his francs into a new American tractor.

For months his name had been on the lists of the company in Wisconsin that manufactures the machines. The trouble was that he could pay only in francs. The American company did not want francs, since it cannot buy its raw materials with francs.

Neither could M. Jolivet convert his francs into dollars. To do this, he would have to find someone with dollars who wanted francs with which to buy French goods. France had few goods to sell, and America was so overflowing with goods that it had no particular desire for French goods. M. Jolivet, in short, was trapped in the dollar famine.

#### ONE OF 209 TRACTORS

Fortunately for M. Jolivet, the United States and 16 European nations decided to alter the normal course of affairs. The United States asked these nations to itemize their needs, and promised to cooperate by taking care of the dollar problem.

France listed the things it needed most for reconstruction. There was nickel and lead and cadmium; streptomycin and cotton. One item was tractors.

The General Confederation of Agriculture—a business organization of French farmers—was told that a certain number of tractors had been approved. The confederation allocated the total number by districts. District meetings allocated the tractors to individuals.

M. Jolivet is a good farmer, with a fine reputation, and his application was one of the oldest. It was decided that he was entitled to a tractor.

He paid the requisite number of francs to the Paris agent of the tractor company. The company turned over the francs to the French Government. The United States Government turned over the corresponding sum, in dollars, to the company.

On January 6, the steamship *Cape Race* reached La Havre with 209 tractors. On January 14 M. Jolivet plowed a furrow—not that it was time to plow furrows just yet, but because a man who has a new tractor likes to try it out.

#### FRANCS PLOWED BACK

So M. Jolivet got his tractor. But what of the francs lying in a Paris bank, and the dollars that the United States paid out?

That is the heart of the Marshall plan. The dollars come from the pockets of the American taxpayer. They are his contribution to the rebuilding of France and of a peaceful world. He does not get the money back, although there is hope that he will get more than good value for it in stability and peace.

The francs may be used by France for internal reconstruction. M. Jolivet's francs, which already have bought him a tractor, will also buy him electric power, and good roads, and new waterways. These francs—called the counterpart fund—stay in their own country, where they are of value, and build it back to strength.

At Dongere Mondragon, on the Rhone River, these francs are building a great new dam. With luck the job will be done by 1952, and 360,000 kilowatts of electrical capacity will begin feeding power into the French distribution network. The connection with the European recovery program is not so direct as in the case of a shipment of tractors, but it is another part of the story of M. Jolivet and his tractor.

#### CASH INTO KILOWATTS

M. Jolivet's 500,000 francs were deposited in the Bank of France. In the meantime, the country was in desperate need of more electricity. Hundreds of billions of francs were necessary if the power system was to be brought up to demand. But the Government did not have hundreds of billions of francs.

M. Jolivet's francs supplied the answer—his and billions more from thousands of other M. Jolivets. Every item of goods shipped to private French consumers was represented, francs for dollars, in the counterpart fund.

France is not allowed to spend the counterpart fund for daily governmental running expenses. Since the money represents goods for which the French made no payment, it is almost as if it were newly printed money. Used carelessly, it would be as inflationary in the long run as crisp new bills with nothing to back them up.

Used to reequip and reconstruct, the money becomes capital investment. It is represented by permanent installations that in time can earn the money back and more, directly (like an electrical plant) or indirectly (like a new road).

So far, 140,000,000,000 francs of the counterpart fund have been released, and there is no sign of a runaway inflation. In the electrical-generating industry alone, 100,000,000,000 francs are being spent this year, much of it counterpart money. The dam at Dongere Mondragon is only one of many.

#### SUIT FROM DOWN UNDER

M. Jolivet has other needs, however. He needs, for example, a suit. France does not produce enough wool, and the United States is not a large exporter of wool. If M. Jolivet is to have a suit, the wool must come from Australia.

To buy wool in Australia, one must have Australian or British pounds. To earn British pounds, France must sell in Britain. Britain, with its austerity program, cannot afford to buy France's wines and quality merchandise.

This is serious to more people than M. Jolivet, who could make his old suit do a little longer. It is serious to France's great textile industry, to the tailors and shopkeepers all through France. It is, in fact, serious enough to cripple the Marshall plan if it were not remedied. But the remedy has been written into the program.

Britain also has a counterpart fund. For every dollar of goods shipped to private interests in Britain by the United States, the

equivalent in pounds goes into a British bank. Like the French fund, it may be used for reconstruction. But a certain part of it must be set aside for the use of other Marshall-plan countries.

And now the routine is a familiar one. The textile industry in France, needing wool from Australia, pays for it in francs, which are deposited in the Bank of France. Britain, from its counterpart fund, withdraws pounds and pays the wool grower in Australia. The textile mill gets its wool and goes to work; the tailor makes the suit, the shopkeeper stocks it, and M. Jolivet wears it on Sundays.

France seems to be the winner in this exchange. To a great extent, France is usually the winner—it is a great country that has suffered most under two wars. But France is on the giving side as well.

Some of the francs in its counterpart fund are set aside for the use of other countries which need French goods but have no French money to pay for them.

#### A SYMPTOM OF DISEASE

The problems of M. Jolivet appear to have revolved completely about the matter of money. His French franc was good nowhere except in France. Consequently, it might appear that the complexities of the Marshall plan are unnecessary; that all the western nations need do is pass a law making money freely convertible from nation to nation.

That it can appear so is a measure of the deceptiveness of money. The difficulty lies not in money but in the goods for which the money stands. To make the franc freely convertible would merely be to make it worthless in purchasing power—not because it is a French franc, but because the French are not producing enough goods for export to balance the amount they must import.

Europe's difficulties are not monetary; the monetary problems are the symptoms and not the disease. The difficulty before the Marshall plan was like the dilemma that faces the aspiring actor. He finds he cannot get a role in a Broadway play until he has had a role in a Broadway play. Similarly, a destroyed Europe was faced with the problem of producing goods with which to buy the materials she needed to produce goods.

The Marshall plan is intended to make this possible. For 4 years the United States will supply the funds to start Europe rolling again. At the end of that time, it is hoped, the machine will be operating under its own power. France, if it needs tractors from the United States, can sell enough goods in the United States to buy the tractors. And the American tractor company will do business in francs—or its bank will—as willingly as in dollars, because the franc will stand for goods actually being produced.

#### UNITED STATES MUST HAVE SAY

The interim period is an uncomfortable one. It is, for example, expensive for the United States. Hence, the United States, not unreasonably, demands the European economy be made workable as quickly as possible. And this brings up some ugly complications.

Suppose, for example, that Europe were short exactly one steel mill. Belgium, let us say, wanted that steel mill, and so did France. In a normal world, both would build steel mills, and the better steel mill would survive.

That may be fine when private investors are paying for the mill. It is a little hard to defend when the United States is paying. So the United States is in the position of requiring that the European countries decide among themselves which of them will have the steel mill—with the implied threat that if they cannot decide the United States will. Clearly this is American interference



in European internal affairs, but who has an alternative?

Also, having made the decision, the countries must enforce it by refusing permission to certain private interests which may wish to build still another steel mill. The necessities of the Marshall plan, in this and other directions, almost require an amount of governmental control in European countries that the United States considers socialistic. In other words, the great defender of free enterprise is coming perilously close to forcing socialism on its friends (most of whom have appeared to indicate, by their votes, that they want it anyway).

#### AN INVISIBLE TRANSFUSION

Meanwhile, M. Jolivet plows his field with his new tractor and awaits the arrival of his new suit and the increase in cheap electricity, all because of the Marshall plan. But he never gives the Marshall plan a thought. He paid for his tractor and he plans to pay for his electricity and his suit.

"The Marshall plan? It doesn't mean a thing to me. I have received no gifts," he says.

Perhaps the American taxpayer will be a little disappointed to hear M. Jolivet speak this way, and yet it reflects only the fact that the Marshall plan has been feeding its aid into Europe as far back in the veins as possible. The goods go through the normal channels of trade, and by the time they reach M. Jolivet they appear to him as items in the normal course of affairs.

America's reward will be a healthy, strong France that can take its place as an equal in the family of nations—a France that can buy American goods and pay for them in francs that mean something.

Mr. ELLENDER. Mr. President, I come now to a discussion of our ability to perform, our ability to respond to all that we are being asked to do. As was suggested by my good friend the Senator from Indiana [Mr. JENNER], the national debt of the ECA countries, according to the last available figures—which are the figures for 1946—was \$148,753,000,000, or \$695 per person. I wish to point out that prior to the war the total debt of all ECA countries amounted to \$60,110,000,000, or \$281 per person. In 1939, before the war, the per capita debt of the United States was \$351, whereas at that time the per capita debt of the ERP countries was \$281.

In 1946, after the war—and the 1946 figures are the latest available ones for the ERP countries; so, in order to show the contrast, I am using the 1946 figures for the United States debt rather than the figures as of today—the total debt of the United States was \$269,900,000,000, or a per capita debt of \$1,830. In other words, the per capita debt of the United States increased from \$351 per person in 1939, before the war, to \$1,830 in 1946, whereas in the case of the European countries which we are assisting under the Marshall plan, their per capita debt increased from \$281 in 1939 to \$695 in 1946. I submit those figures in response to the questions asked a moment ago by my distinguished friend the Senator from Indiana.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. JENNER. I wish to get the matter clear in my own mind. The Senator referred to the debt of all the countries we are assisting. Does he mean the

total debt of the Marshall-plan countries was approximately \$149,000,000,000, as of 1946?

Mr. ELLENDER. Yes; the total debt of the ERP countries in 1946 was \$148,753,000,000.

Mr. President, I have attached to the statement of the totals a detailed statement as to each of the ERP countries, showing its total debt and per capita

debt in the year 1939 in contrast to its total debt and per capita debt in the year 1946, which is the last year for which figures are available. I ask unanimous consent to have those statements or tabulations printed at this point in the RECORD as a part of my remarks.

There being no objection, the tabulations were ordered to be printed in the RECORD, as follows:

#### National debt:

	1939		1946	
	Total	Per capita	Total	Per capita
United States.....	\$45,900,000,000	\$351	\$269,900,000,000	\$1,830
ERP countries <sup>1</sup> .....	60,110,000,000	281	148,753,000,000	695

<sup>1</sup> Excludes Germany. Does not include outside possessions.

Source: Library of Congress, Legislative Reference Section.

	Debt burden, 1939				Debt burden, 1946			
	Internal	External	Total	Per capita	Internal	External	Total	Per capita
	Million dollars	Million dollars	Million dollars	Dollars	Million dollars	Million dollars	Million dollars	Dollars
United States.....			45,900	351			269,900	1,830
ERP countries:								
Austria.....	303	296	599	89	1,336	90	1,426	204
Belgium.....	1,374	221	1,595	190	5,561	176	5,737	684
Denmark.....	106	140	246	64	1,779	158	1,937	472
France.....	11,307	342	11,649	283	16,257	906	17,163	433
Greece.....	109	518	627	87	102	599	701	94
Iceland.....	8	1	9	73	6	1	7	51
Ireland.....	288	1	289	99	310	1	311	105
Italy.....	7,670	101	7,771	176	3,202	659	3,861	85
Luxemburg.....	17	7	24	81	33	20	53	190
Netherlands.....	2,287		2,287	259	5,460	642	6,102	648
Norway.....	218	140	358	122	1,313	82	1,395	459
Portugal.....	146	112	258	33	367	34	401	49
Sweden.....	634		634	100	3,167		3,167	468
Switzerland.....	1,421		1,421	338	2,684		2,684	603
Trieste (Free City).....								
Turkey.....	300	170	470	26	391	268	659	35
United Kingdom.....	31,873		31,873	667	100,052	3,097	103,149	2,095
Total ERP countries.....			60,110	281			148,753	695

Mr. ELLENDER. Mr. President, I have demonstrated the size of our debt in contrast to the debt of the countries we are trying to assist. I should like to find out what is the yardstick or other means of measurement which would demonstrate that we are in a position to assist our friends, not only to the extent we already have assisted them, but also to the extent proposed for the future. We owe almost twice as much money as the countries we are assisting, and yet we are being asked to do more.

I have here certain figures showing the population and area of our country in contrast to the population and area of the ERP countries. The United States and its possessions have a total population of 142,098,454; the ERP countries and their possessions, a total population of 937,930,450—a ratio of 6½ to 1. The United States and its possessions have an area of 3,619,623 square miles; the ERP countries and their possessions, 23,162,999 square miles—a ratio of 6½ to 1. That is the difference. Our country, a small country in contrast to this entire area, is being asked to give disproportionately of its resources in order to sustain ERP. The aid I am talking about now is for western Europe. I am not talking about what we may be

called upon to do when the Mediterranean pact comes into being or when the Pacific pact may come into being. None of my figures have either of those areas in contemplation. I do not know what the Atlantic Pact is going to cost us, but according to estimates I have noted recently we are probably going to be called upon to make available to our friends all the guns and munitions, and airplanes and everything else they need for defense, at our cost, while with the money we make available to them, they are going to build up their economy and be in a position to give us a strong competitive race for world trade.

Mr. JENNER. Mr. President, will the Senator yield for a question?

Mr. ELLENDER. I yield to the Senator from Indiana.

Mr. JENNER. Does the Senator recall from the Holy Scripture the story of the feeding of the multitudes?

Mr. ELLENDER. With the loaves of bread—

Mr. JENNER. And the fishes.

Mr. ELLENDER. And the fishes? Yes, I remember that.

Mr. JENNER. The day of miracles is over, as I understand, in regard to modern history. Is that not so?

Mr. ELLENDER. I agree.



Mr. JENNER. Yet from the facts and figures presented by the distinguished Senator from Louisiana, the world is asking this Nation again to perform a miracle. Is not that true?

Mr. ELLENDER. It looks that way, I may say to the Senator.

Mr. President, are we in a position to continue aid at the same rate as in the past? What is becoming of our own economy? As pointed out in debate in the Senate, on many occasions, we today owe \$252,000,000,000, which requires us each year to pay in excess of \$5,000,000,000 in interest on that loan. Our people must make huge profits, in order to pay the heavy taxes, that must be imposed in sufficient volume to retire Government bonds and keep up to date the payments of interest on the public debt. If those obligations are not met, it may be left to the imagination what is going to become of our economy. Let us default on our debt and see what will happen.

I am sure most Senators are familiar with the economic picture of the United States as of March 30, but let me cite certain facts. It is now April 2. Every day we see in the press that prices are declining. There is a great deal of unemployment, which has an effect on the national income. Income from wages and salaries during the first quarter of 1949 are down approximately \$2,000,000,000 from the fourth quarter of 1948. That is \$2,000,000,000 less of income upon which taxes can be imposed in order to assist in retiring the public debt and paying other expenses of the Government. Income from other sources has held up pretty well.

With respect to unemployment, the total civilian employment as of February 1949 was 57,200,000 as against 57,100,000 as of February 1948.

Although total civilian employment has held its own, the total labor force has increased since 1948, so that unemployment has increased by 900,000 over February 1948. The total estimated unemployment for March 1949 is 3,500,000. In February 1949 it was 3,200,000 as against 2,600,000 in February 1948.

With respect to prices, wholesale commodity prices in March 1949 were 6 percent below the peak of August 1948. The cost-of-living index shows a drop in consumer prices of 3 percent from peak, or a drop of 5.5 points from August-September 1948. The index for February 1949 showed 169.0 as against 174.5 for August-September 1948.

Mr. President, I ask unanimous consent to place in the RECORD at this point in my remarks an article from the Washington Post of March 30, 1949, entitled "Prices Cut on Costly Items as Buyer Resistance Mounts."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PRICES CUT ON COSTLY ITEMS AS BUYER  
RESISTANCE MOUNTS

NEW YORK, March 29.—A new series of retail price cuts was laid before the consumer

today, further clipping inflation's wings. Most of the reductions were from highly inflated levels and many of them were small.

Automobiles and auto accessories, radios, refrigerators, ranges were among the wide variety of items affected.

The main item common to all the price reduction was an increased resistance on the part of the buyer. There has been a tendency to wait and see whether prices will come down a bit.

One result was that the Federal Reserve Board, which took some of the controls off installment buying early this month, lowered the margin requirements on stock purchases from 75 percent to 50 percent. It brought quick response in Wall Street. Buying orders poured into the New York Stock Exchange today. Prices moved ahead.

Continued reductions in such basic commodities as lead, zinc, copper, and steel indicated there might be further cuts in manufactured goods.

Radios showed the biggest drop. Westinghouse Electric chopped a lusty 20 to 50 percent off nine home model sets. That's as much as \$130 on a cash basis.

Kaiser-Frazer Corp. knocked \$198 to \$333 off its car prices. Henry Ford 2d, president of the Ford Motor Co., saw a possible reduction in Fords.

Willard Storage Battery Co. clipped \$1.50 off its \$23.95 automobile battery and up to \$2 off large automotive types. Electric storage Battery Co. shaved its prices 8 percent.

Willard said it was the first major battery producer to announce a reduction in 7 years.

Mr. ELLENDER. With respect to industrial production, the Federal Reserve index of industrial production, manufacturing and mining, shows a drop for March 1949 of 5 percent or 10 points from the peak of October-November 1948. It shows 185.0 for March 1949 as against 195.0 for October-November 1948.

With respect to new construction, residential construction showed a drop of \$75,000,000 from March 1948. The total amount spent in March 1949 was \$400,000,000, as against \$475,000,000 in March 1948. Construction started on new residential units dropped 3,600 in February 1949, compared to February 1948. The new residential units started in February 1949 were 46,000 as against 49,600 in February 1948. Commercial construction shows an increase in March 1949 over March 1948 of approximately \$15,000,000. March 1949 shows \$481,000,000 as against \$466,000,000 in March 1948.

With respect to exports, the monthly average has been declining since 1947, whereas the monthly average of imports has been increasing since 1948. The monthly average exports for 1948 were \$1,051,000,000; imports, \$589,000,000; showing an excess of exports over imports of \$461,000,000.

Total United States exports during the calendar year 1948 dropped 17 percent from the total for the calendar year 1947; and total United States imports increased during the calendar year 1948 23 percent over calendar year 1947. The figures, as shown in a bulletin issued by the Department of Commerce in February 1949 entitled "Summary of the United States Foreign Trade, January-December 1948," are as follows:

[In millions of dollars]

	Exports	Imports
Calendar year 1947.....	15,340	5,733
Calendar year 1948.....	12,614	7,070
Drop in exports.....	<sup>1</sup> 2,726	
Increase in imports.....		<sup>2</sup> 1,337

<sup>1</sup> 17 percent.

<sup>2</sup> 23 percent.

The average weekly earnings in manufacturing industries show a decline of 78 cents in February 1949 as compared to the peak in December 1948. In February 1949 it was \$54.25; in December 1948 it was \$55.03.

Farm income: Farm income dropped \$116,000,000 in February 1949 as compared to February 1948:

February 1949..... \$1,746,000,000,000  
February 1948..... 1,862,000,000,000

Bank loans: Bank loans increased \$3,300,000,000 in February 1949 as compared to February 1948:

February 1949..... \$42,000,000,000  
February 1948..... 38,700,000,000

Loans and investments decreased \$2,100,000,000 in February 1949 as compared to February 1948:

February 1949..... \$113,400,000,000  
February 1948..... 115,500,000,000

The Federal Reserve Board announced, under date of February 29, 1949, as most of the Senators know, that it had reduced cash down payments for purchase of stocks from 75 percent, as has been required for the past 2 years, to 50 percent. According to the Board, this cut is warranted by the general credit situation.

This was accompanied by a statement by Marriner S. Eccles to the effect that the action indicates "a recognition that a deflation is certainly imminent." He added: "I am sure the American public in its good sense did not expect the boom of the last 3 or 4 years to go on indefinitely."

According to a news item in the Washington Evening Star, March 29, 1949:

The Board's order was issued in the wake of a flow of Government reports showing employment, production, prices, bank loans, and sales of many goods coursing down together in early 1949.

This action by the Board follows a trend started in 1946. In that year, the Board eased the stock-margin requirements by permitting a purchaser to put up only 75 percent cash. Prior to that time the requirement was for 100 percent cash.

In a move some time ago, the Board reduced the cash down payment required on installment purchases on all goods but autos, from the previous 20 percent to a level of 15 percent. The installment period was also increased to 21 months, thus giving an additional 3 to 6 months time to each purchaser, and making possible a reduction in the amount of monthly payments due on each installment purchase.

The action of the Board in again cutting the cash required for purchase of stock is an effort to stimulate the vol-



ume of stock trading, which has been unusually light for many weeks. In general, individual stocks are down, and risk capital is scarce.

Mr. President, I quoted a moment ago from an article appearing in the Washington Star in its issue of March 29, 1949. I ask unanimous consent that at this point in my remarks the entire article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**CUT IN STOCK MARGINS HAILED AS LESSENING OF INFLATION FEARS—"DEFLATION IS CERTAINLY MORE IMMINENT," ECCLES SAYS IN INTERVIEW**

Lessening worry about inflation was apparent today in the Federal Reserve Board's decision to make it easier to invest in stocks.

The Board, which controls the volume of money and credit, already had made it easier to buy automobiles, furniture, etc., on the installment plan.

Then last night, it decreed that stocks may be bought after today with a cash down payment of 50 percent as compared to the 75 percent required for the last 2 years. The cut is warranted, the Board said, by the general credit situation.

**ECCLES FINDS IT HEALTHY**

Shortly after the announcement, Board Member Marriner S. Eccles said the action indicates a recognition that a deflation is certainly more imminent. Mr. Eccles spoke on a television broadcast.

He said a certain amount of deflation is a healthy thing for the country and added:

"I am sure the American public in its good sense did not expect the boom of the last 3 or 4 years to go on indefinitely."

The Board's order was issued in the wake of a flow of Government reports showing employment, production, prices, bank loans, and sales of many goods coursing down together in early 1949.

Not in 4 years—since the approaching end of the war made the Board in 1945 fearful of an inflationary boom spreading out of the stock markets—had the Board made securities-buying credit so liberal.

**TREND BEGAN IN 1946**

Throughout 1946, when it was sounding the gong against inflationary fires, the Board banned grant of any credit to stock buyers.

The shift in the Board's views on the economic state were underlined by the fact easier stock margin requirements were authorized on the heels of consumer credit control relaxation March 3.

In the earlier move, installment buyers were given 21 months to finish paying off, thus lengthening payment time by 3 to 6 months for various goods, and consequently making each month's installment smaller.

The cash down payment on all goods but autos also was cut to 15 percent from the previous 20-percent level, although down payments on cars were held at 33 percent.

**NO SURE ANSWER SEEN**

What easier credit might do to stock prices and the volume of stock trading, which has been unusually light for many weeks, was something for which there was no sure answer in advance.

In New York Wall Streeters greeted the announcement as one that was long overdue. Harold L. Bache of Bache & Co. said: "It should tend to broaden our markets by enlarging buying power. It should aid in stimulating the use of risk capital." However, few brokers expected to see much increase in the volume of business on security exchanges.

The order caught the stock exchanges at a time when credit outstanding for securities purchases was near an all-time low of around \$1,150,000,000 on the books of dealers and banks.

The volume has been sliding away from a \$1,126,000,000 level in 1946, when the Board put in for a year the ban against any extension of credit for securities purchases.

Mr. ELLENDER. Mr. President, I also ask unanimous consent that an article on the same subject, appearing in the New Orleans Times-Picayune, in its issue of March 23, 1949, entitled "Sharp Drop Seen in Business Field," be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

**SHARP DROP SEEN IN BUSINESS FIELD—FIRST CLUES INDICATE LOWER SALES AND EARNINGS**

NEW YORK, March 22.—A sharp drop in business activity was indicated Tuesday in industrial reports covering the first months of 1949.

The first clues to 1949 business began trickling in and in most cases they showed lower sales, passed or cut dividends, threatened lay-offs, and smaller earnings.

These made a sharp contrast with year-end statements which have been published in the past few weeks on 1948's high volume and profits.

There were a few more hard jolts than usual, but among them, too, was an encouraging earnings statement or an extra check for stockholders.

American Woolen Co., the world's largest manufacturer of wool fabrics, reported orders booked during the first 10 weeks this year were less than one-sixth of the volume a year ago.

**GM LAY-OFFS**

The Frigidaire division of the big General Motors Corp. said it was considering lay-offs of workers because of cautious buying.

The Southern Pacific transportation system reported its net operating income for January and February was more than \$5,000,000 under the first 2 months of 1948.

Gimbel Bros., the big New York department store, cut its quarterly dividend from 50 to 25 cents.

And Dun & Bradstreet, the business reporting service, said 210 businesses went bankrupt last week, the highest total for any week since 1942.

The reports came from all types of industry and while there was a preponderance of softening news, there also were some bright spots.

Worthington Pump & Machinery Corp. reported January and February sales were holding their own with figures of a year ago.

Commonwealth & Southern Corp. said its February net income was a little above last February.

Oliver Corp. noted narrowing profit margins but said sales were running ahead of early 1948.

**GUM BUSINESS GOOD**

And William Wrigley, Jr., Inc., indicated the chewing-gum business was good with a special dividend of 50 cents a share.

In the main, however, the first reports of 1949 conditions indicate manufacturers aren't selling goods as readily as they did in the opening days of 1948.

The lush earnings of a year ago are being whittled down a little.

Industries are keeping inventories low to keep pace with hand-to-mouth buying, a healthy situation but often one that goes

hand in hand with production cut-backs, lay-off, shorter workweeks.

Moses Pendleton, President of American Woolen Co., said his company booked orders totaling about \$11,000,000 in the first 10 weeks this year, compared with \$68,000,000 in the first 10 weeks of 1948.

And, he said, unfilled orders on March 15 were about \$30,000,000 compared with \$95,000,000 a year ago and \$56,000,000 at the year end.

In announcing the Frigidaire division possible lay-offs, General Manager Mason Roberts said they would be "on a week-to-week basis, until we see where sales level off."

Gimbel treasurer, Samuel Ness, said the company was going ahead with improvements in its stores "in order to increase customer acceptance."

Mr. ELLENDER. Mr. President, in view of what I may say is a slight slump in our own economy, and in connection with the hearings before the Senate Foreign Relations Committee in respect to Senate bill 833, which the committee is now considering, I should like to pose the question, How far are we expected to render further aid to our friends across the sea, so that they may become greater competitors of ours all over the world? I should like to point out, percentage-wise, the industrial production as well as the agricultural production indices in the ECA countries. I shall use 100 as the index for 1937, and try to show the progress which has been made by those countries in revitalizing their economies.

Of course all this shows that the funds we have furnished in the past have, in some way, hit their mark. As was said on the floor of the Senate on two or three occasions, there is little or no unemployment in the countries we are now assisting. They seem to be getting along much better than they did before the war. I should like to point out specifically, with respect to the various countries, the extent to which they have progressed industrially and agriculturally.

Let us first consider Denmark. Using 100 as the starting point or the yardstick, Denmark was in 1937 at 100 percent, and is today 122 percent. In other words, Denmark is now, in industrial production, 22 percent over what it was before the war. Agriculturally it is 113 percent of what it was before the war.

France is 108 percent; that is, 8 percent over what it was before the war.

These figures are taken from the report of the Joint Committee on Foreign Economic Cooperation. As I understand, these figures may have changed a little in the past few months. This report is based on figures gathered in the latter part of 1948. It is my understanding that if a survey were made as of today, these percentages would increase to some extent.

As I have said, France is 108 percent industrially, and its agricultural production is 85 percent.

Ireland, industrially, has increased to 128 percent; agriculturally, 142 percent.

The Netherlands has increased to 108 percent industrially; 83 percent, agriculturally.

Norway, 123 percent industrially, 103 percent agriculturally.



Sweden, 142 percent industrially, 95 percent agriculturally.

United Kingdom, 108 percent industrially, 115 percent agriculturally.

The following countries had not reached the stage of production which existed prior to the war at the time the data was obtained:

Austria, 69.4 percent industrially, 61 percent agriculturally.

Belgium, 92 percent industrially, 90 percent agriculturally.

Bizone Germany, 55 percent industrially, 62 percent agriculturally.

Greece, 69 percent industrially, 85 percent agriculturally.

For the industrial production in Germany, Italy, Turkey, Iceland, Trieste, and Portugal, the figures were not available, but I was able to obtain some figures to show the extent to which four of them had increased their agricultural production. They are as follows:

Italy, 90 percent.

Turkey, 106 percent.

Iceland, 163 percent.

Portugal, 103 percent.

Mr. President, I ask that this entire table be printed in the RECORD at this point for the information of the Senate.

The PRESIDING OFFICER. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

	Industrial production index <sup>1</sup> (1937=100)	Proposed allocation of funds authorized by S. 1209 <sup>2</sup>
Industrial production index 100 and over:		
Denmark.....	122.0	\$109,000,000
France.....	108.0	875,000,000
Ireland.....	128.0	64,000,000
Netherlands.....	108.0	355,000,000
Norway.....	123.0	105,000,000
Sweden.....	142.0	54,000,000
United Kingdom.....	108.0	940,000,000
Total.....		2,502,000,000
Industrial production index below 100:		
Austria.....	69.4	197,000,000
Belgium.....	92.0	200,000,000
Bizone Germany.....	55.0	404,000,000
Greece.....	69.0	170,000,000
Total.....		971,000,000
Industrial production index not available:		
Germany (French zone).....		115,000,000
Italy.....		555,000,000
Turkey.....		30,000,000
Iceland.....		7,000,000
Trieste.....		12,000,000
Portugal.....		10,000,000
Total.....		729,000,000

<sup>1</sup> Figures obtained from S. Rept. No. 13, 81st Cong.

<sup>2</sup> Figures obtained from S. Rept. No. 100, 81st Cong.

*Agricultural production in the countries participating in ECA*

	Indigenous production (metric long tons) <sup>1</sup>			Per cent of 1948-49 to pre-war
	Pre-war	1947-48	1948-49 <sup>2</sup>	
Austria.....	3,967	2,098	2,438	61.0
Belgium-Luxemburg.....	3,175	2,518	2,872	90.0
Denmark.....	5,096	4,799	5,768	113.0
France.....	24,386	14,903	20,722	85.0
Germany, bizone.....	19,522	10,102	12,055	62.0
Germany, French zone.....	1,509	1,622	1,651	

Footnotes at end of table.

*Agricultural production in the countries participating in ECA—Continued*

	Indigenous production (metric long tons) <sup>1</sup>			Per cent of 1948-49 to pre-war
	Pre-war	1947-48	1948-49 <sup>2</sup>	
Greece.....	2,155	1,664	1,844	85.0
Iceland.....	22	25	36	163.0
Ireland.....	1,497	1,950	2,127	142.0
Italy.....	16,955	13,283	15,312	90.0
Netherlands.....	4,804	3,717	4,004	83.0
Norway.....	1,429	1,459	1,546	108.0
Portugal.....	1,256	1,350	1,297	103.0
Sweden.....	5,480	4,435	5,197	95.0
Switzerland.....	1,900	2,034	2,171	114.0
Turkey.....	7,470	6,494	7,915	106.0
United Kingdom.....	14,587	15,040	16,731	115.0

<sup>1</sup> Comprises the following items: Bread grains, coarse grains, fats and oils, sugar, eggs, dairy products, tobacco, oilcake and meal, cotton.

<sup>2</sup> Preliminary.

<sup>3</sup> Does not include grains.

Source: Report on the Joint Committee on Foreign Economic Cooperation, (S. Rept. No. 43, 81st Cong.).

Mr. ELLENDER. Mr. President, it will be recalled that during the debate on the original ECA program much stress was laid upon the necessity for the countries seeking aid to reestablish their own currencies; in other words, to stabilize their currencies.

Mr. President, what have European countries done to stabilize their currencies and achieve monetary reform?

Both the ECA report and the joint committee report go into great length in discussing the budgetary and currency situation in each of the countries. They fail to draw any positive conclusions or to evaluate the efficacy of the steps taken by the individual countries. The ECA report seems to apologize for prevailing conditions, while the joint committee seems to point to steps that still must be taken.

However, the reports indicate six countries have taken specific steps toward a program of monetary and budgetary reform, with varying success. Little or no progress is indicated in two countries—Austria and Greece.

The joint committee recognizes that much more must be done in this field and criticizes ECA policy as follows:

The establishment of sound currencies in Europe would eliminate these retarding influences. The ECA has made what might be described as a commodity approach as distinguished from a monetary approach to the problem of European recovery; that is, it has given primary emphasis to supplying the means of production to Europe, relying on the use of the counterpart funds and moral suasion to bring about currency reform.

It will be recalled that almost two-thirds of the counterpart fund has been used to apply on account of the debts of a number of these countries. I propose to cover that subject in more detail in a moment.

Mr. JENNER. Mr. President—

Mr. ELLENDER. I wish to say to the Senator from Indiana that aside from the pending amendment, I have other amendments which I propose to offer in order to prevent the ECA Administrator from using any of this counterpart fund for the purpose of permitting a country to discharge its debts, or pay interest thereon, or to pay for the current operation of its government.

I am wondering why that was permitted. Why should the money of the taxpayers of this country be used to discharge the debts of ECA countries, when, as a matter of fact, we have been led to believe that it was to be used to build up their economy, to buy machinery, to build roads, and necessities of that character? I hope that when the amendments to which I have referred are presented, they will be adopted. There is no excuse for the ECA Administrator being permitted to use any part of the so-called counterpart fund in order to discharge the national debts of the ECA countries, or to permit the use of any of this money so as to enable them to operate their governments.

I yield to the Senator from Indiana.

Mr. JENNER. The Senator has answered the question I had in mind. I was about to ask what possible justification we, as Members of the United States Senate, could have for asking the American taxpayers, who have a national debt of \$250,000,000,000, which is almost twice the debts of all the European countries, to dig into their pockets in order to send money to Europe to enable the countries of Europe to pay off their debts to other foreign countries.

If the Senator will permit, I should like to ask a further question. In view of all the things the Senator has said, and all the things which have been said in regard to the Marshall plan, and the supposed recovery in Europe, is it not admitted by these very countries themselves that when the 4-year period is over, they will still be operating with a trade deficit of from two to three billion dollars each year?

Mr. ELLENDER. They are simply setting the stage, I suppose, to extend the Marshall plan—

Mr. JENNER. Forever and forever?

Mr. ELLENDER. I do not know whether it is to be forever and forever. I suppose if we are foolish enough to continue to offer it, they will be willing to accept.

I quote further from the joint committee's criticism of the ECA policy:

A higher priority and a more direct approach to currency stabilization might accelerate European recovery. \* \* \* Unless a country balances its budget, taking the necessary steps to increase its revenues and reduce its expenditures, there will be a continued lack of confidence in its currency.

As long as each participating country relies on a currency that is not desired by its own people and by other nations, there will be a continuous drag on the recovery program. ECA in considering the 1949-50 assistance program of participating nations should require that each program lay a foundation for a sound currency.

Mr. President, I have here quotations from the hearings held by the Committee on Foreign Relations on this issue, and I ask unanimous consent that they be inserted in this part of my remarks.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

France: From joint committee report, page 42: "During the first 6 months of the year, the French Government attained compara-



tive financial stability through the collection of a capital levy-loan and by limiting the amount of money in circulation through the withdrawal of 5,000-franc notes. \* \* \*

After the political interregnum of the summer, the French Government started a new round of reforms including increases of certain tax rates and speeding up of collection of taxes, a submission to the assembly before the end of the year of a bill providing for reform of the tax system, improvements in the administration of nationalized industries, and the imposition of quantitative as well as qualitative controls on credit, a new departure in French financial policy."

In consideration of these reform efforts, ECA in 1948 released 140,000,000,000 francs of counterpart funds, most of which were used for reconstruction of industry and agriculture. Twenty-five billions went toward retirement of debt. In this connection, the joint committee commented: "The French Government has expressed by this action its intention to continue to fight inflation and to restore the purchasing power of the franc."

United Kingdom: The joint committee finds that the United Kingdom has "repressed inflation." From its report, page 48: "The inflated monetary supply is controlled by a series of financial and economic measures, and a relative financial stability has been achieved. The budget, which was brought into balance in the fiscal year which ended a few days before the Economic Cooperation Act was signed, is expected to show a substantial surplus this year."

From ECA report, page 15: In the United Kingdom: "Inflationary pressures are progressively reduced by using the counterpart fund for the retirement of a portion of the national debt held by the Bank of England."

"This has amounted to 82,000,000 pounds, which is the sterling counterpart of \$331,000,000 of assistance extended in the form of direct grants. The net effect of these policies has been to control inflationary tendencies so that prices and the cost of living have risen only moderately during the past year" (p. 50).

Italy: Committee report, pages 44-45: "The Italian Government has succeeded in holding prices and incomes relatively stable since September 1947, when strong anti-inflationary action was taken. \* \* \* [After interim aid.] \* \* \* The Italian economy has been undergoing a slow but steady recovery. Following the devaluation of the lira in December 1947, the lira-dollar exchange rate has been stable at approximately 575 lire to the dollar. Exports have increased sharply, in fact, beyond anticipation. Despite these favorable factors there is still a large budget deficit for the fiscal year 1948-49. The deficit is roughly equivalent to the investment portion of the budget, the income practically covering the current expenditures."

ECA has withheld release of counterpart funds until the Italian Government moved toward fiscal reform. During the year, the Italian Government took these steps:

1. Removed political prices and most subsidies.
2. Provided for increased revenues for the current fiscal year.
3. Commitment by legislature to refrain from increasing budgetary expenses without corresponding receipts.

In consideration of these steps, ECA promised release of funds, but is reviewing Italian performance before making actual release.

From ECA report, page 15: "Italy \* \* \* is no longer suffering from inflation, but it is feared that unless certain monetary and tax reforms are undertaken, recovery might again be retarded by a renewal of the inflationary pressures experienced in 1947. Consequently, the ECA has agreed to the Italian proposal to use counterpart funds for financ-

ing the cost of recovery projects while at the same time the ECA has encouraged the Italian Government to undertake needed fiscal reforms."

From Joint Committee Report, page 46: "The Italian Government over the past year has financed the major portion of its budget deficit without recourse to the central bank, and intends to pursue this policy."

Austria: Since currency reform in December 1947, Austrian economy has been a precarious balance between inflation and deflation. ECA has approved expenditure of 338,000,000 schillings for productive investments, the main item of which was reconstruction of railways. ECA has also approved plans of the Austrian Government to use 850,000,000 schillings of counterpart funds to cancel a portion of the national debt.

Denmark: Joint Committee reports: "Among the European countries which have tried to work out of their difficulties through gradual financial reforms, Denmark appears to have had an outstanding measure of success. A significant amount of means of payment has been withdrawn from circulation and price levels have been held down during the process."

Greece: Inflation still rampant, and a further price increase was under way at end of the year. Greek efforts to control it have been largely checked by ever-rising military costs and refugee support.

Netherlands: Joint Committee reports "considerable success in the stabilization of wages and prices and reduction of the budgetary deficit. Black markets are no longer a problem." The 1948 budget deficit will be cut in two in 1949. Price controls and rationing can probably be lifted in 1949.

Norway: Joint Committee reports: "Since liberation the inflationary pressure has been contained only by rigid and extensive price controls, rationing, heavy taxes, and subsidies. Currently taxes absorb nearly one-third of the national income." Norwegian Government is using heavy tax rate and counterpart funds to reduce money in circulation and retire Government debt.

Mr. ELLENDER. Mr. President, I should like now to touch on what is happening in the United Kingdom, and to indicate how the aid we have so far granted has assisted them, and what we may expect in the future from Great Britain.

A good many Senators feel we should assist the British to the fullest extent possible, because of all the European countries, they are our best customers; they always buy more from us than we buy from them, and therefore we should do all in our power to get their trade.

There is little likelihood that Great Britain will ever recover to the point where she will have a self-sustaining economy. The United Kingdom has never produced enough to support her population. She has survived over the centuries by virtue of the resources she has obtained from her dominions and her colonies, and by investments in all parts of the world. Today her dominions and colonies are swinging farther and farther from her. As more and more of them drift away, the economy of the mother country will worsen.

Mr. Thomas K. Finletter, Chief of the ECA Mission to the United Kingdom, presented a very thorough and illuminating picture of Great Britain's difficulties in world trade, in his testimony before the Senate Foreign Relations Committee (pp. 152-180). Mr. Finletter produced charts and tables in support of

his testimony which should be studied carefully by all Senators. Remember that Mr. Finletter is an American, and represents the American Government in all these transactions with the United Kingdom. As I shall point out, Mr. Finletter is doubtful that British industry will be stabilized at the end of the Marshall-plan program.

According to Mr. Finletter—page 153:

There is one figure that stands out there rather dramatically, I think, which does point up to the basic trouble of Britain. That is the fact that in the year 1947 Britain had a deficit of \$2,700,000,000 with the Western Hemisphere. She was short that amount of money in her trading with the Western Hemisphere. \* \* \*

Being struck with that figure, we tried to find out what caused that, what was the reason for it.

I might say to Mr. Finletter that if he had read the speech I made on the Senate floor in 1946, when the British loan was under consideration, he might have obtained considerable information. I am glad to note from his testimony that he seems to see eye to eye with me in the prognostications I made in 1946 respecting the British loan and what would occur to the British economy as a result of that loan.

Mr. Finletter continued:

The reason for it is, in a word, this: Britain, ever since the beginning of the industrial revolution, since 1820, has had a deficit on her merchandise trade account. She has balanced that deficit on her merchandise trade account by her earnings on her invisible account.

That is to say, her earnings from banking, insurance, shipping, oil, and her income from securities held abroad and her earnings from firms in which she participated abroad.

Britain's position in world trade has worsened since the 1920's. Again quoting Mr. Finletter:

I think that that first chart (chart 3, p. 154-A) will show very dramatically what Britain's basic problem is.

On the left hand side of that chart we see the story from 1920 to 1938 of Britain's merchandise trade account. I have not carried it back to 1820 because it seemed unnecessary. But it shows there the continuance of the old story of Britain, namely, that her imports on merchandise trade account were bigger than her exports in every single year.

In all those years from 1920 to 1938, roughly speaking, the invisibles do continue the old story of balancing up Britain's merchandise trade deficit.

There was nearly always in the 1920's a surplus on balance of payments. The invisibles were bigger than the trade deficit. But when you get to the thirties, some trouble appears on the scene. You see there is rather a tendency to have a deficit.

Nevertheless, up until the war, the statement, generally speaking, is true that the invisibles did balance the trade deficit.

The next chart (chart 4, p. 154-B) shows, I think, rather dramatically what happened during the war; because in a word what happened was that the invisibles, the old reliables of Britain, were destroyed.

For the year 1938 invisibles were playing their old game. They were £232,000,000 to the good; whereas, when we look at 1946 and 1947, not only has this favorable condition of the invisibles been eliminated but it has been put into red ink, and there are very substantial deficits in 1946 and 1947.

In a word, the problem that the war put upon Britain and the key to the answer as to



why this \$2,700,000,000 deficit was that now the invisibles were destroyed and we had both a merchandise trade deficit and an invisible deficit; and although it is an oversimplification, it may be said, I think, as a guide that that is in a sense the basic problem of Britain's overseas account today.

The situation is worse than I have already said, because not only is there this deficit of about \$2,700,000,000, but it is all in the Western Hemisphere; or, roughly speaking, and good enough for our purposes, in the dollar area.

In the year 1938 we see that Britain has a manageable deficit, about £70,000,000; whereas, when we look at 1946, it is going steadily down, and in 1947 it reaches £630,000,000.

It is all in the Western Hemisphere. In other words, it is a dollar crisis.

If you look at the "Rest of the world" chart at the top, you will see that Britain is an actual surplus in 1947, with the rest of the world outside the Western Hemisphere.

All of the deficit, in short, on foreign-balance payments was concentrated in the Western Hemisphere and reached the appalling figure of \$2,700,000,000.

According to Mr. Finletter's charts, Britain's position has improved in 1948. There will be an over-all deficit of only £280,000,000. He states that since coming to Washington, results indicate that will be reduced to something below £200,000,000. However, there is still a deficit in the Western Hemisphere of almost £400,000,000—\$1,600,000,000.

The program as worked out by British officials, in cooperation with the ECA, anticipates an over-all surplus in 1952-53 of £100,000,000; however, there is still a deficit in the Western Hemisphere of £73,000,000, but, according to Mr. Finletter—page 158—the British officials "in their long-term program, state that they expect to be able to eliminate that by gold transfers from South Africa and by ordinary commercial investment by the United States in the Commonwealth area."

The anticipated position of Britain in 1952-53 looks good on paper. But can it be accomplished? I think not. Even Mr. Finletter was reluctant to hazard a guess in that regard. According to his testimony, the outcome hinges on the success of the import and export program which the British envision for the next few years, and on the anticipated improvement in their "invisible account." Quoting Mr. Finletter—pages 163-164:

Another part of this British program is to control her imports and especially the imports from the dollar area, and this raises a difficult question.

The program is to have over-all imports of 1952-53 at 85 percent of prewar, but to cut down especially of imports from the Western Hemisphere and particularly to cut down to 60 percent of prewar.

The CHAIRMAN. They are willing to import our dollars but not our products?

Mr. FINLETTER. Yes, sir; that is correct.

I would like to explain why that is. The overriding objective of this long-term program of the British is to get into dollar balance by 1952-53, and there is only one way they can do it, and that is to increase their exports to the dollar area, to cut down their imports, and to increase their net invisible earnings.

Mr. Finletter, who represents our Government, speaks in that fashion.

The long-term program is very specific, Mr. Chairman, in saying that if they can increase

their exports to the Western Hemisphere, they will increase their imports from the Western Hemisphere. This is not a rigid plan. This is only the best judgment that these men can bring to bear as to what they think is possible.

I repeat that that is the key to this problem of imports from the dollar area. They have committed themselves in unmistakable language to increase their imports from this area above the program level if they can increase their dollar earnings during the period.

On exports we run up against a very difficult problem. I have said that their policy must be to increase exports, and here we run up against one very difficult figure. The overall program is to increase exports by 50 percent over prewar; but in the Western Hemisphere, the target is even higher. It is 183 percent. Here is probably the most critical figure of the whole British program of recovery.

Can they make this figure of 183 percent of what they exported to the Western Hemisphere prewar? It is an extremely serious question.

The CHAIRMAN. I do not think they can do it.

That is the Senator from Texas [Mr. CONNALLY], chairman of the committee, speaking; and yet they are willing to risk our resources to assist the British in trying to do the impossible.

I continue to quote from Mr. Finletter:

Mr. FINLETTER. It is one which goes into the question of British costs. It goes into the question of rising competition from other areas and continued and possible rising competition from the United States.

Senator HICKENLOOPER. Is that increase in dollars or volume?

Mr. FINLETTER. That is in volume. Whether or not that figure can be reached is truly the key question of this recovery. If you were to ask me whether I think it can be done or not, I simply cannot answer the question.

All I can say is that the difficulties in the way of it are enormous, but I think it must also be added that the British are determined to try it—

Of course they are determined to try it, with our money—

and that the first year's results so far visibly on the record give one reason to hope that it may be done.

Mr. President, I wish to quote one further paragraph from Mr. Finletter, on page 514 of the hearings:

Senator TYDINGS. And without Marshall plan aid, as outlined here, for these 3 or 4 years, what would be the probability of increasing those exports so that those British exports to the world, plus whatever invisibles they may have and may recapture, would equal the cost of the imports?

Mr. FINLETTER. I think the chance would be almost zero, Senator.

I want to repeat that I, too, like Mr. Hoffman, have only been willing to recommend to this committee a figure which I considered a rock-bottom one. This \$940,000,000 figure, as I have previously testified before this committee, is absolutely rock bottom. I think there is the gravest question as to whether the United Kingdom can meet that figure. I think that nothing but the breaks plus the maintenance of the present drastic austerity program, and the drastic drive of the British people to beat this battle of the dollar gap, can enable them to do it.

Senator TYDINGS. You have anticipated my next question, but I want to ask it of you explicitly. As I read these tables, which go only up to the outbreak of World War II and which show that the invisibles plus British exports from 1931 up to the outbreak of the war were insufficient to pay for her needed imports, the question is in my mind

as to whether, even with Marshall plan money, at the end of that time the British can make the grade and get in balance.

Mr. FINLETTER. I think there is a grave question, Senator, as to whether it can be done.

That language is not mine, but Mr. Finletter's, who is representing the Federal Government in these transactions.

Mr. President, I can appreciate the reluctance of Mr. Finletter to hazard a guess as to the success of the British program. In my humble opinion it is impossible of accomplishment. I so predicted in 1946, when the British loan was up for consideration. If it should be accomplished, then I can assure the Senate that it will be done at the expense of a major disruption of our own foreign trade balance. It is true that there has been some improvement in Britain's financial position at home, and some decrease in the deficit in her trade balance with the Western Hemisphere. But how has that been done? Mr. Finletter furnished a chart to the committee showing the commodity composition of United Kingdom exports—chart 45, page 164-A. It reveals some very significant facts. It shows, in Mr. Finletter's words on page 164—

The collapse of the old staples of Britain, namely, cotton and coal. \* \* \* The old staples of Britain, cotton and coal, are way down the line and way off compared to prewar.

In other words, according to the chart, Britain's export of cotton is only slightly over 50 percent of the 1938 volume, and export of coal is only slightly over 20 percent of the 1938 volume. On the other hand, the two largest items of export, namely, vehicles—which is made up of a substantial amount of automobiles—and machinery, are up 250 percent and 180 percent, respectively, of the 1938 volume. Other items in the export picture which show a substantial increase over 1938 volume are: Electrical goods and apparatus, 210 percent; non-ferrous metals, and so forth, 200 percent; cutlery, hardware, and so forth, 200 percent; pottery, glass, and so forth, 200 percent.

In other words, Mr. President, if the British are to accomplish their goal and reach a position in 1952-53 where their trade deficit with the Western Hemisphere is only £73,000,000, they will have to make a sharp inroad into world markets that are now enjoyed by American products. I do not believe this can be done, even though the labor government is exercising rigid controls in an effort to keep down costs of wages and raw materials, and thereby give its manufacturers an advantage over American manufacturers in the world markets. For instance, according to Mr. Finletter, the British Government will spend in the current fiscal year about £475,000,000 or \$2,000,000,000, for food subsidies—page 159. As the total British budget is only \$14,000,000,000, the food-subsidy item amounts to approximately one-seventh of the current budget. That, according to Mr. Finletter, "is the key-stone of the policy which enables the British Government to resist increases in wages by the labor unions—page 159. Undoubtedly it is the key by which they



hope to open the door of foreign markets to British products.

Mr. President, I have mentioned the export and import program of the British Government, and outlined how their plan for recovery hinges on their ability to increase their exports to this country, and at the same time take over other markets now open to our export trade, while at the same time they will reduce to a minimum the amount of goods that will be imported from us. In other words, as the distinguished chairman of the Senate Foreign Relations Committee so aptly phrased it, "They are willing to import our dollars but not our products."

Let us now examine the British program and see how they expect to overcome the deficit which has come about in their invisible account. There we find that the expectation of a balanced foreign-trade account is based on income from earnings in foreign nations rather than from increased productivity in the homeland.

We find that in 1948 the British wiped out the 1947 deficit of almost £200,000,000 in its invisible account and showed a small surplus in that year. In 1952-53, the expectations are that the surplus in the "invisible account" will amount to over £250,000,000. This anticipated surplus is comprised of: interest, profits, and dividends, slightly over £40,000,000; shipping, approximately £90,000,000, and an item labeled "Other," amounting to £240,000,000. Against these surpluses must be charged deficits in the items of overseas Government expenditures, £90,000,000, and travel, £30,000,000; leaving, as I have just indicated, a net surplus of approximately £250,000,000. These figures are taken from the chart, and are approximate.

Mr. President, I shall withhold comment on the estimate of surplus from interest, profits, and dividends, amounting to approximately £40,000,000. I shall not challenge the estimate of surplus from shipping of approximately £90,000,000. Probably the British Labor Government, by a continuance of its rigid controls over wages and prices, and using American ships acquired during the war through lend-lease, and so forth, can undersell our American shipping and can take away considerable of the business that is now enjoyed by Americans. It is the item of other invisible income amounting to £240,000,000 that interests me. On page 166 Mr. Finletter explains this item in this way:

I must say a word about the other account. "Other items" include earnings from oil. The reason that oil is in the invisibles is it is not produced in the United Kingdom or its colonies; therefore it is included as an invisible item.

I call to your attention that oil is the basis for their contemplated and programed recovery in 1952-53.

Mr. President, it might behoove us to inquire as to the methods by which the British Government expects to increase its earnings from foreign oil by such an enormous amount. Who is financing its operations in these foreign countries? How much are we being asked to put up in order to defend the interests of the

British in these foreign countries? The record is silent in that regard.

As I indicated a moment ago, I propose, as a member of the Appropriations Committee, to inquire into the details of this item when the Congress is called upon to make the appropriation for this enormous sum.

Mr. President, as I interpret the testimony of Mr. Finletter, the job which faces the British Government is to cut down on its imports from the Western Hemisphere, while at the same time building up its exports to the Western Hemisphere, so that by 1952 its 1948 trade deficit of \$1,466,000,000 will be reduced to the sum of \$480,000,000. An anticipated credit balance in her invisible trade account will reduce this deficit to approximately \$370,000,000. In other words, between now and 1952, Great Britain will have to readjust her economy so that there will be a net decrease in the trade-balance deficit between herself and the Western Hemisphere of approximately \$1,000,000,000. To do that, she will have to purchase outside of the Western Hemisphere a great deal of the merchandise she now is buying from the Americas, while on the other hand she makes a great inroad on the markets available in the Americas. I presume the officials of the British Government have in mind taking over much of the export trade which we now enjoy with South America and Central America. The British labor government expect to do this, as I have heretofore stated, by rigid control of their domestic economy, holding down wages and prices through a system of food subsidies and the like, so that British merchants can undersell competitors from the United States and other nations. In order to enable the British to accomplish this—in order to enable them to take away from American farmers and American firms the markets we now enjoy in the Western Hemisphere—our American taxpayers are being asked to dig into their pocketbooks another time in order to further subsidize the scheme.

Mr. President, what I have just indicated is not all they are asking of us. They are asking us to keep on furnishing the ways and means by which they can better their economy, whereby they can "tool up," so to speak, so as to be better competitors of United States merchants and farmers.

Today we are spending billions of dollars for national defense.

In 1946-47 the United States Government appropriated \$14,281,000,000 to that end; Britain, \$6,800,000,000.

In 1947-48 we spent \$10,924,000,000 for that purpose; Great Britain, \$3,415,000,000.

In 1948-49 we are spending \$11,715,000,000 for that purpose; Great Britain, \$2,871,000,000.

For the coming year, 1949-50, our estimate of expenditures for that purpose is \$14,268,000,000; Great Britain, only \$2,804,000,000.

In other words, while we are assisting the countries across the Atlantic who are our friends to improve their economies so that, I suppose, they can be better competitors of ours, they are de-

creasing the amount of funds they spend for national defense, whereas we are increasing ours.

Furthermore, Mr. President, I desire to point out that soon after the North Atlantic Pact is voted on—I suppose it will be voted upon favorably, and I am for it—we shall be asked to lend-lease airplanes, tanks, guns, and ammunition in order to arm the countries of western Europe. We shall be doing that while they, with our resources, will be developing their economy and tuning it up so as to become better competitors of ours. I like to repeat that thought, for it is the truth.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. JOHNSON of Texas in the chair). Does the Senator from Louisiana yield to the Senator from Missouri?

Mr. ELLENDER. I yield for a question.

Mr. DONNELL. Am I correct in the assumption that the Senator from Louisiana agrees with me that if the North Atlantic Pact is ratified, the request which will come for funds to arm Europe will, at least in part be based upon the obligation created by article 3 of that treaty, which reads:

#### ARTICLE 3

In order more effectively to achieve the objectives of this treaty, the parties, separately and jointly, by means of continuous and effective self-help and mutual aid, will maintain and develop their individual and collective capacity to resist armed attack.

Mr. ELLENDER. That is correct.

Mr. DONNELL. I thank the Senator.

Mr. ELLENDER. Mr. President, as I said, the initial amount to put the Atlantic Pact into effect is placed at \$2,000,000,000. I presume that as the program develops within the next 4 or 5 years there will be—I can see it in contemplation, and I have seen stories to this effect—an expenditure by our Government to assist in arming our western allies to the extent of \$20,000,000,000.

Mr. DONNELL. Mr. President, will the Senator yield again?

The PRESIDING OFFICER (Mr. JOHNSTON of South Carolina in the chair). Does the Senator from Louisiana yield to the Senator from Missouri?

Mr. ELLENDER. I yield for a question.

Mr. DONNELL. And at least in part, the huge expenditure the Senator now anticipates will be made in order to comply with article 3 of the North Atlantic Pact. That is correct; is it not?

Mr. ELLENDER. That is correct; there can be no doubt about it.

Mr. DONNELL. I thank the Senator.

Mr. ELLENDER. Mr. President, as I pointed out in the early part of my remarks, in the past we have been dissipating our God-given natural resources in unprecedented amounts. The amendment I am proposing will not reduce the number of dollars which can be appropriated under this authorization, but the amendment simply will increase our minimum share of the counterpart fund which is created by law, so that we may use the amount I am asking for—that is, not less than 25 percent—to purchase



strategic materials from those countries. We shall furnish a part of that money to their nationals in order to develop mines in which such materials are found and of which we are in short supply.

I have here, Mr. President, a partial list of strategic materials found in ERP countries, and which are now being stock-piled by the United States. It will be remembered that at the present time the Bureau of Federal Supply is engaged in stock-piling operations. We appropriate cash from our Treasury in order to carry out the program. My amendment simply provides that the 5 percent minimum which must be set aside for strategic materials shall be increased to a minimum of 25 percent. That is what it does. It does not take away the dollars. The dollars we appropriate will be spent for the purpose of buying such materials as are needed by the ECA countries. These materials are turned over to their own nationals who pay for it with their own currency. That currency is placed in an account called the counterpart account. Under existing law, 95 percent of it can be used for any purpose the Administrator and the interested government may agree upon. The Administrator and the Government could decide to buy strategic materials for our account with all of it. But they have not done so. That is where the shoe pinches. The only safeguard the American taxpayers have is the provision that a minimum of 5 percent of the funds shall be used to buy strategic materials and to pay our operating expenses in these ERP countries. I am seeking, by my amendment, to increase that minimum, or safeguard to the American taxpayers, to 25 percent of the total counterpart funds. As I shall point out in a moment, two-thirds of the counterpart funds have been used by Great Britain and other countries to discharge their national debts and to pay interest upon them. Over one-half billion dollars of those funds have been used for debt retirement and debt cancellation, and only \$21,000,000 has been used for purchase of strategic materials.

I have before me a table prepared in my office showing the production, percentage-wise, of various materials of which we are in short supply in this country, such as antimony, asbestos, bauxite, chrome, and cadmium. It shows where these materials are principally located, and it shows further that all the countries with whom we are doing business under ECA possess large reserves of these strategic materials. Under my amendment, the 25-percent minimum I am asking to have set aside could be advanced to the nationals of those countries for the purposes of development, as I have previously indicated, and when that has been accomplished, they can repay us by way of strategic materials. That is what the plan proposes.

As I have said, the amendment which I propose does not in any manner decrease the volume of dollars that we are authorizing to be appropriated for the purpose of carrying out ECA. I have repeated that statement quite often in the hope that it will well register in the minds of Senators.

Another of my amendments proposes that none of the counterpart funds shall be used in order to discharge the debts or to pay interest on any of the national debts of any of the beneficiary countries. The money is sent abroad by us for the purpose of recovery, not for the purpose of enabling the beneficiary countries to discharge their debts.

At this point in my remarks, I ask unanimous consent to insert in the RECORD the entire statement to which I have referred, showing the location percentage-wise of the various strategic materials of which we are in short supply.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

*Partial list of strategic materials obtainable in ERP countries and possessions*

(Source: Publication of Research Department, Crowell-Collier Publishing Co.)

Material and United States production (1940), if any	Country	Percentage of world production (1940)
Antimony (none)-----	Canada.....	1.6
	Czechoslovakia.....	2.4
	Italy.....	2.2
Asbestos (2.8)-----	Canada.....	67.5
	Southern Rhodesia.....	10.7
	Union of South Africa.....	5.4
	Cyprus.....	2.2
Bauxite (8.8)-----	France.....	18.5
	Dutch Guiana.....	11.9
	British Guiana.....	11.2
	Italy.....	11.2
	Netherlands.....	5.5
	Greece.....	4.3
	British Malaya.....	2.8
	Norway.....	-----
Celestite (unknown if any)-----	United Kingdom.....	-----
Chrome (none)-----	Turkey.....	16.5
	Union of South Africa.....	13.8
	Rhodesia.....	12.0
	Greece.....	4.9
	New Caledonia.....	5.2
Cadmium (51.0)-----	Southwest Africa.....	18.4
	Canada.....	7.7
	Norway.....	5.0
	Australia.....	4.8
	United Kingdom.....	3.0
	France.....	2.8
	Italy.....	1.4
Cobalt (none)-----	Rhodesia.....	54.2
	French Morocco.....	25.2
	Burma.....	8.1
	Canada.....	11.7
Copper (31.6)-----	Belgian Congo.....	6.0
	Germany.....	3.0
	Canada.....	10.3
	Turkey.....	-----
	Rhodesia.....	9.7
	Finland.....	-----
	Newfoundland.....	-----
	Union of South Africa.....	-----
Diamonds (none)-----	Norway.....	-----
	Belgian Congo.....	77.3
	Union of South Africa.....	3.7
	British Guiana.....	-----
Graphite (none)-----	Germany.....	32.0
	Madagascar.....	9.6
	Italy.....	3.8
	Norway.....	2.7
Lead (23.2)-----	Australia.....	15.0
	Germany.....	10.5
	Belgium.....	4.7
	Burma.....	4.5
	Italy.....	2.2
	France.....	2.4
	Canada.....	-----
	Newfoundland.....	-----
	Southwest Africa.....	-----
Manganese (none)---	Union of South Africa.....	10.8
	Egypt.....	3.0
Mercury (12.2)-----	Italy.....	45.0
	Czechoslovakia.....	1.9
	Germany.....	1.1
Mica (58.5)-----	Union of South Africa.....	2.5
	Canada.....	2.2
	Madagascar.....	1.7
Nickel (none)-----	Canada.....	82.5
	Norway.....	1.4
	New Caledonia.....	10.2
	Greece.....	1.4
	Finland.....	-----

*Partial list of strategic materials obtainable in ERP countries and possessions.—Con.*

Material and United States production (1940), if any	Country	Percentage of world production (1940)
Platinum (7.5)-----	Canada.....	53.4
	Union of South Africa.....	12.1
	Italy.....	1.5
Rubber (none)-----	Belgian Congo.....	.3
	British Malaya.....	-----
	Netherlands Indies.....	-----
	Burma.....	-----
	Anglo Egyptian Sudan.....	-----
	Borneo.....	-----
	Belgian Congo.....	(1)
	French Equatorial Africa.....	-----
	Netherlands Guiana.....	-----
	French Guiana.....	-----
Tin (none)-----	British Malaya.....	30.1
	Netherlands Indies.....	16.2
	Belgian Congo.....	5.6
	Burma.....	2.6
	United Kingdom.....	1.0
	Portugal.....	-----
	Australia.....	2.2
Tungsten (8.4)-----	Burma.....	15.5
	Portugal.....	6.3
	British Malaya.....	4.1
	Australia.....	2.3
	Southwest Africa.....	-----
Uranium-----	Germany.....	-----
	Belgian Congo.....	(2)
	Canada.....	-----
Vanadium (20.2)-----	Southwest Africa.....	17.3
	Rhodesia.....	13.0
Zinc (28.2)-----	Belgium.....	11.3
	Canada.....	9.7
	Australia.....	4.4
	Newfoundland.....	-----
	Germany.....	13.0
	France.....	3.7
	United Kingdom.....	3.4

<sup>1</sup> Not available.

<sup>2</sup> Unavailable if any.

Mr. ELLENDER. Mr. President, to my way of thinking, it makes very little difference if we save Europe from communism, if, in the process, we bankrupt our own Government and exhaust our natural resources. What good is it to save Europe, assuming that is possible, if we reduce our own standard of living to that of Europe and lay our own country wide open to communism? Unless we can make democracy a living, breathing institution and responsive to the needs of our own people, we are apt to lose our cherished freedom.

Mr. President, I should like to comment a little more in detail on the amendment I have offered. If we do not earmark a sizable portion of these counterpart funds for purchase of strategic materials, to be spent when the materials are available, the American people will be left holding the bag. Let us not lose sight of the fact that the ECA program will be completed in 1952, according to present plans. The amounts of money appropriated between now and 1952 will be decreased each year. In other words, the amount we appropriated last year, and the amount we appropriate this year, will comprise the bulk of the funds to be furnished under the program.

Already over one-half of the counterpart funds deposited under the program have been withdrawn and dissipated. According to figures submitted to the Senate Foreign Relations Committee, a total of \$1,171,000,000 has been deposited in counterpart funds in the participating countries, and \$672,000,000 has been withdrawn. The figures show that \$41,100,000 of these funds have been used in France



for development of strategic materials. The reports also indicate that \$21,074,000 has been expended for strategic materials out of the 5 percent counterpart fund. For this \$21,074,000, we have obtained 26,000 tons of rubber, 12,000 tons of hemp, and 1,276,000 carats of industrial diamonds, all purchased from the United Kingdom.

Mr. President, the counterpart funds used for purchases of strategic materials, amount to approximately 1.8 percent of the total funds deposited and 3 percent of the funds withdrawn. Two-thirds of the counterpart funds withdrawn have been used to retire the national debt of several of the participating countries. Unless the Congress takes positive action now, I fear that little or nothing will accrue to us in the way of replenishment of our natural resources. The amendments which I propose will not hamper Mr. Hoffman in his administration of the European recovery program. It will strengthen his position in dealing with these European governments for the return of some of the natural resources which we are shipping to them. I maintain that the Congress should take positive action to strengthen the Administrator in his dealings with these governments.

The ECA officials say the reason they have not been able to spend much of the counterpart funds in the purchase of strategic materials is because such materials are not now available. They feel that such materials will have to be obtained through long-term contracts. My amendment will provide them with the means of negotiating such long-term contracts, and fulfilling the obligations of those contracts when the materials are available. I pointed that out in the early part of my remarks.

From the testimony of Mr. Bruce, on page 333 of the hearings, I desire to quote the following statement:

Generally speaking, I do not think this negotiation is going to result in anything much except generalities until we are in a position to negotiate long-term contracts. When you sit down to negotiate a contract, you can stipulate that 20 or 30 or 40 percent of this material, for a term of years, shall be delivered to us at our wish. In other words, that we should have an option to draw on this production. But we are in a period, particularly in the ECA countries, where the general industrial recovery has run away ahead of the increased production of these strategic materials; so the demands or the shortage of supplies have gone up pretty rapidly.

Mr. President, under the terms of my amendment, a minimum of 25 percent of the counterpart funds can be accumulated in the participating countries, to be kept in reserve by the respective governments and used to purchase strategic materials for our account in later years. Counterpart funds accumulated in this manner can be used to negotiate long-term contracts. In fact, counterpart funds have already been used for this purpose in at least one instance, according to Mr. Bruce, as shown on page 334:

We negotiated a contract for increased production of lead in north Africa where we put up French francs, 5 percent counterpart; and get our payment in a percentage of production if the development proved successful.

Mr. President, the proposal that I have submitted whereby a sizeable proportion of these counterpart funds will be set aside by the participating nations and reserved for the purchase of strategic materials for our account, will fit in squarely with the present program of the ECA Administrator. It will help combat inflation in the participating countries, by taking that amount of currency out of circulation during this emergency period, and later on, when supplies of these strategic materials become plentiful, and the economy of these nations needs rejuvenation, that money will be put back into circulation. Mr. President, the proposal I have submitted is a much sounder approach to the problem than is the policy of applying these counterpart funds toward the reduction of the national debts of participating nations. The same objective will be accomplished, but it will eliminate the resentment which is bound to arise among our people when they learn their hard-earned money is being used to reduce the national debts of these European nations. There will be created, instead, an atmosphere of cooperation and good will. Our people will feel that, whereas they are now being called upon to deplete our natural resources in order to help our neighbors in distress, later on our neighbors, after they get back on their feet, will return a portion of those resources to us, in the form of strategic materials. That is a form of lend-lease with delayed action that will be overwhelmingly approved by our people, and I doubt that there will be any genuine criticism from the participating European nations.

Mr. Hoffman, in testifying before the committee, as shown at page 37 of the hearings, stated that approximately \$446,000,000 of counterpart funds had been withdrawn and used for debt retirement. On pages 40-41 of the hearings appears a table which gives a detailed break-down of the counterpart funds which have been expended through December 31, 1948. According to this table, a total of \$540,000,000 has been used for debt retirement and cancellation, as follows:

Austria	\$85,000,000
France	103,000,000
United Kingdom	330,000,000
Norway	22,200,000
Total	540,200,000

These funds were applied toward reduction of the debts of the participating countries as a means of combating inflation in those countries, according to Mr. Hoffman's testimony. I read from page 58 of the hearings:

In the case of the counterpart, we are charged, under the law, among other things, as Senator GEORGE brought out very clearly, with bringing about a financial stability. You can dissipate the value of what we are doing in construction or anything else in recovery if you have inflation in countries, so we figured it was a very appropriate use to make of those counterparts where you had, as you had in Great Britain, more money than you have goods. In other words, it is always a pressure on prices, which was controlled as to prices yet the pressure was a type of pressure that you wanted to relieve if you could, and the best way to relieve that was to retire a certain type of public debt,

with the understanding that if the situation reverses they would reborrow that amount and the money would be used for purposes of construction.

Mr. President, I submit that substantially the same result would be accomplished in those countries under the terms of my amendment. A minimum of 25 percent of the counterpart funds would be set aside for strategic materials. That money would not be spent unless and until the materials became available. The ECA Administrator can tie it in with the economic picture of the nation, so that there will be a safeguard against spending the money prematurely and thereby hindering the anti-inflation program. In any event that money would be set aside in the participating country's treasury, out of circulation, and when there is a recession and production of materials exceeded demand, the spending of that money will have a more wholesome effect on the economy of the nation than will Mr. Hoffman's proposal that the government reborrow the money and spend it for construction projects.

Mr. President, I will say nothing further on the subject. I hope that Senators will consider this proposal very seriously. I understand it is not the desire of the majority leader to vote on my amendment today. I understand that the distinguished Senator from Massachusetts [Mr. LODGE] is very much interested in this proposal and would like to be present when the Senate votes on it. I repeat, that I am very hopeful that Senators will study my amendment. I am asking for the return of but a small part of what we are making available to our friends. The appropriation approved last year provided that 20 percent of the funds made available had to be in the form of repayable loans. The loans had to be secured and became the property of the United States Government. The loan provision has been eliminated from the pending bill, and the ECA Administrator is given a free hand in determining whether or not loans should be made. I am not at all impressed with the reasons given by Mr. Hoffman. He states, in effect, that loans should not be made, because they would, in some way, disturb the economies of the nations which we are striving to assist. What about our own economy?

Mr. President, I repeat that the amendment which I am proposing will not in any manner decrease the number of dollars we appropriate to carry on this program. It simply means that at least 25 percent, instead of 5 percent as now provided in the law, will be available to us to purchase strategic materials which we need in this country, and the rest of the counterpart fund, the 75 percent, can be used in order to assist our friends across the seas in such manner as may be mutually agreed between our Government and the country in which the fund is deposited.

Mr. KEM. I should like to ask the Senator whether, in view of the economic recovery which has occurred in several of the nations of western Europe since the ECA program was inaugurated, he does not feel that the 25-percent minimum is a very modest figure.



Mr. ELLENDER. There can be no question about it. Bear in mind that this is only a minimum of 25 percent to be set aside for this purpose. I hope the Administrator will be able to use an even greater portion of the funds for that purpose. But, of course, that is not likely, because the act now provides that the ERP country must agree to the disbursement. As I pointed out in the early part of my remarks, under the so-called Bretton Woods proposal, when we established the stabilization fund, we were not supposed to give our money away. There was supposed to be a fund created to stabilize currencies and exchange dollars for the currencies of other countries. What I am trying to bring about is a kind of a two-way street, to earmark a minimum of 25 percent of the fund, which we may use to pay our expenses in the country involved, and to buy materials which we have dissipated in the past, and which we are going to dissipate still further when we embark on the Atlantic Pact.

There is no doubt in the mind of any Senator, I hope, that if and when we become parties to the Atlantic Pact, as I am sure we will, the next step will be for us to dig down further into our natural resources and use iron ore, copper, and other metals to furnish guns, tanks, airplanes, and other necessary implements of war to the members of the pact. That is what we are going to be called upon to do.

I propose that we say to the ECA nations, "We are going to give you the dollars with which to pay for the program. You put up your francs"—pounds, or whatever the currency is—"put them in the bank. Reserve at least 25 percent of this amount to develop these strategic materials for your use and our use." That is what the funds are to be used for. Then, when the time comes that those materials are available, they will be shipped to us, and we will not have to continue to dig down into our own Treasury. We have reached the bottom and are, as a matter of fact, through the bottom. Frankly speaking, if we continue to increase our debt and continue to impair our natural resources, the time is not far off when our standard of living will be reduced to the same level as that of the people we are trying to help. I repeat, God pity the world if that comes about.

Mr. KEM. I should like to ask the Senator a further question. I am sorry I was called out of the Chamber and was unable to hear all his very fine address. I wonder if the Senator touched on the fact that today every man and woman in the United States is working one day out of three to pay his or her taxes.

Mr. ELLENDER. I did not approach the matter in that manner, but I did point out that every man, woman, and child in the United States today owes \$1,830 to the Government. That is their share of the debt burden.

Mr. KEM. Did the Senator point out that the average American family is paying \$100 a month in taxes?

Mr. ELLENDER. I have not worked out the figures.

Mr. KEM. In view of that situation, I should like to ask the Senator if it is not his opinion that it is perfectly fair and proper for us to adjust this percentage, as the conditions of the countries which are the beneficiaries of the plan improve as they have been improving?

Mr. ELLENDER. There can be no doubt about that, and if the decision were left to me I would increase the minimum figure above 25 percent. My reason for making it a minimum 25 percent was that when we passed the act last year, 20 percent of the funds appropriated had to be loaned to the participating countries. Since the 20-percent loan feature has been eliminated, I have provided, instead, that at least 25 percent of this counterpart fund shall be reserved and used to help France, England and the other ERP countries to develop the strategic materials which they need and we need. If this proposal shall be adopted, under the act we can make contracts of 20 years' duration in order to obtain these much needed resources.

I agree fully with the distinguished Senator that the amount is a pittance of what it should be, but for fear that if the minimum percentage is raised too high we might not be able to obtain enough votes on the floor to adopt the amendment. I am asking for what I think is rock bottom. I do not see how a Senator can vote against such a proposal as is provided in the pending amendment.

I plead with my colleagues to vote for the amendment and thereby assist our country in obtaining much needed strategic materials.

Mr. CAIN. Mr. President, in his 2 years and 3 months as a Member of the Senate of the United States the junior Senator from Washington has supported in full, sometimes enthusiastically, sometimes with hesitation, sometimes reluctantly, but always with hope, every action the Senate has taken to be of rehabilitation and recovery assistance and aid to Europe and the other areas of the world. Having lived throughout the world, I have a keen sympathy and some little understanding of its trouble, suffering, strife, and turmoil. I have lost none of my sympathy, none of my desire to be of assistance to those in need, none of my respect for the distinguished chairman of the Foreign Relations Committee, the senior Senator from Texas [Mr. CONNALLY] or for the great senior Senator from Michigan [Mr. VANDENBERG] who was the chairman of that committee in the Eightieth Congress, nor have I lost any of my hope for world recovery, yet I voted twice last night in favor of amendments which would have reduced the size of the proposed ECA authorization which is before us.

It can be said by no one that the junior Senator from Washington represents isolationism in any respect, and perhaps, because of this fact, there may be those who will wish to examine the reasons which caused me to partly oppose the program of authorization which is being so ably advanced on the floor

by the Foreign Relations Committee. It well might be that others will not consider my reasons of restraint and reduction to be valid or sound, though I think and believe that they are. I wish to submit my thinking and some of the reasons in question to my colleagues, for their thoughtful consideration, while offering at the same time an amendment which I hold to be constructive, well-intentioned, and designed to accomplish nothing less than the best results from our continuing participation in the affairs of other lands. I speak simply as an American citizen who is obviously as patriotic as any other Senator in this body. As I respect the views and the motives of those who sought to bring the prevailing debate on a magnificent question to a close more than a week ago, I trust that my views, however much others may disagree with them, will not be held suspect as to motive or construed to be a dilatory action intended to delay a final vote on the measure which confronts us.

Mr. President, the vote on the Taft-Russell amendment clearly shows that the Senate, despite the deep misgivings of many Senators, is not disposed to accept a horizontal cut in the authorization for ERP extension. One reason for this indisposition is plain: It is impossible through the process of debate closely to examine this enormously complicated proposition.

Individual Senators have devoted many weeks to personal examination of the materials on European aid which they were able to secure. With patient and painstaking care they have brought to the Senate floor the results of their labor. But, despite all their efforts, they have been to a considerable extent frustrated in their hope of analyzing the ERP extension bill.

There are two principal reasons for this frustration. In the first place these individual Senators have not had access to all the information. They have been forced to bridge gaps simply because information either was not forthcoming or because the information given was so confused that it baffled analysis. In the second place, no matter how carefully Senators have set forth their views and matured convictions, the heavy and miscellaneous traffic which duty lays upon the Senate made it impossible for the full strength of the Chamber to be present as this truly vital question was thrown open to debate.

Therefore, since it is clear that horizontal cuts in authorization are out of the question, the burden of the analysis must inescapably be assumed by the Appropriations Committee of the Senate. This will, indeed, be a heavy burden, and I submit, Mr. President, that the committee should not be forced to assume also the burden of an authorization. The technicalities of authorization we well understand, but in the public mind an authorization binds the Appropriations Committee in advance.

In this situation what is our plain responsibility? From my viewpoint it is that we must see to it that the ECA is provided with funds that will carry them



along, unimpeded, until the 30th of this coming June. That we may authorize at once. From my point of view, we not only may but we ought to make such an authorization at once in the hope that the Appropriations Committee will promptly act on the authorization. But the sum required for the year ending June 30, 1950, 15 months from now, is another matter. I therefore suggest that the size of this sum be left completely in abeyance until the Appropriations Committee has had an opportunity, and a full opportunity, and a thorough and a searching opportunity, to examine much more closely than anyone has been able to do up to date, the needs of ECA for the coming year.

Mr. President, I send to the desk and ask to have read an amendment on this subject, which I offer for myself and the senior Senator from New Hampshire [Mr. BRIDGES].

The PRESIDING OFFICER (Mr. HOLLAND in the chair). The clerk will state the proposed amendment for information only.

The LEGISLATIVE CLERK. On page 5, line 16, it is proposed to strike out all after "1949" through page 6, line 13.

The PRESIDING OFFICER. Does the Senator desire to have the proposed amendment printed and to have it lie on the table?

Mr. CAIN. Mr. President, the Senator from Washington would appreciate that being done, so that a vote on the proposal may be held in abeyance until the first of next week when the co-author of the amendment, the Senator from New Hampshire [Mr. BRIDGES] shall have returned to Washington.

The PRESIDING OFFICER. Without objection, that will be done.

Mr. CAIN. Mr. President, I do not know that I am correct, but I have a feeling that our Nation may very shortly be confronted with a deficit fiscal situation. If that assumption shall prove to be correct, there are only two solutions possible. One is, in the future, to resort to deficit financing, as on occasions in the past we have been required to do. That to my mind would be ruinous to the future welfare and the best interests of every man, woman, and child in the United States. The other solution would be to increase taxes in order to enable us to satisfy our obligations and maintain a balanced budget. Again, from my point of view I think additional taxes in the coming months would simply constitute a further burden upon the present burden which in itself, under prevailing tax schedules, is too heavy for the ultimate well-being of the average American. We ought to be as careful as we can not to place the Nation in such a position that it must be financed through deficit means, or by increased taxes in any considerable amount.

Mr. President, it so happened that on the 24th day of February 1947 the junior Senator from Washington made, as he recalls so vividly now, his first speech, or an effort at a speech, on the floor of the United States Senate. At that time there was pending a budget-reduction question. There were those among the

Senators—and I belonged to their school of thought—who in 1947, 2 years ago, thought we should do something rather drastic about cutting the budget as it then was before the Senate and the House and the country. I was only one of a number of Senators in that year, 1947, who thought this country would be the more healthy and the more solvent, not only in 1947, but in projected years ahead, if in 1947 we had been able to establish more effective ways by which to reduce our national budget through sacrifice on the part of all Americans.

Mr. President, I do not know that it is important—perhaps it is not—that the junior Senator from Washington in supporting that domestic \$6,000,000,000 cut 2 years ago had some very good reasons for his decision.

For the purpose of partly clarifying my own thinking in 1949, I desire to restate some of the reasons which 2 years ago seemed to justify a move in the direction of hard-headed economy. I remember saying, 2 years ago, that I was for the cut in question because I recognized a vast dollar difference between what Government must have to be effective and what it naturally enough, because of its paternalistic character, wants in order to accomplish its myriad activities, purposes, and enterprises.

Mr. President, with reference to that reason I was thinking about our own domestic economy. But I want to suggest that there is very little difference between governments abroad and our Government at home insofar as paternalism is concerned and the desires of the respective governments to get just as much as they can from the people of the world, who pay the bill.

I had another reason for voting for that budget reduction 2 years ago, Mr. President, and I stated it in this way—"because I feel no real or solid assurance that our present high level of national income will long continue." I do not know what our national-income figures for the present fiscal year will be, but I have good reason to believe that they will be less than they were 2 years ago, and because the national income will be less this year, and probably still less in the year to come, it will become increasingly difficult for this country to finance and satisfy its obligations at home and abroad.

My third reason 2 years ago for supporting a reduction in a national domestic budget was this:

I was one, and am one, of those who conceive that the national debt is, sir, an obligation, and not the figment of anybody's imagination. Our national debt must be either retired or repudiated. Over the long pull there is no middle course. It is freedom on the one hand, or outright feudalism on the other.

The fourth of several more reasons to support an economic proposal 2 years ago was that I believed then, as I now believe, that prevailing tax burdens, if long continued, will further destroy American enthusiasm and incentive, without which we as a nation would become as helpless and futile as other peoples have become who struggle only for the state.

I concluded my remarks on the budget-reduction problem 2 years ago by recommending and urging an equality of sacrifice; and I plead for it now.

With reference to what took place on this floor 2 years ago, I suggested that the junior Senator from Washington was a western Senator, and therefore could more selfishly benefit from the great number of tax dollars which were to be appropriated by his Government, because the development, expansion plans, programs, dreams, and aspirations of the West are far greater, in most instances, than are those of the East. But the suggestion was made by the junior Senator from Washington and by a number of other Senators from all sections of the country that it was about time for us to begin to recognize and share an equality of sacrifice in order that America might live within its means and be healthy and solvent, and bring peace, happiness, and stability not only to itself, but to our friends everywhere in lands across the seas.

I am struck with the phrase "an equality of sacrifice," because to me it means something like this: Only a few short days ago in the great House of Representatives it was thought wise to say to the people west of the Mississippi, with reference to their determination that that section of the country should grow and expand and increase its power facilities—for there are power shortages in this day and year, and most of them exist west of the Mississippi River—"Yes; your programs are desirable; they are needed, and we want to help you; but this year we cannot go beyond the point of 85 percent of what the President has recommended."

As I understand it, with reference to power production, the construction of dams, and reclamation projects, the House of Representatives reduced appropriations for those purposes 15 percent across the board. I am not too familiar with the situation and the reasons which motivated the committees in the House of Representatives, and therefore I am not qualified to say whether they did right or wrong; but I have a right to assume that members of the committees of the House of Representatives having jurisdiction knew exactly what they were doing when they made horizontal reductions of 15 percent, and that those reductions were made because there is a prevailing need for sacrifice and for economy. If that assumption proves to be correct, I raise the question on the floor of the Senate if it is not proper to ask the nations across the seas whom we seek to help if they will not recognize and share an equality of sacrifice. If it is necessary for us to be short at home it might well be necessary for us to be somewhat short with our grants abroad.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. CAIN. I yield for a question.

Mr. JOHNSTON of South Carolina. I gather from the remarks of the Senator from Washington that he believes that we in the Senate should watch the eco-



nomic table, and try as best we can to find out what is to happen in the future before we launch upon an expenditure so large as this. Is that correct?

Mr. CAIN. I think the Senator from South Carolina understands precisely what I have endeavored to say, that without better knowledge than we have at the present time with reference to how far we ought to go in our commitments abroad we should proceed with caution.

Mr. JOHNSTON of South Carolina. That being so, I should like to ask the Senator a further question. In my State at the present time the great textile industry is operating 3 days a week, whereas only a year ago it was operating 5 or 6 days a week. Moreover, instead of operating with three shifts, a great many of the mills are operating with only two shifts. Does not that mean that in the near future the income of those corporations will be greatly reduced?

Mr. CAIN. I think that is a very logical assumption.

Mr. JOHNSTON of South Carolina. I should like to ask the Senator a further question. In practically every warehouse in my State there are stored great quantities of cloth which cannot be sold at the present time. What effect will that have upon the textile industry of my State?

Mr. CAIN. Although I know nothing about the details of that particular industry, the industry in question might be wrecked. In that case it would add nothing to the national income. It therefore follows that it would be that much more difficult for America to meet its obligations if we assume that the national income will remain at its present level.

Mr. JOHNSTON of South Carolina. I should like to ask the Senator one further question in connection with the aid which we are sending to the countries overseas. Is it not true that last year we shipped overseas approximately 60 percent of our textile machinery, even with conditions existing such as I have pictured to the Senator?

Mr. CAIN. I understand that presently a very large percentage of textile machinery and equipment is going overseas.

Mr. JOHNSTON of South Carolina. Does that seem to be of any help to business in America?

Mr. CAIN. The only thing I can suggest to the Senator from South Carolina is that I share his concern and distress. I am not familiar with his attitude toward the program for aid to Europe. My own attitude is very clear to me. I want to help in bringing about recovery and reestablishing normalcy in Europe to the greatest possible extent. But, first, I desire to make as certain as I can that we remain vigorous and strong at home, in order that, over a long period of years, we shall have an opportunity to be of assistance to others without wrecking the institution to which the entire world now looks for assistance and relief. It is the only place it can look.

Mr. President, on that occasion 2 years ago, when I tried my hand for the first time in a very brief presentation of the

budget-reduction problem and question, I concluded by saying this—I think it is still true; and I hope I have reason to believe it will be true for as long a time as I remain in the Senate or in public life:

Mr. President, the soundness of the American dollar is a prize and goal worth fighting for. The dollar is worth only what it will purchase. That it buys so little today is no compliment to the Congress of the United States. In joining with other Senators who support the proposed \$6,000,000,000 budget cut I give evidence of my individual faith in the willingness of the American people to make sacrifices today which will retain for our tomorrows a free and solvent opportunity for all.

The only contribution I can make to the prevailing debate, Mr. President, is to continue to raise the question, first, whether we are granting our aid to the European countries in the very best possible way; and, second, whether it is possible for us to make substantial cuts in that aid, if similar cuts are necessary and required in this country, to the end that the vigor of our economy will permit us to do more for Europe and the rest of the world in the future, rather than less—for the prospect that we may have to do less frightens me.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CAIN. I am glad to yield.

Mr. LONG. On page 11 of the committee report I notice that Portugal was given no aid by us in the year 1948-49, but for the year 1949-50 Portugal has requested \$100,600,000, and is supposed, as I understand from the table used in the ECA report, to get \$10,000,000. Will the Senator explain to me on what basis Portugal, a neutral nation during the war and, so far as I know, one which did not suffer during the war, is to receive some of the money we are providing for European recovery; and, if so, why she needs it this year, although she did not need it last year?

Mr. CAIN. Mr. President, I wish I could answer adequately the Senator's question, but I cannot do so. I hope he will pose that question to one of the members of the Foreign Relations Committee, and that I shall have the complementary opportunity to be here at the time when that question is discussed.

Mr. President, I have had occasion to examine briefly the testimony of the various witnesses before the Foreign Relations Committee on the question of the extension of this European aid program. From that examination and from the information which I have been able to obtain otherwise, I do not understand that a clear and precise account has been given us as to what is occurring in Europe. I admit that the subject is terrifyingly complex, with many baffling phases; but I am seriously disturbed by the sharp contradictions which appear in the words and actions of officials connected with the United States and European phases of the program. I submit in all good conscience that we should not be asked to authorize this immense sum without first making a thorough-going examination of the whole proposition, with much more resultant clarification than we have yet received.

In plain terms, Mr. President, one of the most important things which I should like to know is whether the European-aid policy now being pursued by the United States is likely to make a stronger western Europe by 1952. I think every American citizen, wherever he or she may live, wishes to have an adequate answer to that question. Perhaps the answer is available. If it is, I merely wish someone to tell me where it can be obtained, because I have not found, from what is admittedly an abbreviated study of this problem, any assurance whatever that by 1952 we shall have achieved what so many persons presently say will be achieved, namely, full recovery on the Continent of Europe. If it is not going to be achieved by 1952, we likewise should know that, so that we can plan accordingly. Will we by 1952 have helped to accomplish constructive, fundamental changes in Europe, or is our policy liable to leave Europe in 1952, at the termination of the Marshall plan, substantially where it was when we began in 1947?

For example, I wonder whether the Senator from Nebraska, who sits on my right at the moment, has any real conviction as to whether by 1952 Europe will be fundamentally better off or worse off.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CAIN. I am pleased to yield.

Mr. WHERRY. Before that question is answered, I think I might suggest to the distinguished Senator from Washington that if we assume that Europe will be no better off by 1952 or will be only half-way better off, then I think we should consider what the continuing program will be. Will we then extend the program for another 4 years, or are we to go on continuously, year after year, attempting to remedy the deficit dollar balances of these European countries? That is one of the problems which I think should be considered, and it was considered in connection with the authorization-reduction amendment which was offered.

Although the program is asked to be authorized for only 1 year, in each case, and although we are told by the chairman of the Foreign Relations Committee that there is no obligation beyond the year, yet it is my feeling that the European countries have planned on a 4-year program. So in connection with amendments to reduce the amount of the authorization, such as the amendments offered last night—not only my own amendment but the amendment offered by the Senator from Ohio—I think it is vital that some reduction be made in the authorizations and appropriations under this plan for the countries of Europe, if for no other reason than by a token reduction to let them know that the program will terminate within 4 years, and will be reduced, if possible, so that they will not plan for more and more ECA aid in the future in the event their recovery has not been achieved at the end of the 4-year program.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. CAIN. I shall be glad to yield; but first I should like to acknowledge my gratefulness to the Senator from Nebraska for his question; and in brief



response to it, I should like to say that I am trying to find out where we are going, if anywhere, beyond 1952. I think it is probably safe to assume—I feel this way, and I believe many other Senators do, too—that if we thought our objectives would be fully achieved by 1952, as Americans we would be delighted to continue our sacrifices so as actually to put the nations of Europe on their feet. But if what we are actually doing is making permanent our operations in Europe, I think now, rather than in 1952, is the time to begin to be worried about that, so that we can accumulate, if possible, the reserves and resources with which we may expect to be able to continue those operations.

I yield now to the Senator from Missouri.

Mr. KEM. Mr. President, I ask the Senator from Washington whether he has in mind that a pertinent answer to the pertinent question he has asked has apparently been furnished by the OEEC, the high council of the participating European countries. In the discussion yesterday the distinguished senior Senator from Michigan [Mr. VANDENBERG] had this to say, as shown on page 3750 of the CONGRESSIONAL RECORD:

One evening a few months ago I had the privilege of sitting with the high council of the OEEC. The council consisted of the top economic experts from various countries. They very frankly said that evening that in 1952 the participating countries probably would fall \$2,000,000,000 or \$3,000,000,000 short of the objective—

Does the Senator have that very precise statement in mind?

Mr. CAIN. I am familiar with the preciseness of the actual statement to which the Senator from Missouri has just referred, and I myself wish to reflect upon it a little further.

Mr. KEM. I should like to ask the Senator whether he thinks that the opinion of that high council, the OEEC, is at least very pertinent in connection with the important question the Senator from Washington has raised.

Mr. CAIN. I do, indeed, I may say to the Senator.

Mr. KEM. I should like to ask the Senator further whether it does not appear from the hearings before the committee that such high economic authorities as Prof. Seymour D. Harris, of Harvard University, are of the same opinion?

Mr. CAIN. I may say to the Senator from Missouri, that is my understanding.

Mr. KEM. Is it not also the opinion of hard-headed businessmen, such as the members of the Board of Commerce of Detroit?

Mr. CAIN. Exactly.

Mr. WHERRY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Nebraska?

Mr. CAIN. I yield.

Mr. WHERRY. I listened very attentively to the first part of the presentation by the Senator from Washington. The question propounded to the Members of the Senate is, as I understand—and I ask if this is not the purport of the argument to date—that the budget

this year will require an expenditure of from \$5,000,000,000 to \$6,000,000,000 more than our tax collections from all sources? The Senator from Washington has propounded to the Senate this question, "What are we to do? Are we to increase tax rates, or are we going to resort to deficit financing?" Is that a correct statement?

Mr. CAIN. The Senator has defined my position rather well. I have said that if we continue the course we seem to be following, we shall be faced with a deficit. We can meet the situation either by deficit financing or by an increase in taxes, and the junior Senator from Washington is opposed to both methods. The junior Senator from Washington is suggesting that we consider whether it is possible to live within our income while at the same time extending a reasonable amount of assistance to the countries overseas, as well as doing a good job domestically.

Mr. WHERRY. Mr. President, will the Senator yield for another question?

Mr. CAIN. The Senator from Washington is glad to yield for any question.

Mr. WHERRY. Does the Senator feel that if the tax schedules are raised so that the \$5,000,000,000 or \$6,000,000,000 more may be paid as we go, on an annual basis, it will have a depressing influence upon the business of this country? The Senator has raised a question as to whether our national income will remain at the present level.

Mr. CAIN. I have previously mentioned that in my opinion if taxes are to be increased to any substantial degree it will further injure the incentive of American industry and its workers, with a resulting handicap to all business.

Mr. WHERRY. It would result not only in a loss of business but also in a loss of employment; would it not?

Mr. CAIN. That is true, from this Senator's point of view.

Mr. WHERRY. Mr. President, will the Senator yield for another question?

Mr. CAIN. Certainly.

Mr. WHERRY. I am interested in the observations made by the Senator from Washington and also the observations made by the Senator from South Carolina a few moments ago. What effect is the ECA program going to have on the textile industry of this country? I may ask the Senator whether he heard the observations made last night in the colloquy between the Senator from Maine and the Senator from Massachusetts relative to the effect it has already had throughout New England?

Mr. CAIN. I am not an authority on the textile industry, though other Senators have stated in their own time that the industry is in dire straits, with reference particularly, as I understand, to portions of New England and with respect to certain areas in South Carolina.

Mr. WHERRY. The point I wanted to raise with the Senator in the form of a question is that the problem respecting exports is, first, that the purchase of wool itself under the ECA program has given a tremendous advantage to the fabricators in Britain over the textile producers of New England and the southern section of the United States, where

so many people are employed and there is such high production at the present time. I wanted to ask the Senator this question: Agreeing that we believe in the objectives of the ECA program, yet if we are to continue the policy under which ECA is presently operated with reference to the purchase by the United Kingdom of wool to be fabricated into textiles and returned to the dollar areas, in addition to the impact as a result of the increase in taxes, what does the Senator think would be the effect on the textile industry of this country?

Mr. CAIN. I may say that from what I know it would be very unfortunate.

Mr. WHERRY. Has the Senator received a copy of the European recovery program report published by the United Kingdom?

Mr. CAIN. Yes.

Mr. WHERRY. I wondered whether the Senator had that in view. I know there is a mass of information contained in that report which we should read, in order to become thoroughly informed on all the problems which may arise in connection with the appropriation. I refer particularly to page 63 of the report. I ask the Senator is not the situation so acute at this moment that the Senator from Massachusetts said it will be necessary to do something about it, and that you will have to do something about it in South Carolina, as well as in New England? I should like to call it to the attention of the Senator from Washington and also the Senator from South Carolina and ask whether they have read in the report what the goal is, not only at present but for the life of the ECA program, so far as exports and imports of the United Kingdom are concerned?

Mr. CAIN. No; I have not as yet. I intend to review the report.

Mr. WHERRY. I may suggest this to the Senator, in the form of a question—

The VICE PRESIDENT. The Chair would like to suggest to Senators that to address a Senator in the second person is a violation of the rules of the Senate. The Chair has tried to emphasize that several times. The Chair realizes it is a habit easy to acquire.

Mr. WHERRY. I thank the Chair. I may say to the President, I was addressing two Senators, the Senator from Washington and the junior Senator from South Carolina, and asking whether they had the report to which reference was made. I believe the report contains information which will not only answer the question raised by the junior Senator from South Carolina, but it should be analyzed by every other Senator. A reading of the report shows that in the British view this is not a short program. They intend to increase their exports 80 percent above the 1939 level. That means exports to the United States will increase approximately 100 percent before they get through with the ECA program, under which we are now contributing in the form of grants, in order to give them free dollars to use in the dollar areas. I suggest to the distinguished Senator from Washington when he has had an opportunity for reflection, he answer the question, will it have an impact upon taxes,



with the resultant loss in national income, which will strike at the very stability of our Government? What will the impact be when the imports to which I have referred come back to the United States of America, to be sold in competition with the products of our domestic firms, when their taxes are increased, when business has slumped, and when we are, if you please, at the mercy not only of the textile fabricators who can undersell us because of lower standards of living and because of lower costs? What will happen in the future, for example by 1952, if we lose to other nations the markets we now have?

Mr. CAIN. I think it is a reasonable assumption that if there are imported into the United States huge quantities of goods which undersell the products of our competitive industrial structure, our economy which has brought so much to America and has offered so much to foreign lands can collapse and be wrecked. I think all we are really doing in the course of the debate is to raise seriously questions which concern us, in the hope that the committees having jurisdiction of the subject will make it their business to secure detailed answers, which should be carefully scrutinized, and if necessary preventive measures should be adopted so as to avoid getting ourselves first into serious trouble and then trying to work our way out of it.

Mr. President, I had asked a question, and I should like to repeat it for purposes of continuity:

Is our policy liable to leave Europe in 1952, at the termination of the Marshall plan, substantially where it was in 1947?

What would that mean? We keep on forgetting, I think, this aspect of the subject. It would mean trade balances out of gear, budgets unbalanced, currencies inflated, inter-European trade dammed up, and with social unrest and upheaval threatening on every hand. These are questions to which the Congress must have answers, and they are most certainly questions which the Administration has not, so far, seen fit to answer.

It will be recalled that when General Marshall made his famous offer of aid to Europe in his Harvard speech of June 5, 1947, he said:

Any assistance which this country may render in the future should provide a cure rather than a palliative.

"A cure rather than a palliative" were the words, and joint action was declared to be essential.

Well, the western European nations—with Iceland, western Germany, and Turkey thrown in—agreed to act jointly, had numerous consultations, and made a lot of plans and finally, in April 1948, Congress passed the Foreign Assistance Act of 1948 and later appropriated \$5,055,000,000.

I want it understood, Mr. President, that although I was concerned a year ago, I voted "yea" on the authorization, and then on the appropriation, and certainly today I have no apology to make for either one of those votes. I wonder if we can this year do a much better job than we did a year ago.

This act declared that "mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through a joint organization to exert sustained common efforts as set forth in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity."

I consider those words to be brave and noble, indeed.

The aid having been authorized, the several European countries met in Paris again and on April 16, 1948, signed what was called a Convention for European Economic Cooperation. They there agreed to join together to make the fullest collective use of their individual capacities and to undertake the elaboration and execution of a joint recovery program.

There was some sharp questioning in the Senate last year about the amounts of the aid authorized.

I remember those questions, Mr. President, and how searching they were. But the heartfelt plea was made: "Do not haggle. Grant the money. Give the program a chance. A year hence, when the next installment of aid is asked for, then Congress can make the most searching inquiry." So we granted the aid, passed the bill, and wished the great enterprise good luck and Godspeed.

Mr. President, that year has now gone by. The new installment of aid is being demanded. But where is the searching inquiry of what has been done? It is no place. We have not had any searching inquiry. I propose that we make one, starting here and now. I say this, not as one inimical to the idea of European aid but as one who is determined that the Senate shall know exactly what the score is and what we are doing when we vote on this bill.

What I want to know is, What has been going on down in the subcellars of European recovery? I want to be shown how valid this aid proposition, as it is presently administered, really is. And pending some detailed and forthright information from the administration, which has certainly not been forthcoming so far, I propose to examine the proposition myself, beginning right now.

I do not want at this time to be distracted by such questions as whether or not Britain is being socialized with American dollars. It was certainly disingenuous of Mr. Hoffman to tell the Senate Foreign Relations Committee on February 28, 1949, that they, the British, "should not use our dollars to engage in social experimentation; and speaking largely, there has been none of that done," when only 5 days before, Christopher Mayhew, speaking for the British, had told the United Nations Economic and Social Council that, "We have not the slightest intention of modifying our economic, our social, or our political

plans in order to qualify for aid." When I make this quotation, I want it distinctly understood that I am not referring to what Mr. Mayhew said about British recovery. I know that he spoke about internal recovery and not dollar balance. I am referring to his statement about British social and economic plans.

I do not think that the administration or the ECA has been on the level in what they have said to Congress on this question, but I do not want to turn aside on this phase now. I said I wanted to get down to the bottom of this proposition in which these Marshall plan countries swore—and if they did not make a moral commitment when they took our money I never want to hear again about moral commitments on our part—in which, as I say, these Marshall plan countries swore "to join together to make the fullest collective use of their individual capacities" and "to undertake the elaboration of a joint recovery program."

I do not want either to use up time on American suppliers who may have tried to turn the Marshall plan into a gravy train, or on reported ECA embarrassments when it was discovered that American ingot aluminum was going into Europe, via ECA, while the British were shipping aluminum scrap here for dollars, to discuss the bungling messes which resulted in American farm machinery being heaped up in rusting piles in Europe. No. Maybe such reports were garbled; maybe not. Conceivably I say, conceivably such bumbles, if they occurred, might have been made even by an organization superior to that of Mr. Hoffman, and surely we have been told that the caliber and efficiency of his organization surpasses that of any corps of technicians ever assembled. I hope this is so and that the organization will become even more efficient.

Let me try to remove what wrappings I can from this ECA proposition, and let us see what the story appears to be so far as I can make it out. I want to know much more, and that is why I want more time to find out further.

I shall have to describe as best I can what seems to be the way the aid-to-Europe set-up works. I shall have to ask for the Senate's consideration while I attempt this, for I am not an economist and, God knows, the administration has done anything but give clear information, and I can only use what fragmentary materials are available. Mr. Thomas Finletter, the ECA mission head to England, says that he is full of admiration for the energetic way in which the British Government has told its citizens the economic ABC of the Marshall plan.

Mr. Finletter recently made a speech in which he said this:

Britain is plastered with posters pointing out the economic facts of life.

I wish, Mr. President, that my own Government had been willing to do the same thing. I should like to see our Government, and all its agencies, sell the ECA program in detail, to the American people, in order that they might be better aware of what they are being



asked to do and the reasons for the requested sacrifices.

When the Marshall-plan countries signed the convention I spoke of, they set up the machinery for what they call the OEEC. Watch this carefully. This OEEC has as members, representatives of various countries. It also has a Secretary-General and a body of technicians. It works this way: The various governments work up plans of what they want to do. Eventually these plans go to the OEEC which does the "screening" that is so much talked about. It matches up these plans and whittles them down, gets the O. K. of the various governments, and then turns them over to the ECA. If the ECA approves, then orders for the goods needed are placed with Uncle Sam picking up the check. The ECA, of course, is purely a financing agency, and does no buying whatever.

I have tried to put this description down in the form I have used in order that I might understand the mechanics of this Organization which we did so much to initiate and launch a short year ago.

But wait a minute. The position of this OEEC is very peculiar. It has no authority of its own to make these big decisions. Its members, aided by the Organization's technicians' draft reports, make recommendations and urge various pieces of action, but they have no authority to enforce the recommendations. Real authority rests with the individual governments who send representatives to OEEC. It is said that the OEEC is growing in strength and authority, but, if it can make a decisive move without the consent of the constituent governments, I have yet to learn it. I should like to be advised that it has that authority, because it would be very helpful.

When these governments, individually, make decisions on action, the decision of each government is echoed in OEEC and a formal decision by all the governments in Marshall-plan deals is also echoed by OEEC.

Mr. President, this is what worries me a great deal. OEEC technicians can draft plans, but that does not mean by a long shot that the governments will carry out those plans. Remember that fact, because I shall get to it in a minute.

For these countries to get on their feet they were supposed to do a series of things: They were to get going and balance their budgets and stabilize their currencies; they were to do everything they could to jack up their exports; they were to pare down their imports wherever they could; they were to be as economical in every way as they could be with their housekeeping; and, above all, they were to get busy and start breaking down the barricades, the tariffs, the trade restrictions, and the like, that separated them from one another.

The grand result would be that everything would be shipshape and in balance in 1952—as we all hope it will—when European aid came to an end.

It stood to reason that if these European countries were going to do these things within 4 years they would have to hump themselves and, sure enough, a tremendous racket and noise com-

menced in Europe and the papers were full of it. There seemed to be a lot of activity going on, but just what it was was hard to say, at least for me, as a visitor to Europe on two occasions in the last 2 years, it was a little hard to say, but, anyway, Europe was getting our dollars.

In the meantime those OEEC people were very busy, and after a number of months went by we were told that they were working on a plan. This European plan was going to be the great cooperative, long-range scheme that would get Europe economically working as something like a coordinated whole. It was not going to look any more like the different-colored patchwork-quilt affair that the school geography books showed in our grammar-grade days.

This was indeed hopeful news. That is, we could feel hopeful of something constructive, even if we did not know yet what was in the plan.

In the meantime there was a Friendship Train to Italy, and the French sent us a Gratitude Train and the Marshall plan wheat and cotton and oil and coal were pouring into Britain and the continent.

Months went by, and finally on the 30th of December the OEEC published in Paris what they called on "Interim report on the European Recovery Programme." It is one of the most interesting documents one could hope to read, and I recommend it to the Members of the Senate. It acknowledges the efforts that have been made so far, it analyzes the situation as it is now in relation to its background, and then, in subdued but explicit words, utters the most profound warnings. This report does not deprecate European aid. It argues that aid is essential, but it warns Europe of what the countries there have to do, in words that almost say "Now or never," and it warns in a way that makes the reader wonder whether, if pressure is not forthcoming, the warnings will not be heeded. The light this report throws on European recovery is very different from the golden Neon glow the Administration gives us.

Perhaps I ought to try to describe that golden neon glow a little further before I go on. It is that light shed by Administration witnesses in their testimony for the extension of ERP. Most of these witnesses were optimistic, with a show of self-restraint. They showed fervent conviction that, by and large, and with due consideration for the difficulties inherent in the proposition, ECA had been a grand success, and that there was every reason for pushing resolutely ahead. Let me quote Mr. Harriman, the United States special representative, as striking this optimistic note:

The objective of OEEC, everything they are doing, everything ECA is doing, is with the determination to have Europe freed from extraordinary aid by 1952. If you ask me a question as to whether it will be attained or not, I can only say that I believe it can be attained and that I personally believe it will be attained.

That is to say, according to Mr. Harriman, western Europe will be in the clear by 1952.

But when it came to any consideration of just what had been done—and I mean

a clear, graphic, factual picture that showed real joint action between the Marshall plan countries—the story became cloudy, generalized and evasive.

Now this report, issued in Paris, shows that the technicians of the OEEC, people from all over western Europe, have been very busy and cooperative indeed. Their report might be described as a detailed memorandum of information prepared for an incoming referee in bankruptcy, for that is what Europe is, hopeful, but bankrupt. If that is true, and if the United States is going to the aid of the bankrupt, I submit, Mr. President, that the Senate deserves a bald and unvarnished account of what is going on in Europe and what we are doing there. I say we are not getting such a bald and unvarnished account.

I should like to quote a little from this OEEC Interim Report:

Europe is no longer the predominant source of manufactured supplies. Even in 1938 nearly one-half of the world's output of manufactures was produced outside western Europe; now the proportion is much higher. For many years the problem of paying for these supplies has been growing. Between 1913 and 1939 imports from overseas were increasing but exports were declining; exports of manufactures of the main industrial nations fell by one-quarter. The market for some of Europe's manufactures was becoming more and more restricted.

Even if there had been no world wars, this course of world economic development would sooner or later have forced a change in western Europe's economic structure.

Let me repeat that sentence:

Even if there had been no world wars, this course of world economic development would sooner or later have forced a change in western Europe's economic structure. The loss of her predominance in manufacturing would have compelled an adaptation in the nature of her exports, and specialization in those types of products where her competitive advantage was greatest. The gradual reduction, in more recently developed continents, of advantages of inexpensive land and labor would have forced Europe to reduce her dependence upon imports of primary products.

The report then goes on. Let me quote a few phrases:

Reasons have been given for thinking that the forecast of exports and of invisible earnings are unduly optimistic.

And again:

While the production targets set may be individually possible, it is doubtful whether they can all be achieved in so short a time as three and a half years.

The word used, Mr. President, is "doubtful." If these targets cannot be reached in three and a half years, when can they? That the Report does not say and I am not by any means condemning the Report when I say this. The authors of the Report were a very sober lot. But it does use the words "doubtful" and "unduly optimistic" over and over, and again and again.

Again and again and again the report reiterates such sentences as this:

In view of the serious difficulties that the participating countries will have in paying for the imports from the outside world, an expansion of intra-European trade (that is, trade inside of western Europe), is most important.



I know that individual countries have made remarkable production records. I know that some countries—Norway, for example—are bending every effort to climb out of the abyss into which they were plunged by the war. But Mr. President, I wonder how far these individual countries can go, how much strength they can hope for in the future unless there is some real European consolidation.

Listen to the OEEC again on this production question:

The exports of many European countries are expected to increase only slowly during the next 18 months. The postwar replacement and restocking boom is coming to an end in many overseas countries and for many products. Increasing sales resistance is being encountered in many markets. Many European products have been out of the markets for nearly 10 years. The world import market for manufactures has hardly expanded at all during the last 35 years. Moreover, in these calculations, no allowance has been made for a possible further deterioration in the terms of trade between the primary products imported and the manufactures exported. Terms of trade are assumed to be only 10 percent worse than in 1938, a year in which primary producers were notoriously depressed.

Further, says the report, no matter how hard these countries work to expand their exports to dollar countries—

It is almost certain that western Europe will be unable to afford the whole of the imports planned \* \* \* increased production in Europe of goods that can no longer be imported from the outside world for lack of means of payment, whether that production is for consumption at home or for sale to one or more of the participants will go far to minimize the effect of Europe's inadequate purchasing power in the Western Hemisphere.

One of the most important statements in the report is this:

It was recognized from the first that an intra-European payments agreement was no more than a palliative.

No more than a palliative. I ask Senators to remember that quotation for it is of importance when this analysis is presently pieced together.

I have said that the OEEC as an organization, of and by itself, cannot enforce anything. The participating governments alone apparently have the authority to do that. This may seem like a contradiction, but in reality it is not. Governments can and do endorse all sorts of laudable plans but do not necessarily carry them out. We all recall the Kellogg Pact to outlaw war.

I was much struck with Mr. Hoffman's reply when the Senator from Georgia [Mr. GEORGE] asked him whether he has a program of pressure to revalue any of the currencies that are away out of line. Mr. Hoffman said:

I feel very much encouraged about action in that field this year because of the interim report of the OEEC. That report itself contains the statement that 1949 is the year that must ("must" is the word used) bring fiscal stability to Europe. In other words, the Europeans themselves, speaking through OEEC have recognized the problem. We are now in a position to suggest that they act on their own report wherever action is desirable. In other words, it is now their recommendation and all we propose to do is to remind them of their recommendation.

That is Mr. Hoffman's statement: "All we propose to do is to remind them of their recommendation." But it is clear as day that unless the European governments have the will and the wit to put that recommendation into effect, or unless pressure is put on them to do it, the recommendation will remain embalmed in the report as a pious statement urging a desirable action that never occurred. And 1949, the year in which it is said that fiscal stability must, the word is "must"—and I would underline the word "must"—be brought to Europe, will pass into history leaving Europe as much a fiscal cripple as she is today.

The OEEC interim report was published on December 30. A little over a month later the hearings began before the Senate Foreign Relations Committee. In the testimony this OEEC report appears in numerous chameleon forms. I have already quoted Mr. Hoffman's statement wherein he speaks with gratitude of the fact that the OEEC report says that fiscal stability must be reached in 1949. When he says that, the OEEC appears as a beacon light of hope. But if we look at the Senate Foreign Relations committee's report on the bill we will find on page 6 this passage:

A question as to the attainability of this objective has been raised by the publication of an OEEC analysis of the separate participating country 4-year programs which indicated that, on the basis of present plans, these countries would have a dollar deficit of some \$3,000,000,000 at the end of the program. The Administrator pointed out that this analysis had been made for the purpose of diagnosing the problems facing western Europe. It is regarded by the OEEC as a warning that far-reaching changes will have to be made if they are to become independent of outside aid by 1952. The necessary action to revise these plans has already been initiated.

What just a minute ago had been a beacon light of hope now becomes a mere diagnosis. The difference is subtle but a difference is there. In almost the same breath the OEEC report can be taken as evidence of glorious promise or as a memorandum to be deprecated and referred to in an obscure passage. And when the Foreign Relations Committee says "The necessary action to revise these plans has already been initiated," I do not get much help from that. I do not care about the revision of the plans. I want to know about action on the plans when they have been revised. Action is what we ought to have for the good of all of us. Let us hope we get it.

In all the debates last year and in all the earnest arguments made before we even had a bill last year, there was a great deal of talk about the necessity of joint action and how necessary unity was. I have quoted the words from the original Foreign Assistance Act about our age-old enjoyment of a big internal market without trade barriers and how it would be good if Europe did the same as we have done. I have quoted to the Senate how the Marshall plan countries themselves swore to make the fullest collective use of their capacities. I call to the Senate's attention further that the very bill before us now, S. 1209, which calls for the extension of ERP, also provides for the insertion into the original

act of the words "to encourage the unification of Europe."

Unity, unity, everybody wants unity, but we will discover if we carefully scan the testimony of the administration witnesses before the Senate Foreign Relations Committee that "unity" is the word that makes them nervous and jittery. Introduce this subject and we get either nervous and exasperated volubility or we get hesitation, ambiguity, or just plain silence.

I say that to me this phenomenon is very mysterious. If unity is what is desirable, why be so shy about discussing it or giving the facts.

What do we mean by unity? I suppose it means many things to different people. What do we mean by the words "economic integration of western Europe," "unification," and all the rest? I do not know the score here, but I am satisfied of this: That the time when Britain and Europe could be the workshop of the world is forever past. I may be wrong, but I believe that to be true. Europe and England once upon a time were the workshop of the world. That day has gone never to return. That day can never come again, and the problem of getting Europe pulled together in some kind of shape so as to earn her living is made the tougher by the devastation and bankruptcy of the war. I do not know the right prescription for this case. I only judge that somehow some sort of real and fundamental integration must come.

Occasionally I hear the distinguished Senator from Arkansas [Mr. FULBRIGHT] speak to that subject, and I listen to him as carefully and as thoughtfully as I can, for I am not an authority on the subject.

But even if I do not know the whole score, I do not see why it should become such a nervous, hush-hush subject. Is there a body hidden here? After all, our legislation last year asked for it and we are voting the money. All I want right now is the whole story, the true story with the bare bones laid out where we can see them and make up our minds. I think I share the wish of every Senator. I can assure the Senate that the bare bones were not laid out in the testimony on ERP extension.

What we get is two very curious and different kinds of statement.

The first type of statement might be summed up as, "Now this integration or unity, or whatever it is, is coming right along, but it takes time, and you must not jostle people. The desire for integration must spring from the heart of those who would be integrated. It cannot be imposed. We must not meddle. Everything is working out for the best, but I would just as soon not discuss this subject further."

The second type of statement might be summed up this way: "Western Europe is acting in closer cooperation today than it has in 500 years. You would never believe it to see the way those people are revealing each other's trade secrets. It is really wonderful how intimately and confidently they consult with one another. The proof of it is in the remarkable intra-European payments plan and the discussions going on for a customs union between France and Italy



and the similar discussion with the Benelux countries."

I can make a few remarks about this line of argument. Take the intra-European payments plan first. What does it amount to? Most of the countries were in a sweat to buy needed goods from one another, but a large number of them were heavily in debt to the rest. As I understand, under this plan deficits arising between the European countries are financed as a part of the recovery program. Under this scheme surplus countries set up deposits of local currencies against which debtor nations may draw. In turn, when the time comes to clear trade balances, the creditor countries will have the assurance that where uncleared balances remain because of unequal trade they will receive conditional grants from ECA equal to their net grants. In a way, it is like taking in each other's washing to get trade moving, wholly within the Marshall plan countries, and backed by ECA.

If a device of this kind helps to break a log jam, it is certainly a good thing to do, but I do not see any reason to imply that this is some triumph of integration that gives a rosy promise for the future. My chief concern is not with what happens between now and 1952, except as it applies to what is likely to happen from 1952 on, for generations in the future. As the OEEC report says, this intra-European payment plan was "recognized from the first as \* \* \* no more than a palliative. What it could do was to provide a breathing space." Our own watchdog committee in Congress says:

This arrangement must be regarded only as an expedient which does little to correct the fundamental difficulties. Its operation does not strengthen weak currencies. It offers no incentive for improvement. The plan makes possible the postponement of monetary reform but does not bring such a reform about.

My recollection is that General Marshall said aid must provide a cure and not a palliative. Yet our own watchdog committee indicates that what we are doing in some instances represents a palliative only, and not a cure.

As for the customs-union discussions, I know that last Saturday, March 26, France and Italy signed an agreement providing for a customs union and also providing for economic union within 6 years' time. Six years is a long time, and I want to know a great deal more right now about what they propose actually to do and their chances of doing it. So far as Benelux is concerned, the head of the ECA mission to the Netherlands said in his testimony that "greater progress has been made than can yet be made known, because delicate diplomatic international negotiations are involved."

That may be true, but only last week the newspapers reported that—

At a meeting in The Hague 2 weeks ago Benelux realization was postponed from January 1 to June 30, 1950.

I do not know the precise meaning of "realization" in this dispatch, but I think that the word "postpone" is clear enough. It is certainly a first-class contradiction.

To sum up, the suspicion arises that

unity and integration are heavy on the talk side and very meager on the accomplishment side. Why? That there would be tremendous difficulties, I can well imagine, but that the difficulties could be surmounted, I certainly believe. It will be recalled that in 1940, when France was on the verge of collapse, the British, in the effort to keep France in the war, made the truly revolutionary move of offering to consolidate the two countries and to accept a common citizenship. True, France was too far gone seriously to consider the offer, but the offer was made. I was abroad at the time and I felt that the offer was made in good faith. Are such offers literally and completely impossible today?

I cannot speak with assurance, but the newspapers show little pieces of evidence as to how the wind may be blowing.

I said that the OEEC report was issued December 30. The hearings before the Senate Foreign Relations Committee came in February just past and ran from February 8 to February 28. Within a week after the hearings closed some rather arresting news began coming in.

A new steering committee of the Marshall plan council consisting of men of Cabinet rank met in Paris under the leadership of Sir Stafford Cripps. Listen to the New York Times for March 4:

The apparently growing opinion among the experts is that the single European "master plan," which ECA Administrator Paul Hoffman urged last summer and which the council undertook to produce, will never materialize. It is expected that there will be numerous adaptations of national plans during the next year or so, but no substantial sacrifice of national interests or aims in favor of European unification.

Let me quote further:

Nobody now expects Britain to resume her former purchases from the Continent, which must find more essential exports to earn its sterling. Strengthened as it is expected to be by the new committee at cabinet level, the Marshall plan council is not the international economic authority that some had hoped it would become. The internationally enlisted secretariat of the council had hoped that, under the pressure of United States opinion, it would move steadily toward European unity by approximating a general European recovery plan.

If this newspaper dispatch tells us anything, it is that a rift in the lute of unity has certainly appeared. Unity is not doing so well.

Two days later comes news of further trouble in the Council.

The Times says that the big problem was how "to bridge the sharp differences that arose between the British and the continentals regarding what Europe should do to achieve economic salvation by the end of the Marshall plan."

It seems to me that there is no greater question on the face of the earth.

Further on this same dispatch says that the continentals, in resisting the Cripps proposals—which incidentally called for more strictly national rather than international proposals—maintained, among other things, "that the solution lay in further developing trade within Europe."

If nothing else, these two stories would seem to show that a fissure or split was developing in western Europe.

Hard on the heels of these stories from Paris comes a dispatch from Canada. I quote now from the Christian Science Monitor for March 8, 1949:

Disagreement between the British and Canadian Governments over the future economic policies of the British nations as a whole has been developed for some months and has now broken into the open.

The dispatch goes on to say:

Canada wants British goods to pay for Canada's exports to Britain. It cannot secure anything like the quantity of goods it desires and needs, because Britain is concentrating its trade in an expanding area of barter throughout the sterling zone and even in eastern Europe and Russia. The goods which Canada wants are sucked into this bilateral trading system.

Further, says the dispatch:

Since Canada is by far the United States' best cash customer, the United States cannot be disinterested in any policy which would reduce that market. And the policies now advocated widely in Britain, almost inevitably would lead to a sharp reduction in Canada's imports from the United States.

Two weeks later, on the 25th of March—Friday of last week—John Marsh, general manager of the Canadian Exporters Association, made a speech at Toronto. Here is how the New York Times reports his speech:

One-half of the world, led by Sir Stafford Cripps, has moved back the clock of progress by barter trading or state trading \* \* \*. Britain's present fiscal policy will keep the pound and the dollar apart for 10 years. \* \* \* Canada and the United States must make up their minds to what extent in the future they are prepared to subsidize and maintain the United Kingdom's position in Europe.

Mr. President, I take it that is what most of us are trying to determine—namely, what we intend to do in Europe during the years to come.

Mr. President, by no means do I have the full facts at my disposal. I wish I did. I wish every other Senator did. But, Mr. President, if I were asked to make a deduction from these newspaper dispatches, this is what I would deduce without any trouble at all:

That we are witnessing a grotesque revival of the old imperial preference system, undertaken at Ottawa in 1932 in a last vain prewar attempt to bolster Britain's declining position in world trade; that Britain, now weakened and enfeebled in comparison with her former grandeur, seeks to nationalize her industries and use them as a center for a new barter empire. I do not know whether that conclusion is right or wrong, Mr. President; but certainly it is the only conclusion which can safely be drawn from what has recently been described in the press of this country and the press of Canada.

If what I deduce is true or anywhere near truth, we may ask what caused Britain to do this. I do not know. Could it be to put the best face on the matter, that the British lost patience with the Continentals, thought they were too irresolute to undertake austerity and tax



themselves out of bondage? Could it be that, since the British themselves were willing to tighten their belts and count only upon potatoes and brussels sprouts as unrationed food, they at last determined that their only hope was to cut loose economically from western Europe, as far as they were able, and set out to put together an imperial barter system?

I do not know; but if that is true, then western Europe is broken indeed. Then Europe is divided not into two parts by an iron curtain, but into three parts, with the iron curtain and the English Channel as dividing walls.

If this be true, then the Brussels compact, the Western Union, signed in March 1948, between Britain, France, Belgium, Luxemburg, and the Netherlands, is just an old-fashioned military alliance, with the participating countries united in nothing but dread of a common enemy, and disunited by fundamental economic clashes. If this is anywhere near true, Mr. President, then I should say that any Atlantic pact would rest upon a very shaky foundation, and that our need for full information was doubly necessary.

Mr. President, I have been critical in this analysis, but I do not propose to stop here. I am not interested simply in arguments. I am not opposed to assisting in the rehabilitation of Europe. To the contrary, I am in favor of it. But I submit, Mr. President, that we can no longer go on as we have been going—appropriating money by the billions of dollars—until we know more clearly where we are and what we should do.

I wish to know more precisely just how constructive the work of ERP in Europe is. The OEEC report says that numerous things must be done—and the word "must" is underlined. What assurance is there that they will be done? I shall never forget the message which President Roosevelt sent to Congress on February 12, 1945, asking for action on Bretton Woods. The Bretton Woods Conference, said President Roosevelt—and I am quoting now—"submitted a plan to create an International Monetary Fund which will put an end to monetary chaos."

Well, Mr. President, we have had the fund for a long time, but monetary chaos is still with us.

In this message—

Said President Roosevelt—

I have recommended for your consideration the immediate adoption of the Bretton Woods agreements. \* \* \* They are all parts of a consistent whole. That whole is our hope for a secure and fruitful world, a world in which plain people in all countries can work at tasks which they do well, exchange in peace the products of their labor, and work out their several destinies in security and peace.

This beautiful dream landscape which President Roosevelt then painted was going to come true with Bretton Woods. We have the Bretton Woods agreements, but all we have to do is to look at the daily papers to see how near we are to a world free from misery and want. With each one of these costly adventures there is always the lavish promise of results which never materialize. And when the results are not achieved, a new adventure is promptly launched.

It is said that ERP has helped to stave off communism in western Europe. That may be true. I do not know. It is possible that we have brought about a revulsion against communism that is only skin deep. It seems to me conceivable that we have been buying off communism on a day-to-day, 24-hour basis.

Mr. President, that is not good enough. We are not imperialists, and we can shout that from the housetops with a clear conscience. No imperialist in God's world has ever given away wealth as we have been doing. I want to know more about this unity that we have been told so skittishly about. I want to know a great deal more about it. We remember that a month or so before General Marshall made his famous offer of aid in June 1947, Dean Acheson made a speech at Cleveland, Miss., in which to some extent the idea of the Marshall plan was foreshadowed. In that speech Mr. Acheson—then Under Secretary of State, instead of being Secretary of State, as he is now—said:

European recovery cannot be complete until the various parts of Europe's economy are working together in a harmonious whole. And the achievement of a coordinated European economy remains a fundamental objective of our foreign policy.

Does it remain so still, Mr. President? If it does, is it just an objective that is piously stated? Do we pay the money without insisting on anything in return? I want to know a lot more about these things. If, in order to get some constructive action, pressure must be applied, I want to know about that, and about where and how pressure should be applied overseas. I want an answer to this question, which troubles me as an individual American, and I wonder whether it troubles others: Are the current developments in Europe such as to bring about an economic cleavage between Britain and the western part of the continent? If they are, then the story of ERP has been misrepresented to us—although I do not mean it has been intentionally misrepresented. Is there any way in which pressure from us will alter this situation for the better?

Mr. President, I simply am not willing and do not want to vote a dollar to pulmotor a series of separate fundamentally disunited European nations back to the sort of condition in which they were in 1939, when they proved to be, as we all remember, nothing short of a push over for Adolph Hitler. Unless we get for our money something very real and very substantial and sound, we are throwing the money away, which does not become the representatives of the people of the United States in this and the other body. If we are not getting something solid and substantial for our money, then our whole foreign policy deserves reconsideration. We should not forget that the Atlantic Pact, which other Senators have been discussing in recent days, is to be superimposed—is it not—on ERP Europe. If the ERP foundation is rickety—and serious-minded men in this body are doing their best to determine whether it is, and if it is, how best to improve it—the Atlantic Pact superstructure cannot be secure. We should do something constructively worth while at this time, and we must be conscious of it in terms of

ERP, or, to put it another way, should we make mistakes with the ERP, we are foredooming the Atlantic Pact to complete failure before ever a vote is taken on the floor of the Senate.

I have no wish whatever to be either stubborn or uncooperative in the matter before us. But, so far as the rehabilitation of Europe is concerned, it was for that reason that I joined with the distinguished Senator from New Hampshire [Mr. BRIDGES] in an amendment designed to afford us more time to examine and investigate and also to provide additional time for those who are greater specialists on the subject than we are.

For all the reasons which have been given, I have, for myself and for the Senator from New Hampshire, recommended that the Appropriations Committee give serious and continuing consideration over a period of the next several months to what we are doing and what we ought to do for the needs of European recovery in the period of the year beginning July 1, 1949. The amendment seems to us to be reasonable. We should like to think it will prevail. We certainly want more time among ourselves to examine and investigate all the critical questions I have raised without being able to provide the answers, before we are required to vote to authorize greater sums of the American taxpayers' money for the year which lies ahead.

Mr. KEM, Mr. KNOWLAND, and Mr. McFARLAND addressed the Chair.

Mr. KEM. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. The Senator from Washington has yielded the floor.

Mr. KEM. Mr. President, I was on my feet before the Senator yielded the floor. I should like to ask him a question.

The VICE PRESIDENT. If the Senator from Washington wants to resume the floor, in order to yield, the Chair will recognize him.

Mr. CAIN. For the purpose of complying with the Senator's request, I shall be most pleased to resume the floor.

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Missouri?

Mr. CAIN. I yield.

Mr. KEM. I should like to ask the Senator whether he does not feel that the decision he is asking the Senate to make, to postpone consideration of European aid for the fiscal year commencing July 1, 1949, would not have a very salutary effect on the nations of western Europe in bringing to their attention in an abrupt way the fact that the American people are expecting them to go forward with the program of political and economic integration which they have so glibly promised to us through the OEEC.

Mr. CAIN. It would be my opinion that a delay would have a salutary effect not only upon the nations whom we seek to assist through the grants and loans in question, but it would be tremendously helpful and healthful for the American people, in bringing to them a far greater knowledge of what they are expected to contribute, than they have possessed up to this time.

Mr. McFARLAND and Mr. BALDWIN addressed the Chair.



The VICE PRESIDENT. The Senator from Arizona.

Mr. BALDWIN. Mr. President, will the Senator from Washington yield for another question?

The VICE PRESIDENT. Has the Senator from Washington yielded the floor?

Mr. CAIN. Mr. President, because of my knowledge that the Senator from Connecticut, who is standing, has been desirous of getting the floor for a long time, he can have it whenever he wants it. If, however, he cares to ask me one more question, if I am permitted to do so, I shall be pleased to answer it.

Mr. BALDWIN. I should merely like an answer to one question, in the light of the question asked by the distinguished Senator from Missouri [Mr. KEM]. Does not the Senator from Washington also think it a possibility that if we were to delay and continue to discuss the matter indefinitely, it might also lend some credence to the communistic propaganda that the people of America were going to let western Europe down?

Mr. CAIN. I take it the Senator from Connecticut and the Senator from Washington would simply disagree as to what the result of a delay might be. I am absolutely convinced it would be healthful and beneficial to all parties concerned. I take it that, in the terms of a calculated risk, the Senator from Connecticut disagrees with my desire for a delay.

Mr. BALDWIN. The Senator is very honest in expressing his view, and I should like to be likewise honest in expressing mine. I do disagree with the Senator most heartily. I thank the Senator for yielding.

Mr. CAIN. It is an honest disagreement between friends.

Mr. BALDWIN. Indeed it is.

#### VIEWS ON THE STRAUS-BOKE RIDER

Mr. McFARLAND. Mr. President, resolutions, letters, telegrams, and editorials from water and power users' organizations, farm and labor groups, veterans' associations, engineers, religious leaders, engineering and other publications, newspapers and resource-conservation leaders, from coast to coast, urge repeal of the Appropriations Act rider severing Reclamation Commissioner Michael W. Straus and Regional Director Richard Boke from the Reclamation pay roll. I ask unanimous consent that a few excerpts therefrom be placed in the body of the RECORD as a part of my remarks.

The VICE PRESIDENT. Is there objection?

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

During the time that I served as Commissioner I made considerable effort to find a man of high caliber to succeed me. \* \* \* I was quite relieved to hear his (Mr. Straus') expression of willingness and very quickly recommended his appointment to the Secretary of the Interior, who, after considerable questioning about appointing a man who was not an engineer to the position, approved my recommendation. Nothing has transpired

since to cause me to regret that recommendation. \* \* \* Mr. Straus has discharged his duties honestly and with an enthusiasm and ability that no past Commissioner has exceeded. (Letter from former Commissioner Harry W. Bashore to Secretary Krug, March 11, 1949.)

*Resolved*, That the Orange Cove Chamber of Commerce does hereby condemn the fight against Reclamation Commissioner Straus and Regional Director Boke. We also condemn the unfair and nasty tactics heretofore and now practiced \* \* \* as being unworthy of consideration by the incumbents of the high office of United States Senator. We commend the entire Reclamation Bureau for its integrity and ability. (Orange Cove, Calif., Chamber of Commerce, March 1, 1949.)

We deplore the attacks made upon the officials of the project. \* \* \* We believe such attacks largely grow out of the desire of the land monopolists to break down the acreage limitation. We urge you to sustain the project as it is and its officers who are doing their duty. (Western Cooperative Dairymen's Union, Fresno, Calif., January 5, 1947.)

We \* \* \* do condemn the above action taken by said committee (action of Senate Appropriations Subcommittee to force Straus and Boke off Reclamation pay roll) and pray that the Committee of the Whole and the United States Senate will not support such action. (From resolution passed by board of directors, Southern San Joaquin Municipal Utility District, March 10, 1949.)

This effort to fire these officials is due to their firm stand in favor of the family-size farm. (J. T. Sanders, legislative counsel, the National Grange, June 4, 1948.)

The Straus-Boke rider appears to have grown out of limitations in the law which these men enforced, thereby bringing personalities ahead of the issues involved. We believe good legislation demands that it be killed and urge your support along the lines outlined above. (Telegram from Flathead Valley (Mont.) Citizens' Association, March 18, 1949.)

Whereas Mr. Straus and Mr. Boke have been conscientious officials and the reason for the rider was that they fearlessly insisted on carrying out the provisions of the reclamation law. \* \* \* *Resolved by the California State Grange*, That Congress repeal said rider. (Resolution by California State Grange, October 21, 1948.)

The avowed purpose of this rider is to drive from office two specified officials who are distinguished by their record for giving effect to the very act of Congress which they are sworn to enforce. (From resolution by San Francisco Labor Council, May 28, 1948.)

So far as concerns reclamation in California, may we offer the following points upon which we believe action should be had at an early date? (1) Repeal the Straus-Boke rider to Interior appropriation bill of the Eightieth Congress. These men deserve full support, not condemnation. (California State Federation of Labor in letter to the President, December 18, 1948.)

Veterans are deeply interested in having 160-acre water limitation enforced and object to lynching of public officials by subterfuge in order to defeat it. (M. C. Her-

mann, California department quartermaster-adjudant, Veterans of Foreign Wars, May 21, 1948.)

I should like to take this opportunity to express to you, gratuitously, my complete confidence in your ability and integrity. (Harold Kramer, general manager, Loup River, Nebr., public power district, June 8, 1948.)

There aren't many who will hew to the line as you have in your fight for what's right. (Kirby Billingsley, member, Washington State Conservation and Development Board, November 5, 1948.)

It is very embarrassing to us that our Democratic Senator, who should be standing firmly on the platform, should be straying off with the big Republican landholders to repeal the provision of the acreage limitation \* \* \* no public servant should be dismissed when he is doing his duty. (Letter to President Truman from S. L. Heisinger, California State assemblyman for 24 years from Fresno County, in the heart of the Central Valley project, January 6, 1948.)

We, undersigned residents of Terrabella irrigation district, affirm our confidence in Boke and Straus and the Bureau. We earnestly protest efforts by Senator DOWNER to remove them from their positions. (Howard McNeill and nine other members of Terrabella irrigation district, California, February 9, 1949.)

The Humboldt County Central Labor Council declares again its support of public development of Central Valley water resources under reclamation law, its confidence in those officials of the United States Bureau of Reclamation who have been dismissed by congressional rider because of their staunch loyalty to the antimonopoly and antispeculation provisions of the reclamation law. (Resolution of Central Labor Council of Humboldt County, Calif., August 23, 1948.)

I am writing you in protest to any appropriations bill rider which would require that the Reclamation Commissioner or the California reclamation director be engineers. \* \* \* Men who are merely—or should I say primarily—engineers are not always satisfactory as administrators of Federal laws and policies such as those related to reclamation. The type of administrator needed should have an understanding of engineering and its broader aspects; but far more than engineering knowledge, he needs to have an understanding of the social consequences and economic effects of the works or programs that are constructed or pursued by the agency. \* \* \* I have never heard any sentiment expressed by my fellow Californians, including fellow engineers, that the holders of the positions in question should be engineers. (Letter of March 19, 1949, from Robert B. River, Oakland, Calif.; graduate civil engineer, formerly with U. S. Army Corps of Engineers.)

The Senators who have been gunning for Reclamation Commissioner Michael Straus have done the job up brown—or rather red. They have used an unbeatable formula: If logical argument fails to disqualify a man, then question his loyalty. \* \* \* This neat piece of stiletto work must be viewed in the context of the long squabble over reclamation in California. Mr. Straus, as an advocate of public power and a champion of rigorous enforcement of the 160-acre limitation on reclamation lands, has made many enemies,



including Senator DOWNEY. (Washington Post, March 24, 1949.)

These men will never get their just due from the Government. Instead, they will be confronted with congressional investigations of their work and preemptory dismissal from the Government service after long years of work. (President Theodore Roosevelt, in 1911, speaking of A. P. Davis, chief engineer of Roosevelt Dam in Arizona, who was later dismissed as Commissioner of Reclamation because Mr. Work, Republican Secretary of the Interior, believed the post should be administered by a businessman and not a qualified engineer.)

These two men—Straus and Boke—are guilty of the heinous crime of having faithfully and honestly implemented the 1902 Reclamation Act signed into law by Republican President Theodore Roosevelt. (Martin Agronsky, radio commentator, July 3, 1948.)

The latest attempt, therefore, to change our national land policy is a challenge which cannot be lightly laid aside by those who have faith in the liberty-loving independent American farmers who cultivate the soil. (Bishop Robert J. Armstrong, of Sacramento, in the Catholic magazine, America, 1947.)

It sounds like some California politician is irked at the Bureau Director because he possibly has declined to take his advice or that of some of his more powerful constituents. (Valley Evening Monitor, McAllen, Tex., May 28, 1948.)

It is a political move designed to get rid of Commissioner Michael Straus and Regional Director Richard Boke by a clever maneuver, unworthy of Congress and not in accordance with the fundamentals of our system of government. (Engineering News-Record, June 24, 1948.)

Why were these desperate, underhanded, and grossly unfair tactics employed by the foes of the Central Valley project? It was to push out of the way two men who have stood resolutely for enforcement of the terms of the United States Reclamation Act in regard to acreage limitation and multiple public development of natural resources in the big California project. It is a monetary and ignoble victory for the forces that have fought the CVP from the beginning. (The San Francisco News, June 2, 1948.)

The Eightieth Congress was hostile to Mr. Straus because he has been active in promoting construction of publicly owned power transmission lines. \* \* \* The requirement of an experienced and qualified engineer for the job might have an apparent shade of reason to back it up were there not a similar case a quarter of a century ago of a government official being published for his promotion of public power facilities. \* \* \* Mr. A. P. Davis was removed as Commissioner of Reclamation by Mr. Work, Republican Secretary of the Interior, in 1923. The excuse \* \* \* was that Mr. Work believed the post should be administered by a businessman and not a qualified engineer. (Nashville Tennessean, about November 15, 1948.)

Retention of Michael W. Straus as Commissioner of Reclamation was urged Thursday by D. P. Ducey, president of the Water Development Association of Southeastern Colorado, in a letter to President Truman. \* \* \* "Straus is not an engineer but he

is a capable administrator," Ducey said. (Pueblo (Colo.) Chieftain, November 5, 1948.)

While covered over by a cloud of general charges, the real case against the two men (Straus and Boke) grows out of the position they take in two matters. One is the policy of giving irrigation-water users the benefit of reclamation power earnings and charging them rates they can afford to pay. The other is their stiff adherence to the 160-acre limitation on farms receiving water. Despite the pressure of the big landowners, no Congress has ever had the nerve to repeal this law. (Lowell Mellett in the Washington Star, June 3, 1948.)

Signed by 24 assemblymen, a telegram was dispatched last night to United States Senator KENNETH MCKELLAR, of Tennessee, chairman of a Subcommittee on the Interior, urging him to support repeal of a rider on an Eightieth Congress bill denying salary to Richard Boke, Sacramento, regional director of the Bureau of Reclamation, and Michael W. Straus, Reclamation Commissioner. (Sacramento Union, March 11, 1949.)

What the battle boils down to is a rider on the Interior bill barring Mike Straus as Reclamation Commissioner and Richard Boke as California regional reclamation director. Both are honest, able men. But they made the mistake—in the opinion of the lobbyists—of enforcing the 160-acre limitation on reclamation land. (Washington Merry-Go-Round, June 6, 1948.)

The rider was aimed at Straus, who has been active in promoting publicly owned transmission lines. President Truman said the rider was a victory for special interests intent upon stopping the construction of transmission lines for delivery of power from Federal dams. \* \* \* Straus is regarded as a friend of public power projects, and, as such, is opposed by private power interest. (Tampa Tribune, November 13, 1948.)

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. KNOWLAND and Mr. BALDWIN addressed the Chair.

The VICE PRESIDENT. The Senator from California.

Mr. KNOWLAND. Mr. President, I send forward an amendment that I desire to offer at this time, and I ask that it be read.

The VICE PRESIDENT. The Senator cannot offer it at this time, as there is an amendment already pending.

Without objection, the amendment will be read for the information of the Senate.

The CHIEF CLERK. At the end of the bill, it is proposed to insert the following new section:

An amount, equal to any balance, unobligated as of April 2, 1949, or subsequently released from obligation, of funds appropriated by Public Law 793, approved June 28, 1948, for the purposes of the China Aid Act of 1948 is hereby made available to the President for obligation through February 15, 1950, for assistance to areas in China which he may deem to be not under Communist domination, to be furnished in such manner and on such terms and conditions as he may determine without regard to the foregoing provisions of this act.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry. Was not the so-called Ellender amendment laid aside temporarily?

The VICE PRESIDENT. The Chair understands that an agreement was proposed to lay aside temporarily the amendment offered by the Senator from Louisiana [Mr. ELLENDER]. It was spoken of earlier in the day, but the Chair does not recall that it was actually done.

Mr. LUCAS. Mr. President, there was a tentative agreement to do that. It was never done. We had hoped to do it at the conclusion of the speech made by the Senator from Louisiana. I ask unanimous consent that the amendment offered by the Senator from Louisiana be temporarily laid aside, without prejudice, in order that the amendment offered by the Senator from California may be considered at this time.

The VICE PRESIDENT. Is there objection? The Chair hears none; and the question is on agreeing to the amendment offered by the Senator from California [Mr. KNOWLAND].

Mr. KNOWLAND. Mr. President, I may say it will not take me more than 15 minutes, but, before proceeding, I should like the chairman of the Foreign Relations Committee to be present. I understand the amendment is agreeable to him. I should be perfectly willing to postpone my brief remarks until Monday, if the majority leader desires me to do so.

The VICE PRESIDENT. The Chair cannot control that.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. In connection with laying aside the amendment proposed by the distinguished Senator from Louisiana, may I inquire whether that amendment will again become the pending question, after the amendment proposed by the Senator from California is disposed of?

The VICE PRESIDENT. It will automatically return as the pending question.

Mr. LUCAS. Mr. President, I think the Senator from California is correct. I do not see the senior Senator from Texas on the floor. I understand he will return in a moment. I assume it is all right for the Senator from California to proceed with his remarks.

Mr. KNOWLAND. Mr. President, my amendment has to do with funds to be furnished to areas in China which are not under Communist domination, out of the existing appropriation of \$275,000,000, at the expiration of the present period of authorization on April 2. It is meant to continue the authorization for those unobligated balances until February 15, 1950, for assistance to areas in China which the President may deem to be not under Communist domination.

I wish to compliment the able chairman of the Foreign Relations Committee and the ranking Republican member of that committee for the presentation they have made of ECA legislation, but it seems to me that at no time has our policy



with respect to China been so clear as has our policy toward Europe.

In a recent book written by Claire Chennault, major general, United States Army, retired, he had this to say:

The United States is losing the Pacific war. Three years after VJ-day this country is facing the loss of everything it won during the four bloody years it took to defeat Japan.

Here are the facts:

Gen. George C. Marshall told Congress in the spring of 1948 that if Manchuria were lost to the Chinese Communists, the United States position in southern Korea would be untenable.

Manchuria has been lost to the Chinese Communists.

General Marshall also told Congress that if the Chinese Communists controlled North China the United States position in Japan would be extremely serious.

North China has been lost to the Chinese Communists.

General Douglas MacArthur warned the Joint Chiefs of Staff in the fall of 1948 that if the Chinese Communists take the lower Yangtze Valley and Shanghai, the American military bastion on Okinawa will be outflanked and his position in Japan will be as exposed and untenable as it was in the Philippines during 1941.

In a recent article, which I shall ask unanimous consent to have printed in the RECORD as a part of my remarks, Prof. Roscoe Pound, who recently returned from China, where he served as adviser to the Ministry of Justice, had this to say:

American policy in the Far East ought to take into account more than China. It should take account of China, Korea, and Japan in one comprehensive and consistent policy—even one comprehensive Asiatic policy.

A little further on he said:

Such has not been the American policy as to China since the war. Our policy has been one of consistent and insistent pressure upon the National Government of China to compromise with the Communists where no compromise was possible.

Further on he says:

If any proof was needed, what has happened in Czechoslovakia is proof that no middle way is possible under Communist domination. It shows no less that the Communists with Russia behind them, will accept nothing short of complete domination. Witness what has been happening in Yugoslavia. Coalition of a constitutional government operating under a bill of rights with Communists is impossible except on the terms in which Mark Twain characterized the Biblical prophecy of the lion and lamb lying down together—the lamb inside.

I now ask unanimous consent that Professor Pound's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ROSCOE POUND'S ANALYSIS OF CHINESE-AMERICAN AFFAIRS—HITS UNITED STATES AIMS FOR COMPROMISE, MISCONCEPTION OF RED ROLE

American policy in the Far East ought to take into account more than China. It should take account of China, Korea, and Japan in one comprehensive and consistent policy—even one comprehensive Asiatic policy. Indeed it should be part of a world-wide policy of at least ranging ourselves with the constitutional governments which are endeavoring to set up democracies operating under law. Economic unification of the

world, the bringing of every part of the world to our back door by radio and aerial transportation require that a foreign policy look at the world as a whole. It should look at this land or that with respect to the whole and as to the effect of what we do or leave undone upon the picture of the whole world.

Such has not been the American policy as to China since the war. Our policy has been one of consistent and insistent pressure upon the National Government of China to compromise with the Communists where no compromise was possible. Before the Chinese constitution was adopted, abrogation of the frame of government under which China had been unified in a National Government was demanded and today, while the National Government is functioning under a constitution, summary throwing over of that constitution is a prime item in the Communist demands. If any proof was needed, what has happened in Czechoslovakia is proof that no middle way is possible under Communist domination. It shows no less that Communists with Russia behind them will accept nothing short of complete domination. Witness what has been happening in Yugoslavia. Coalition of a constitutional government operating under a bill of rights with Communists is impossible except on the terms in which Mark Twain characterized the Biblical prophecy of the lion and the lamb lying down together—the lamb inside.

Our policy has been in effect to undermine the morale of an exhausted and war-weary people by insisting that it could have peace only by yielding to the Communist demands by compromise amounting to abdication. We must remember that recent China has been long and severely afflicted by war. One might begin with the Opium War in 1840 when a western power forced opium on the Chinese Government of that day. Aggression went on for a generation, and in 1885 France sliced off a great territory. There followed continual and increasing extortion of cessions and concessions by European powers and successive insurrections. At the time of the Boxer Rebellion the European powers and the United States intervened. There were no less than 11 insurrections in 25 years before 1911-12 when the monarchy collapsed. Then followed a long struggle from 1912 to 1928 with the war lords. In 1931 the Japanese set up a puppet regime in Manchuria and began a series of aggressions culminating in the invasion in 1937 and 8 years of occupation of a large and richest part of the country. With the expulsion of the Japanese and while reconstruction was going on the Communists set up a civil war. All this weakened the will of the people to resist, and we have made it weaker by persistent calling upon the Government to give in. It must be remembered also that during the war, without the knowledge or consent of the Chinese people, we undertook to give away not a little of Chinese territory.

#### CHINESE COMMUNISM

I hear it said that Chinese communism is only a mild socialism, distinct in all but name from the Soviet brand. The conclusive answer to this can be seen in emphatic pronouncements from Chinese Communists themselves as to the place of communism in China in the world Communist regime promoted in Russia. Even more an answer is to be found in what has happened in Poland and in Czechoslovakia. What so-called "liberation" by communism means is brought out by Bernard Goldstein, the only leader of the Jewish community in Warsaw at the time of the liberation by Russia. Goldstein was a Socialist. But this was not enough. He tells us that he soon found that the liberation was but another destroying tyranny.

What speaks for itself is the flow of refugees by tens and hundreds of thousands from the Communist-occupied areas to na-

tional centers where the government has found shelter for them, fed them, and provided work for them. There is no such flow into the "liberated" areas; it is only out of them.

Communist demand for abrogation of the Constitution means abrogation of the bill of rights. The bill of rights in the Chinese constitution is not a mere preachment. It is safeguarded by an independent judicial yuan—an independent coordinate department of government—in which the grand justices have the ultimate power of interpreting the constitution and are authorized to enforce the express provisions of the constitution that executive acts and ordinances and legislative acts in contravention of the constitution are null and void. Demand that this excellent modern constitution, put into effect at the end of 1946, be thrown over before it has had a fair chance to operate, and while the government was in the throes of reconstruction after a long hard war on its own soil, is but an example of what Communists do the world over in setting up despotic military regimes intolerant of individual rights and repressive of all freedom of belief, opinion, writing, and teaching.

#### AMERICAN PRESSURE ON THE CHINESE NATIONALIST GOVERNMENT

For 3 years in which I served as adviser to the Chinese Ministry of Justice, I saw the effect of constant pressure from America on the Chinese Government while it was struggling with a huge task of reconstruction. It was setting up a constitutional government and putting the constitutional organization in operation thereunder; it was restoring the courts and judicial organization and the administration of justice, disrupted by the Japanese; it was restoring the educational system and rebuilding educational institutions; it was restoring and rebuilding penal and correctional institutions, often torn down and everywhere left seriously impaired by the Japanese occupation; it was reconstructing the process of administration; it was rebuilding bridges, railroads, roads, and lines of communication and transportation destroyed or dislocated by the Japanese during 8 years of holding the greater part of the country. Within a year from the time the national government got back from Chungking the work of reconstruction had made marvelous progress.

I conducted a thorough survey of the administration of justice in three Provinces and six cities, and could report to the Ministry that the courts, the codes, and the correctional institutions were functioning well, and in spite of many difficulties growing out of the Japanese occupation the administration of justice in eastern China would bear comparison with the administration of justice on the Continent of Europe and in America. There has been a tendency in America to be unreasonable in what was expected of the National Government in China. It was impossible to expect 100 percent constitutional democracy and 100 percent perfect administration of justice of a country of continental extent and 400,000,000 population which had never known democratic political institutions nor justice, according to law in the western sense. It was impossible to expect this perfection to be achieved in a generation after the revolution of 1911-12, two-thirds of which was taken up with fighting to establish a national government against the war lords and in standing out against Japanese invasion and occupation, and the remaining time largely taken up in resisting the Communists. When looked at on the background of these difficulties the work of the National Government since 1928 deserves all praise.

We must bear in mind that China had to suffer more and fight longer than any other of the allied countries or German-occupied countries in the last World War. What the



Government had to do was to set up a well-organized, modern, constitutional democratic state operating according to law. When this was done it could go about fundamental economic and social reforms. But to try these while endeavoring to set up constitutional government might have defeated both. Chinese popular habits of thought and conduct which had crystallized for ages were not to be remade overnight. As I have put it before, form had to come before reform. Let us not forget that we have serious problems of race prejudice and discrimination and of class relations in this country which we have left unsolved for much more than a generation. We do not consider our policy inefficient or reactionary because we have not solved them.

#### COMMUNIST CLAIMS AS TO SOCIAL REFORMS

I have heard it said that explanation of the progress made by the Communists in China is to be found in neglect of the national government to take up and push certain fundamental social reforms undertaken and carried forward by the Communists. I have heard it said that these are four: Education of the peasantry, agrarian reform, the youth movement, and the advancement of women.

I suspect that Communist education of the peasantry is simply indoctrination in communism. Over a large part of China the national government has had to do over again much of what it had achieved in the way of popular education. As to education of the peasantry, I have in my possession some charts which I found in more than one place which were used for teaching good agricultural methods and how to read at the same time. One institution in Soochow is devoted to the training of teachers to carry forward this mode of instructing the peasants. It will not do to say that the government has been doing nothing for peasant education.

I have heard it said repeatedly that the Chinese peasant is under a feudal system of land tenure. Nothing could be more mistaken. The difficulties of the Chinese peasant do not arise from feudalism or from large estates that need breaking up. As far back as the third century before Christ, the Chinese abolished feudal tenure and primogeniture. The agrarian problem in China grows out of the very success of that reform which caused the land to be divided and subdivided endlessly. The trouble is not too large estates but minute farms too small to sustain a population sometimes denser in rural areas than in cities of the west. This has been aggravated by the introduction of a western law of inheritance which makes for increased subdivision. Where there had been a household inheritance, a system borrowed from continental Europe has introduced a modern individual inheritance. When an owner of a small tract dies leaving five children, instead of the household succeeding, the inheritance must be divided into five. This makes use of the implements we use, and yet the Chinese farmer gets a larger yield from an acre than cultivators of Europe or America. Next to minute subdivision of the land his troubles arise from the complete dislocation of transportation and so of distribution during the Japanese occupation.

As to the youth movement, it has gone forward in the domain of the Government quite as much as elsewhere in the world. The Communists have no exclusive claim in this respect.

As to the advancement of women, subdivision (7) of article 26 of the constitution provides for election by women's organizations of delegates to the National Assembly or National Peoples Congress, the body which elects the president and vice president and has power of amendment of the constitution. At the session last spring in which the constitutional government was organized, a

number of women sat as delegates. Also, a number of women have been elected as members of the legislative yuan, and in the course of the survey of the administration of justice in eastern China I found women judges in many of the courts. In each of the cities which I visited I found a woman judge sitting in domestic relations cases and cases of juvenile delinquency. I doubt very much whether the Communists have done anything comparable to what the Government has achieved in this connection.

I have heard it said that while the Government was carrying on the war, the Communists were reaching the people through a program of social reform. What this really comes to is that while the Government was exerting itself to the utmost to set the country free from the Japanese occupation, and since the war has been exerting itself to the utmost with difficult problems of reconstruction, the Communists have been active in indoctrinating in communism and in destruction.

#### OBJECTIONS RAISED TO STANDING BY THE NATIONALIST GOVERNMENT

Let me speak briefly of the objections which are raised to our standing by a government which we treated as an ally during the war—a government which is one of the United Nations. It is said frequently that the Chinese officials and public men are reactionary. In my experience what is said to be their reactionary attitude is simply one of inquiry whether measures proposed to be borrowed from the western world are applicable in China. It does not take long for an adviser of one of the Ministries to learn that much which he has been inclined to urge at first sight needs thorough examination to be assured that it can be made to work under the conditions in which it must be applied. Much is said about corruption of Chinese officials and public men.

I inquired very carefully as to corruption in the administration of justice, conferring with bankers, businessmen, industrialists, members of chambers of commerce, and newspaper men. In no case could I get anything specific. Under the monarchy corruption was notorious. There was a general feeling that under the courts as they are today nothing but a tradition of suspicion could be shown. One newspaperman suggested to me that the pay of the judges was so inadequate that it stood to reason they must be corrupt or they could not live. In fact I found the judges with inadequate salaries eke out their meager salaries by teaching law. This is something which such lights of our American bench as Joseph Story and Thomas McIntyre Cooley did and many other judges have had to do in American judicial history. It is said also that the Chinese officials and public men are ignorant and inefficient. Association with them for 14 years has convinced me that this is quite unfounded. Let me name a few with whom I had especially long and close association. Dr. Wang Chen-hui, head of the Judicial Yuan, is a D. C. L. of Yale and Barrister of Gray's Inn. He is recognized as an outstanding jurist everywhere. His translation of the German civil code into English is regarded as a classic. Dr. Hsieh Kwan-sheng is a docteur en droit of the University of Paris, author of a history of Chinese law in French, published in France. He did signal work in keeping the machinery of justice going during the war and his experimental court at Chungking to try out the draft code of civil procedure was a real contribution to the science of law. Dr. Su, the Minister of Education, a doctor of philosophy of Berlin, is a learned scholar and liberal administrator of great good sense. His judgment as to what is practicable in legal education in China has been of real value for reconstruction. Judge Y. H. Kuo, president of the High Court of Shanghai, would be a notable judge anywhere. Just before leaving I made a report

on his draft of a statute on conflict of laws. It is a masterly piece of work much better than the draft prepared for the Pan-American Congress of codification of law for the Western Hemisphere. No American city has a better court than his.

I have heard complaint that the Chinese officials do not take advice. On the contrary, I suspect they sometimes have relied too much upon advice from experts from the Western World unacquainted with the conditions to which their advice was to be applied. At any rate, I have found that the Chinese officials give marked attention to advice so far as money is available to carry it out. Where they do not it is usually because of lack of money to do what ideals indicate. Under the constitution the legislature controls the funds and officials can do no more than appropriations allow.

Complaint has been made in this country that the government ignores minority parties other than the Communists. These minority parties, however, are made up of leaders with few or no followers as it was demonstrated at the time of the first elections under the constitution when the majority party agreed to withdraw its candidates in certain districts and leave a free field for the minority parties. Very generally candidates ran by petition and defeated the candidates of these parties at the election. Moreover, one of the leaders of a minority party which has probably the most following is listed by the Communists as a war criminal along with the leaders of the majority party.

I hear it said also that the Government has been guilty of gross violations of the Constitution. As to this it should be noted that the Constitution was not in force until the end of 1946 and the Government was not fully organized under it until the spring of 1948. Much of what I have read is based on conditions during the war which, of course, were abnormal. In the second place, it must be remembered that civil war is still in progress. We in America have not been too scrupulous to enforce the Bill of Rights or adhere to the strict terms of the Constitution in times of civil war or even of world war. President Lincoln was accused of violation of the Constitution during our Civil War. The action of our Government toward citizens of Japanese birth in California or its setting up of military rule in Hawaii and superseding of the courts there during the last World War serve to remind us that a bill of rights is sometimes embarrassing to a government under the stress of war. But certainly it is not for the Communists to preach adherence to a constitution.

Again, it is complained that the Government employs a secret police. But we maintain a Secret Service and certainly the FBI do not go about in uniform. Moreover, the third degree has had a high development with us even in time of peace. When war is in progress and a fifth column is active, a government cannot confine itself to a uniformed police. Detectives in plain clothes are an everyday matter even in time of peace.

What can the Communists show in the way of constructive achievements even remotely to compare with what the Chinese National Government has done under the greatest of difficulties in the way of building up a constitutional regime and in reconstruction after 8 years of enemy occupation?

#### WHAT COMMUNIST DOMINATION OF CHINA WILL MEAN

Will Communist domination mean a country with which we in America can have commercial relations such as we have had increasingly for 100 years? Will it mean a country with which we can have the cultural relations which we have maintained increasingly for more than 50 years? One has only to look at the pronouncements of the Chinese Communists as to American relations to answer these questions.



What then are we to do in our relations with a Communist regime? For one thing, I submit we must bear in mind the effect of what we do on Korea, on Japan, and indeed on all Asia if not on Continental Europe. We must remember the effect of what we do on the remnant in China for the situation need not be more despaired of than when the Japanese occupied the best part of the land. If we give continued aid and comfort to the Chinese Communists by our attitude toward even the remnant of the National Government we shall be undoing what we have been striving to do toward maintaining democratic constitutional government in other parts of the world.

Mr. KNOWLAND. Mr. President, only two nights ago a very able speech was delivered by the Honorable Winston Churchill, former Prime Minister of Great Britain, in which he had this to say:

In consequence of the Soviet conduct, relations of Communist Russia with the other great powers of the world are without precedent in history. Measures and counter measures have been taken on many occasions which in any previous period could only have meant armed conflict. The situation has been well described by distinguished Americans as the "cold war." And the question is asked, "Are we winning the cold war?" This cannot be decided by looking at Europe alone. We must also look to Asia. The worst disaster since our victory has been the collapse of China under Communist attack and intrigue. China, in which the United States have always taken a high interest, comprises an immense part of the population of the world. The absorption of China and India into the Kremlin-controlled Communist empire would certainly bring measureless bloodshed and misery to eight or nine hundred million people.

Finally, Mr. President, I should like to ask unanimous consent to have printed at this point in my remarks an article by Mark Sullivan which appeared on January 18, 1949.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CHINESE REDS' TRIUMPHS TRACED TO ROOSEVELT POLICIES AT YALTA—MARK SULLIVAN SAYS 1945 AGREEMENTS WITH STALIN ARE MAIN CAUSE OF CHIANG'S IMMINENT DOWNFALL; MARSHALL MISSION ALSO CITED

(By Mark Sullivan)

WASHINGTON, January 18.—Everywhere in America—St. Louis, Philadelphia, Grand Rapids, Dallas, any city or town, or farm community anywhere—people must ask anxiously about the imminent fall of China to the Communists, what it means to us and to the world.

What is now coming to climax in China had its root in agreements made by President Roosevelt with Premier Stalin of Russia at Yalta in February 1945. These agreements, with other steps by us and a policy followed by us, are the main cause of what is now taking place. We are responsible.

The Yalta agreements were secret at the time. They have since become public, and the accompanying circumstances have in large part come to light, partly through two books, both authoritative, both by intimates of Roosevelt. One is by James F. Byrnes, an official aid to Roosevelt at Yalta, and later Secretary of State under Truman. The other book is based on diaries and notes of Harry Hopkins, likewise with Roosevelt at Yalta and at all times an intimate associate. The Hopkins material is edited and supplemented by Robert Sherwood, also a devoted associate of Roosevelt. (A third book, by a scholar, Dr. David J. Dallin, "Soviet Russia and the

Far East," containing authoritative and valuable information, has been consulted in the preparation of this article.)

#### YALTA PARLEY RECALLED

Roosevelt went to Yalta to arrange for Stalin to take part in the war against Japan. Up to that time Russia had participated only in the war against Germany. Stalin brought to Yalta a set of demands, to be the price of helping to fight Japan. The price was an immense extension of Russian territory and power in Eastern Asia, to be taken at the expense of China—some of it territory belonging to China, some of it territory which had been taken from China by Japan and which China expected to get back.

To Stalin's demands Roosevelt agreed. Stalin, cagey and firm, "insisted"—this word is used by Sherwood—that the agreements be put in writing: "The heads of the three Great Powers have agreed that these claims of the Soviet Union shall be unequivocally fulfilled after Japan has been defeated."

This, Sherwood wrote later, "was the most assailable point in the entire Yalta record, \* \* \* for, if China had refused to agree to any of the Soviet claims, presumably the United States and Britain would have been compelled to join in enforcing them."

That was an appalling demand. But there was another more profoundly offensive to China, more shocking by what it put upon Roosevelt personally: "It is understood that the agreement \* \* \* referred to above will require concurrence of Generalissimo Chiang Kai-shek. The President will take measures \* \* \* to establish this concurrence on advice from Marshal Stalin."

#### CHINA SEEN VICTIMIZED

What Roosevelt had done at Yalta included this: He had made secret agreements with Stalin, some remaining secret until Secretary of State Byrnes inquired into them, saying as he wrote later: "I wanted to know how many IOU's were outstanding." The agreements were at the expense of China—China was already fighting alongside us in the war against Japan, but China, by the agreements, must yield territory and make other concessions as a price to get Russia to join in the fight against Japan. If China refused, then under the agreement Roosevelt would "on advice from Marshal Stalin," "take measures" to "establish concurrence."

The territory and other acquisitions, including control of railroads, which Russia got through the demands Roosevelt agreed to, together with further advantages Russia got in the winding up of war against Japan, including arms taken from Japan, these composed leverage and impetus by which the Communists were able to make the drive against China that has now reached the stage of imminent success.

Later we did more than further the drive. In 1946 General Marshall, sent to China by President Truman, publicly called on Chiang Kai-shek to take Chinese Communist leaders into a coalition government. Such a proposal, coming officially from a country that was historically China's friend, undermined Chiang Kai-shek's prestige, strengthened the Communists. About the same time we suspended for 18 months the shipment of arms to the Chiang Kai-shek government which we had been carrying on during the war against Japan. This crippled Chiang Kai-shek's military strength, increased the momentum of the Communist drive.

Mr. KNOWLAND. Mr. President, I should like to give a brief quotation from a recent book by Mr. George Creel entitled "Russia's Race for Asia," in which Mr. Creel has this to say:

It is not only the fate of China that quivers in suspense; the future of all Asia hangs on the outcome of the Communist drive for

China's conquest and utter subjugation. The fires of Red insurrection blaze high in Indonesia, Burma, Indochina, and the Malay Archipelago, and flying sparks are falling on timber in India, Siam, and even Japan and the Philippines. If Nationalist resistance collapses in China, it is a whole continent that will be communized, opening the way for Russia's mastery over more than half of the world's population.

#### Further on he says:

As far back as 1868 the United States proclaimed the "open door" in China as a foreign policy second only in importance to the Monroe Doctrine. It was stoutly reaffirmed in 1899 when Russia, Britain, Japan, France, and Germany planned the virtual dismemberment of China. Again at the Nine-Power Conference in 1922, Secretary of State Charles Evans Hughes forced the adoption of this explicit pledge: "To respect the sovereignty, the independence, and the territorial and administrative integrity of China."

General MacArthur sent a cablegram to the House Foreign Affairs Committee under date of March 4, 1948, in which he said:

The international aspect of the Chinese problem unfortunately has become somewhat beclouded by demands for internal reform. Desirable as such reform may be, its importance is but secondary to the issue of civil strife now engulfing the land, and these two issues are as impossible of synchronization as it would be to alter the structural design of a house while the same was being consumed by flame \* \* \* the maintenance of China's integrity against destructive forces which threaten her engulfment is of infinitely more concern. For with the firm maintenance of such integrity, reform will gradually take place in the evolutionary processes of China's future.

Mr. President, I should like at this time to have printed in the RECORD a copy of a letter which I addressed to General MacArthur, under date of February 18, 1949, and a copy of his reply, dated February 26, 1949.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

FEBRUARY 18, 1949.

Gen. DOUGLAS MACARTHUR,  
Headquarters, SCAP.

DEAR GENERAL MACARTHUR: Enclosed is a copy of a letter I have addressed to Senator MILLARD TYDINGS, Chairman of the Armed Services Committee of the Senate, of which I am a member, together with part of the CONGRESSIONAL RECORD of yesterday in which I made some brief remarks on the floor of the Senate in regard to the matter.

Both as a Senator of the United States and as a representative of the Pacific coast State of California, I have been greatly concerned regarding developments in China and in more recent reports concerning policies in Japan and elsewhere in the far Pacific area.

I feel very strongly that the Armed Services Committee of the Senate has a responsibility to itself, to the Congress, and to the people of the country to become fully informed of all the facts regarding these developments and the implications of certain pending policies. I believe that this information must be secured prior to the time that policies get frozen otherwise we may find that while communism has been halted in western Europe we have left our Pacific flank vulnerable.

Next week I intend to formally bring this matter before the entire membership of the Senate Armed Services Committee and urge that you be invited to give us the benefit of your vast first-hand experience in the Pa-



cific area together with such other information you may believe the committee should have in order to help formulate policies for the defense of our country. I sincerely hope that if and when the committee extends such an invitation you will feel that your duties there will permit you to accept.

I cannot help but believe that decisions will be made in the next few months that will have a great bearing on the peace of the world and the security of our country for this generation of Americans and for their children.

With best personal regards, I remain,  
Sincerely yours,

WILLIAM F. KNOWLAND,  
United States Senator.

GENERAL HEADQUARTERS,  
SUPREME COMMANDER FOR THE  
ALLIED POWERS,  
Tokyo, Japan, February 26, 1949.

Hon WILLIAM F. KNOWLAND,  
Armed Services Committee, United States  
Senate, Washington, D. C.

DEAR SENATOR KNOWLAND: Thank you for your thoughtful note of the 18th. Some measure of your views with respect to the desirability of my appearance before the Congress came to my attention through Washington dispatches of the press associations. Soon thereafter, however, the rumors of a contemplated reversal of American policy with respect to Japan were set at rest by categorical denials by the President, the Secretary of State, and the Secretary of the Army. The reasons for seeking my recall were, therefore, greatly modified. I sent a message to Senator TYDINGS to such effect with an expression of the hope that it would be found unnecessary to request my appearance at this critical time in the Far East and am most grateful for your subsequent action and that of the other members of the committee thereon.

We all recall so pleasantly your short visit here. Much time has since elapsed and the passing of events has witnessed decided progress in fields of effort then just getting under way. You would be interested in an on-the-ground comparative study of conditions now against conditions then and I am hopeful that in the not-too-distant future you will find the time to revisit us. You may be sure of a most hearty welcome when and if you can do so and I am sure that your observations and suggestions would be most helpful.

With cordial regard,

Faithfully yours,

DOUGLAS MACARTHUR.

Mr. KNOWLAND. Mr. President, in conclusion, I merely wish to say my amendment would not do a great deal for China. It provides for no additional funds. It makes available, however, the unobligated balance, and it shows the intent of Congress, while we are giving the President power and discretion, that these funds shall be made available to non-Communist areas of China.

Certainly, I do not believe that the Congress of the United States should leave any doubt whatsoever that in case there should at some future time be a change of policy, it is our intent that none of those funds shall be made available to any Communist region in China.

I should like to ask the able chairman of the Committee on Foreign Relations if the amendment as it has been worked out is agreeable to him.

Mr. CONNALLY. Mr. President, I shall agree to the amendment. However, I personally do not like to pick out certain parties and certain areas and deny

any relief to them. I should much prefer merely to turn the money over to the President of the United States and let him, through the State Department, allocate it for use where he thinks it should go. There are plenty of places in China to which he can allocate it without getting into the territories about which the Senator from California is so much concerned.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I do not have the floor.

Mr. KNOWLAND. I yield so that the Senator may ask a question.

Mr. WHERRY. If the amendment is to be accepted, let me call the attention of the distinguished Senator from California to the fact that I am in receipt of a communication from the junior Senator from Massachusetts [Mr. LODGE] the fourth paragraph of which reads as follows:

I ask further that today or Monday a quorum be called before we reach a vote on any amendments whatever so that I may know about them.

It seems the amendment is to be accepted, and I imagine it would not make any difference, so far as this particular request is concerned, because there would be no record vote on it. On the other hand, the end result would be the same. I ask the Senator from California if he knows whether this amendment is acceptable to the junior Senator from Massachusetts.

Mr. KNOWLAND. I cannot answer that question, because I have not discussed this specific amendment with him.

Mr. WHERRY. Mr. President, in bringing the request to the attention of the Senator I am only doing my duty. So far as I am concerned, it is perfectly agreeable to me that the amendment be accepted without the presence of the Senator from Massachusetts on the floor, but inasmuch as he asked that if any amendment to the bill were offered today or Monday, a quorum should be called, I felt I should submit his request.

Mr. KNOWLAND. Is the Senator from Massachusetts available in the city, at his office?

Mr. WHERRY. Unfortunately, the Senator from Massachusetts is unavoidably out of the city. He had to leave on a very important mission last night, and was paired on the vote which was taken on the amendment offered by the senior Senator from Ohio [Mr. TAFT].

I want the distinguished Senator from California to know that, so far as I am concerned, what he suggests is perfectly agreeable. On the other hand, I thought I should make known to the Senator the request which had been made. While this is an amendment which has been accepted by the chairman of the committee, and I imagine that if the Senator from Massachusetts were present he would be in total agreement, I thought I should at least bring the matter to the attention of the Senator from California. Whatever the Senator from California may desire to do is all right with me.

Mr. KNOWLAND. So far as the Senator from California is concerned, he is

perfectly willing to continue the debate on the amendment until Monday, but, inasmuch as the language of this amendment had been worked out between the chairman of the Committee on Foreign Relations and the junior Senator from California, I thought there would be no objection to it. But I cannot say with certainty whether the Senator from Massachusetts would be for the amendment or against it if he were present in the Chamber. I do not know the answer to that question.

Mr. WHERRY. If the Senator will yield for one more question, I ask him if he feels now that senatorial courtesy has been complied with and that the record is clear? The chairman of the committee having offered to accept the amendment, if the Senator feels that is clear, I think he should proceed and press for the acceptance of the amendment. If, on the other hand, he feels that there should be any further extension of courtesy in the circumstances, that is a matter for the Senator to decide. I shall not decide that question.

The VICE PRESIDENT. The Chair might suggest that if the amendment were agreed to, the action could be reconsidered, either by unanimous consent or on motion.

Mr. WHERRY. I felt that I should submit, as I have done, the suggestion made by the Senator from Massachusetts.

The VICE PRESIDENT. What is the position of the Senator from California with regard to his amendment?

Mr. KNOWLAND. Mr. President, so far as the junior Senator from California is concerned, I should like to proceed, because I am trying to expedite the business of the Senate. Since the Senator from Massachusetts would have reserved to him all his parliamentary rights by making a motion to reconsider on Monday if he were so inclined, I think that under the circumstances the business of the Senate might be expedited if the amendment were agreed to or accepted.

Mr. CONNALLY. On the other hand, it might delay the business of the Senate if we should have to go back and reconsider the amendment. This is a very unusual suggestion, that because a Senator is absent for 2 or 3 days—

Mr. WHERRY. Mr. President, I do not care to disagree with the distinguished Senator from Texas, but very often when a Senator who has been so vitally interested in a measure as the Senator from Massachusetts, as a member of the Committee on Foreign Relations, has been in this one, and is unavoidably absent, it is not unusual to comply with such a request.

Mr. CONNALLY. I was going to say that we should comply with the request, but I think it is a very unusual thing that the Senate should stand still until some Senator returns 2 or 3 days from now. I do not approve that kind of procedure. However, the Senator from Massachusetts is a member of the Committee on Foreign Relations, and I shall not object, but as chairman of the committee I should prefer that the amendment be acted on.

Mr. KNOWLAND. Mr. President, I should like to have the understanding



that the amendment will be the pending amendment when the Senate meets on Monday.

Mr. CONNALLY. I thought the amendment of the Senator from Louisiana was pending.

Mr. KNOWLAND. No; it was temporarily laid aside in order that the Senate might take up the amendment of the junior Senator from California.

The VICE PRESIDENT. The Knowland amendment is the pending question, but any Senator could bring the Senate back to the consideration of the Ellender amendment by demanding the regular order, which would bring before the Senate the business which had been temporarily laid aside.

Mr. THOMAS of Utah. Mr. President, I suggest that if the matter is to go over—and I think it is wise it should go over—the amendment suggested by the Senator from California needs certain refinement in regard to the provision which has been inserted in it which makes it different from the original amendment the Senator offered.

In acting on such an amendment we should realize the state in which China is at this time. With the hordes of Chinese people needing food, if there is a place where food is available, and we impose certain restraints on the distributor of the food, it is an open invitation to mob violence and stealing and to all the things we are trying to avoid.

Mr. President, there is nothing worse than a horde of hungry persons. They are not thinking of order, and because someone may think the Communists are in control in certain places where they may not be, we may have on our hands at any time a situation which would invite some sort of military action, in a land which is already so overrun with military that no one from one end of it to the other is happy.

Let us consider some of the history of our own country. Consider, for instance, the fall of Richmond, and think of what happened to the stores of food which were on hand there, and how the people acted. Think of how hungry people act in such a situation.

For these reasons, Mr. President, I think it very unwise to insert any provision in the amendment which would allow the President such a type of discretion that there might be an open invitation to mob violence on the part of hungry people.

Let any Senator assume he possesses perhaps tons of food, and children are starving on all sides of him. Is he going to refuse to distribute the food because those children happened to be in a Communist-dominated territory?

If we are to make this money available to China, let it be handled in the normal way. When we attempt to afford aid to certain people, let us not do something which will result in a disorderly situation.

Mr. President, I trust the Senator from California will return to something like his original amendment, or, if action on the amendment shall go over until Monday, that he will meanwhile think through the sentence in regard to Communist domination.

Of course, I realize that simply by reason of what I have just said I may open myself to the criticism, in view of the feelings of the people of the world today, that I am in favor of feeding Communists. Perhaps I am and perhaps I am not. I do not believe that half the people of China who are under Communist domination today know anything about the Communist situation. But, Mr. President, I have been in the midst of such mobs as I spoke of. I know how people feel when they are hungry. I know the responsibility that rests upon one who is charged with keeping and preserving some kind of order. I wish to say to the Senate that if the amendment, as it is now written, is adopted, it will result in laying on the shoulders of the Administrator and on the shoulders of the President of the United States, a problem and a task which it will be utterly impossible for them to fulfill, and the result may be to bring about serious disorder in China.

Mr. KNOWLAND. Mr. President, I will say in answer to the Senator from Utah that I am perfectly willing to let the amendment go over the week end, and to listen to any suggestion which he may care to offer. I think we may have two problems before us. One, the question of food, which the Senator has mentioned. Our Government, over a long period, has even sent food into Russia, as the Senator knows, at times when there were great famines in that country. But in addition to food, there are various types of equipment involved; and, so far as the junior Senator from California is concerned, apart from the question of food, and thinking of capital investments, fuel, transportation equipment, and so forth, it seems to me that the Senate of the United States and the House should make it perfectly clear to the people of China at the present time that the President of the United States is not going to receive authority to spend the funds of the Government of the United States and of the people of the United States for all types of equipment and send such equipment into the Communist-dominated areas of China. That would be too much authority; it would be a too wide opening of the door, and I do not believe the Congress wants to give that type of authority to the President.

Mr. THOMAS of Utah. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. THOMAS of Utah. We all know that arms which have been given to certain factions in China or to the National Government, have fallen into the hands of the Communists. They have fallen into the hands of the Communists in various ways, by having been surrendered, by having been captured, by having been sold, by having been handed over. Anything that one can imagine takes place in connection with the transfer of arms in a country when its people are unsettled and hungry. Such wording as the amendment now contains might be an invitation to someone who thought he could chase down, follow through, and try to get back some arms which might have been transferred by third parties.

Mr. President, the Senator from California is trying to do something fine, he is trying to do something the United States probably ought to do, but let us do it in such a way that in the administration of what we authorize we do not invite the type of action which will result in making conditions in China worse than they are, when, in fact, we are really trying to make better conditions in China. Let us see if we cannot change the wording of the amendment so that the one who is in charge of administering the fund will not be holding back when in fact he should go forward, and will not by his actions be inviting disorder in attempting to bring about an orderly process.

Mr. CONNALLY. Mr. President—

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Texas?

Mr. KNOWLAND. Mr. President, the consideration of the amendment is apparently going to require more discussion than I had supposed. I ask unanimous consent to have printed in the RECORD at this point in my remarks a copy of the Yalta agreement, and a copy of Report on Crimea Conference, a report by those who attended the Yalta Conference in behalf of the United States, Great Britain, and Soviet Russia.

The VICE PRESIDENT. Without objection, it is so ordered.

The matters referred to are as follows:

Following is the text of the agreement between the President of the United States, Franklin D. Roosevelt, the Prime Minister of Great Britain, Winston Churchill, and Generalissimo Stalin, signed at Yalta on February 11, 1945:

"The leaders of the three great powers—the Soviet Union, the United States of America, and Great Britain—have agreed that in 2 or 3 months after Germany has surrendered and the war in Europe has terminated the Soviet Union shall enter into the war against Japan on the side of the Allies on condition that:

"1. The status quo in Outer-Mongolia (the Mongolian People's Republic) shall be preserved.

"2. The former rights of Russia violated by the treacherous attack of Japan in 1904 shall be restored, viz:

"(a) the southern part of Sakhalin as well as all the islands adjacent to it shall be returned to the Soviet Union;

"(b) the commercial port of Dairen shall be internationalized, the preeminent interests of the Soviet Union in this port being safeguarded and the lease of Port Arthur as a naval base of the U. S. S. R. restored;

"(c) the Chinese-Eastern Railroad and the South-Manchurian Railroad which provides an outlet to Dairen shall be jointly operated by the establishment of a joint Soviet-Chinese company it being understood that the preeminent interests of the Soviet Union shall be safeguarded and that China shall retain full sovereignty in Manchuria.

"3. The Kuril islands shall be handed over to the Soviet Union.

"It is understood, that the agreement concerning Outer-Mongolia and the ports and railroads referred to above will require concurrence of Generalissimo Chiang Kai-shek. The President will take measures in order to obtain this concurrence on advice from Marshal Stalin.

"The heads of the three great powers have agreed that these claims of the Soviet Union shall be unquestionably fulfilled after Japan has been defeated.



"For its part the Soviet Union expresses its readiness to conclude with the National Government of China a pact of friendship and alliance between the U. S. S. R. and China in order to render assistance to China with its armed forces for the purpose of liberating China from the Japanese yoke.

"February 11, 1945.

"J. STALIN.

"FRANKLIN D. ROOSEVELT.

"WINSTON S. CHURCHILL."

#### REPORT ON CRIMEA CONFERENCE

For the past 8 days, Winston S. Churchill, Prime Minister of Great Britain, Franklin D. Roosevelt, President of the United States of America, and Marshal J. V. Stalin, Chairman of the Council of Peoples Commissars of the Union of Soviet Socialist Republics, have met with the Foreign Secretaries, Chiefs of Staff, and other advisers in the Crimea.

In addition to the three heads of government, the following took part in the conference:

For the United States of America:

Edward R. Stettinius, Jr., Secretary of State;

Fleet Adm. William D. Leahy, United States Navy, Chief of Staff to the President;

Harry L. Hopkins, Special Assistant to the President;

Justice James F. Byrnes, Director, Office of War Mobilization and Reconversion;

General of the Army George C. Marshall, United States Army, Chief of Staff, United States Army;

Fleet Adm. Ernest J. King, United States Navy, Chief of Naval Operations and Commander in Chief, United States Fleet;

Lt. Gen. Brehon B. Somervell, commanding general, Army Service Forces;

Vice Adm. Emory S. Land, War Shipping Administrator;

Maj. Gen. L. S. Kuter, United States Army, staff of commanding general, United States Army Air Forces;

W. Averell Harriman, Ambassador to the U. S. S. R.;

H. Freeman Matthews, Director of European Affairs, State Department;

Alger Hiss, Deputy Director, Office of Special Political Affairs, Department of State;

Charles E. Bohlen, Assistant to the Secretary of State, together with political, military, and technical advisers.

For the United Kingdom:

Anthony Eden, Secretary of State for Foreign Affairs.

Lord Leathers, Minister of War Transport; Sir A. Clark Kerr, H. M. Ambassador at Moscow;

Sir Alexander Cadogan, Permanent Under Secretary of State for Foreign Affairs;

Sir Edward Bridges, Secretary of the War Cabinet;

Field Marshal Sir Alan Brooke, Chief of the Imperial General Staff;

Marshal of the Royal Air Force Sir Charles Portal, Chief of the Air Staff;

Admiral of the Fleet Sir Andrew Cunningham, First Sea Lord;

General Sir Hastings Ismay, Chief of Staff to the Minister of Defense; together with—

Field Marshal Alexander, Supreme Allied Commander, Mediterranean Theater;

Field Marshal Wilson, head of the British Joint Staff Mission at Washington;

Admiral Somerville, Joint Staff Mission at Washington, together with military and diplomatic advisers.

For the Soviet Union:

V. M. Molotov, Peoples Commissar for Foreign Affairs of the U. S. S. R.;

Admiral Kuznetsov, Peoples Commissar for the Navy;

Army General Antonov, Deputy Chief of the General Staff of the Red Army;

A. Y. Vyshinski, Deputy Peoples Commissar for Foreign Affairs of the U. S. S. R.;

I. M. Maiski, Deputy Peoples Commissar of Foreign Affairs of the U. S. S. R.;

Marshal of Aviation Khudyakov;

F. T. Gusev, Ambassador in Great Britain; A. A. Gromyko, Ambassador in United States of America.

Mr. CONNALLY. Mr. President, may I ask what those documents have to do with the amendment?

Mr. KNOWLAND. They merely lay a foundation for the general Chinese policy or lack of policy which we have had during the past few years.

Mr. CONNALLY. I think we are magnifying this matter beyond all reason. The Senator goes back to Yalta and back to Potsdam and something else in connection with a little \$50,000,000 appropriation.

Mr. President, I largely agree with the Senator from Utah. I said when I first returned to the Chamber that I was willing to appropriate this money, but I dislike to put in the amendment prohibitions concerning how the money shall be used. I am perfectly willing to let the President of the United States exercise discretion, under the guise of the State Department, in saying where and how this money shall be expended. If it is a matter of charity or relief I do not see why we should say, "We are going to relieve these people, but if they are not Democrats we will not give them anything, and if they are not Republicans we will not give them anything."

I am rather ashamed of that sort of attitude. If we are going to relieve people who need relief, very well; I do not care where they reside. They might be temporarily in a Communist area, under the control of Communists; they might be in an area controlled by a warlord. I do not begrudge the Chinese the \$54,000,000, but I do not quite agree with the philosophy of the Senator from California in the matter.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield for a question.

Mr. KNOWLAND. Mr. President, I had thought that we had reached mutually agreeable language. Apparently we have not. But, as I understand the able Senator, the chairman of the Foreign Relations Committee, at this time, insofar as he is concerned, if the administration determines that it will put this sum into the Communist-dominated areas of China, it is perfectly agreeable with him. Mr. President, the Senator has a perfect right to take that attitude. It is not agreeable to the Senator from California that such action be taken. I am not referring to a temporary measure that might be necessary to be adopted for the feeding of hungry people, but I am referring to other matters, to various types of supplies, to capital investments, to other things which would build up the strength of a Communist China when this Government, by a lack of policy in the Far East, has done a great deal to undermine the position of the Chinese Nationalist Government, and has contributed mightily to the advance of the Communist forces who now stand on the Yangtze River and are threatening to overwhelm 400,000,000 Chinese and take them behind the iron curtain.

Mr. President, I have supported the able chairman of the Foreign Relations Committee in the ECA program for Europe. I expect to support the North Atlantic Pact because I believe that communism is a threat to the security of free people everywhere, and a threat to the security of the people of the United States. But, for the life of me, I cannot see how we can follow that policy in Europe to keep western Europe from going behind the iron curtain, and apparently be absolutely unconcerned whether 400,000,000 Chinese shall be taken behind the iron curtain. That is not a consistent policy. We have had a foreign policy in Europe. We have had no policy at all in the Far East.

Mr. CONNALLY. Mr. President, the Senator's speech, which he has made after I yielded to him for a question, reveals what is at the bottom of this thing—a partisan political attack. I was perfectly willing to agree to a reasonable appropriation for China, but the Senator wants to bring in Yalta and other things. That shows that at the bottom this is a partisan political attack. I do not appreciate that any more than the Senator seems to appreciate my attitude on the subject.

So far as what the Senator said in reference to having supported the chairman of the Committee on Foreign Relations on the subject of ECA, I should think he is not supporting the chairman, but I would assume he is supporting the bill because he thinks it is a proper bill. I do not support legislation simply because certain Senator's names are on bills as sponsors. I support legislation because I believe it to be proper. I want to relieve hungry Chinese to the extent of \$54,000,000. With \$54,000,000 nothing is going to be done in respect to changing the political situation in China. Fifty-four million dollars would be nothing more than a drop in the bucket, nothing more than a scratch on the pane. I dislike the thought that some Senators, every time they hear a bush rattle, believe there is a Communist behind it, and so forth, and so on.

That is my attitude on the question. I expressed my willingness to agree to this proposal, but I did not know that it was to be used to make a political attack.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. KNOWLAND. In the first place, the junior Senator from California has not used this proposal to make a political attack.

Mr. CONNALLY. He has.

Mr. KNOWLAND. It rises above partisanship.

Mr. CONNALLY. It ought to. The Senator has stated that we have had no policy in China. He stated that we have had a policy in Europe, but have had no policy in China, which has resulted in giving encouragement to the Communists and undermined the National Government of China. Did not the Senator say that?

Mr. KNOWLAND. Yes; and I firmly believe that to be a fact.

Mr. CONNALLY. Exactly; and yet the Senator says that he is not injecting politics into this debate.



Mr. KNOWLAND. Mr. President, will the Senator further yield?

Mr. CONNALLY. I yield.

Mr. KNOWLAND. If the Senator from Texas will examine the record of the junior Senator from California on the original ECA bill and on the pending bill, and his statements on the North Atlantic Pact, he will see what my position has been. The statements of the Senator from Texas are certainly not going to change the position of the Senator from California, because I strongly believe that the best interests of my country lie in supporting that program. I recognize the fact that men may honestly differ; but by the same token, I believe that the Government of the United States—and we must all take some of the responsibility—has been derelict in its policy so far as China is concerned. I do not consider that I am raising a partisan question when, as a Member of the United States Senate representing in part the State of California, which looks out over the broad Pacific, I attempt to invite the attention of the Senate to what I believe to be a vital issue. I do not believe it is fair for the Senator from Texas, chairman of the Foreign Relations Committee, to charge me with doing so for the sole purpose of partisan politics, and I very much resent his statement.

Mr. CONNALLY. I am sorry the Senator from California is offended.

The VICE PRESIDENT. This entire debate is out of order and against the rules. A Senator may yield only for a question.

Mr. CONNALLY. Mr. President, I have the floor, have I not?

The VICE PRESIDENT. The Senator from Texas has the floor.

Mr. CONNALLY. I intend to retain it.

I have no feeling in this matter. The Senator from California is entirely in error if he thinks that because I happen to be chairman of the Committee on Foreign Relations my policy is to be influenced by personal considerations. I assume that the Senator's attitude on these measures is sincere. I assume that he is voting for them because he believes in them. Yet he seems to think that because he voted for some of the measures which I supported, I am under some person obligation to him for doing so. I want every member of my committee and every Member of the Senate to vote his own convictions, regardless of personalities.

The Senator knows that I have been sympathetic with what I thought was his object in offering this amendment. I agreed to it. I surrendered the position of my amendment, which was almost identical with his, in order to give him the opportunity to call it his amendment.

Mr. BALDWIN obtained the floor.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. BALDWIN. I yield to the Senator from Indiana.

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Indiana for a question?

Mr. BALDWIN. For a question, or for a unanimous-consent request.

Mr. JENNER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. JENNER. Really I cannot put this in the form of a question, but I have noticed that the other debate has not followed the line of questions.

The VICE PRESIDENT. That is true.

Mr. JENNER. I raise the question of a quorum. I think this subject is too important for so few Members of the Senate to be considering, and I ask unanimous consent to suggest the absence of a quorum.

The VICE PRESIDENT. If the Senator from Connecticut yields, he will lose the floor.

Mr. JENNER. I suggest the absence of a quorum.

The VICE PRESIDENT. The Senator from Connecticut has not yielded for that purpose. If the Senator from Connecticut yields for that purpose, he will lose the floor.

Mr. JENNER. He can regain the floor.

Mr. BALDWIN. Mr. President, as I understand, I have yielded the floor to the Senator from Indiana.

The VICE PRESIDENT. If the Senator from Connecticut yields the floor, he does not have the floor.

Mr. JENNER. Mr. President, I have the floor, and I suggest the absence of a quorum.

Mr. LUCAS. Mr. President—

The VICE PRESIDENT. A Senator cannot yield the floor to another Senator. Recognition of a Senator, when another Senator yields the floor, is in the Chair.

Mr. LUCAS. Mr. President—

Mr. JENNER. The Senator from Connecticut has apparently lost the floor. I am addressing the Chair, Mr. President—

The VICE PRESIDENT. The Chair recognizes the Senator from Illinois [Mr. LUCAS].

Mr. LUCAS. Mr. President, let me say to the Senator from Connecticut that I had hoped he would proceed with a 5-minute speech, in accordance with our understanding. I have agreed with a number of Senators that no quorum calls would be made. A great number of Senators are on their way home. There are a number of parties in the city for foreign diplomats—

Mr. BALDWIN. Mr. President, will the Senator yield for a question?

Mr. LUCAS. One moment. Let the Senator from Illinois finish.

There are a number of parties to which Senators have been invited, and I think it is very important that they be present. If we are to have a quorum call, that will mean that I shall have broken faith with Senators who have been told that there would be no quorum calls. Rather than have a quorum call, I would simply move to recess. I have the floor, and that is what I intend to do if there is any question of a quorum call.

Mr. BALDWIN. Mr. President, will the Senator yield to me?

Mr. LUCAS. I yield to the Senator from Connecticut for a question.

Mr. BALDWIN. I should like to make my position clear, if I may do so.

I have been here all afternoon hoping that I might undertake to discuss briefly an amendment which I have to offer. I asked for recognition at the time the junior Senator from California [Mr. KNOWLAND] obtained the floor. When I finally obtained recognition the junior Senator from Indiana [Mr. JENNER] asked me if I would yield to him. I did not know that the junior Senator from Indiana intended to suggest the absence of a quorum. I thought he had a unanimous-consent request to propound, and I yielded for that purpose. Then when he asked me to yield the floor, I yielded the floor, but not particularly to him.

The VICE PRESIDENT. The Senator from Illinois [Mr. LUCAS] has the floor.

#### RECESS

Mr. LUCAS. Mr. President, I had agreed with the Senator from Connecticut that he might take 5 minutes to discuss an amendment which he proposes to offer. If he does not desire to do so, I shall make a motion that the Senate take a recess until Monday next at 11 o'clock. I so move, Mr. President.

The motion was agreed to; and (at 5 o'clock and 27 minutes p. m.) the Senate took a recess until Monday, April 4, 1949, at 11 o'clock a. m.

#### NOMINATIONS

Executive nominations received by the Senate April 2 (legislative day of March 18), 1949:

##### UNITED STATES PUBLIC HEALTH SERVICE

The following-named candidates for promotion in the Regular Corps of the Public Health Service:

Senior surgeons to be medical directors (equivalent to the Army rank of colonel):

Winfield K. Sharp, Jr.	Frank S. Fellows
Fred T. Foard	Ralph B. Snively
Estella F. Warner	Richard B. Holt
Lucius F. Badger	Edgar W. Norris
Edwin H. Carnes	Charles Ferguson
Franklin J. Halpin	Bengt L. K. Hamilton
Gregory J. Van Beeck	Jack Masur
Erval R. Coffey	Paul H. Stevenson
Fletcher C. Stewart	Maurice A. Roe
Adolph S. Rumreich	Percival E. Faed
Alfred J. Aselmeyer	Oswald F. Hedley
Raymond A. Vonderlehr	Joseph O. Dean
William H. Sebrell, Jr.	Ivan W. Steele
Homer L. Skinner	Kenneth R. Nelson
Alonzo F. Brand	William F. Ossenfort
James A. Crabtree	Vane M. Hoge
William W. Nesbit	Frank F. Thweatt, Jr.
Joseph F. Van Ackeren	Lee C. Watkins
John R. Murdock	Paul A. Neal
Anthony P. Rubino	Gilbert L. Dunnahoo
	A. William Reggio

##### IN THE AIR FORCE

The following-named officers for temporary appointment in the Air Force of the United States under the provisions of section 515, Officer Personnel Act of 1947.

##### To be brigadier generals

Col. Bertrand Ellwood Johnson, AO28920, Air Force of the United States (lieutenant colonel, U. S. Air Force).

Col. Albert Meldrum Kuhfeld, AO38663, Air Force of the United States (lieutenant colonel, U. S. Air Force).

Col. William Taylor Thurman, AO26374, Air Force of the United States (lieutenant colonel, U. S. Air Force).



## APPOINTMENT IN THE NAVY

Vice Adm. Arthur W. Radford, United States Navy, to have the grade, rank, pay, and allowances of an admiral while serving under a Presidential designation as Commander in Chief, Pacific, Commander in Chief, United States Pacific Fleet, and High Commissioner of the Trust Territory of the Pacific Islands.

## IN THE NAVY

The following-named officers for permanent appointment to the grade of rear admiral in the line of the Navy:

Charles A. Nicholson, Roscoe H. Hillenkoetter

Evander W. Sylvester, Francis P. Old  
John R. Redman, Charles C. Hartman  
James H. Foskett

The following-named officers for permanent appointment to the grade of rear admiral in the Supply Corps of the Navy:

John Ball  
Frank C. Dunham

The following-named officers for permanent appointment to the grade of captain in the line of the Navy:

Harold J. Pohl	Vilhelm K. Busck
George G. Crissman	Herman O. Parish
John J. Hourihan	Frank B. Schaefer
Walter B. Davidson	Henry D. Rozendal
Lynn C. Petross	Edwin S. Schanze
Alexander MacIntyre	Douglas V. Gladding
Virgil F. Gordinier	Warren E. Gladding
Hugh P. Thomson	William E. Oberholtzer, Jr.
Graham C. Gill	Theodore W. Rimer
Bennett S. Copping	Daniel J. Sweeney
William K. Rhodes	Orville K. O'Daniel
Winthrop E. Terry	George W. Campbell
John C. Hammock	Erasmus W. Armentrout, Jr.
Walter J. Whipple	
Herald F. Stout	
Frederick A. Davisson	

The following-named officers for permanent appointment to the grade of captain in the Medical Corps of the Navy:

Clarence L. Blew, William P. Stephens  
Herbert G. Shepler, Jack R. George

The following-named officer for permanent appointment to the grade of captain in the Supply Corps of the Navy:

Walter E. Fratzke

The following-named officer for permanent appointment to the grade of captain in the Dental Corps of the Navy:

Clifford C. DeFord

The following-named officers for permanent appointment to the grade of commander in the line of the Navy:

Gilbert E. Boone	Robert Feddern
John C. Cheasty	Thomas H. Hoffman
Louis W. Mang	Warren C. Boles
Arthur D. Cook	Henry H. Fox, Jr.
John B. McAuliffe	Glendon D. Williams
Donald W. Seiler	Leonard J. Flynn
Harold V. Wardlow	Walter P. Redland
Ernest J. Youngjohns, Jr.	Peter Belin
John W. Magan, Jr.	Henry C. Bridgers, Jr.
Paul T. Coil	Chester P. Smith
Alden B. Chace	Virgil S. Deitrick
Edward R. Halloran	William C. Howes
Charles F. Fischer	James J. Richardson
Robert D. Powers, Jr.	Donald A. Nienstedt
Delwin W. Classman	Raymond A. Kotrla
Roger F. Miller	Floyd F. Miller
Richard K. Cockey	Jack A. Obermeyer
George M. Winne	Russell H. Wallace
Carl W. Heywood	Emery A. Grantham
Ernest W. Humphrey	Kenneth W. Patrick
Ralph W. Arndt	Roger B. Woodhull
Samuel G. Shilling	Richard E. Ball
Robert S. Trower III	Charles E. Gibson
George E. Marix	John M. Ballinger
Ned Harrell	Robert S. Willey
Julian T. Bollinger	Parkman B. Moore
George W. Ellenburg	Ralph Kissinger, Jr.
James D. Adam	Newell E. Thomas
	Ralph A. Smith

Richard P. Nicholson, David B. Bell  
William P. Mack, Saverio Filippone  
William D. Brinkloe, Falkland M. Lansdowne

Lewis A. Rupp	Harvey P. Lanham
Walter H. Keen, Jr.	William M. Stevens
Paul E. Hartmann	Hubert B. Reece
Frank N. Shamer	Donald M. White
Charles H. Meigs	Gerald P. Joyce
Henry A. Rowe	Edward D. Spruance
Terrell H. W. Connor	Victor H. Wildt
Frank W. Taylor	Thomas M. Adams
Carl R. Hirschberger	Archie "H" Soucek
Warren W. Ford	Morton H. Lytle
Lawrence V. Julihn	John G. Hughes
Paul K. Taylor	Harmon B. Sherry
John L. Kelley, Jr.	David E. Dressendorfer
Charles H. A. Rohr	Richard A. Waugh
Stanley M. Zimny	Roger W. Mehle
Frank F. Menefee	Albert S. Freedman, Jr.
Carl R. Doerflinger	John S. Slaughter
Harry B. Hahn	

The following-named officers for permanent appointment to the grade of commander in the Medical Corps of the Navy:

Thomas M. Manley	Thomas C. Ryan
Stephen D. Sutliff, Jr.	Paul T. Moore
John C. Traugh	Vinton Hall
Walter M. Weber	Perry W. Gard
John W. Albrightain	Benjamin W. Clark
John G. Feder	Herschel E. Richardson
John W. Thomas	Harry F. Lenhardt
Vernon W. H. Campbell	Neville C. Bowers
George M. Davis, Jr.	Melville M. Driskell
Albert G. Gibbs	Frank T. Norris
Broor A. Johnson	Clifford A. Stevenson
George Donabedian	

The following-named officers for permanent appointment to the grade of commander in the Supply Corps of the Navy:

Donnelley S. Embree	Raymond F. Parker
Pierre D. Collins	Robert H. Northwood
Charles L. LaBonte	William J. Held
Robert F. Lynch	William M. Porter
Frederick F. Fallis	Charles Stein, Jr.
William A. Evans	John W. Neel
Bernhard H. Bieri, Jr.	Donald V. Wengrovius

The following named officers for permanent appointment to the grade of commander in the Chaplain Corps of the Navy:

Irving W. Stultz  
Walter S. Peck, Jr.

The following-named officers for permanent appointment to the grade of commander in the Civil Engineer Corps of the Navy:

Harold L. Haworth	Stephen H. Payson
Harrison F. Thrapp	Palmer W. Roberts
Earl G. Dobbins	Harry C. Rowe
Richard E. Slattery	Joseph C. Luppens
Lloyd E. Root	Arthur P. Gardiner
William M. Gordon	Bernhard O. Roessler
John H. Cain	Mark H. Jordan
Robert S. Stewart	Herbert J. Hartman
Garland M. Inscow	Perry M. Boothe
Carl H. Plumlee	Harlan F. Winn
Loys A. Johnson	William C. Owens
Deane E. Carberry	George T. Swiggum

The following-named officers for permanent appointment to the grade of commander in the Dental Corps of the Navy:

Clifford H. Rice	William A. Newman
Clyde H. Walsworth	Kenneth L. Longeway
Burnell W. Vincent	Davis Henderson
John H. McEachren	William L. Strangman
George C. Rader	Donald E. Cooksey

The following-named officers for permanent appointment to the grade of commander in the Medical Service Corps of the Navy:

John J. Engelfried  
Allen F. Bigelow

The following-named officers for permanent appointment to the grade of lieutenant commander in the line of the Navy:

Robert L. Thienes	Willard W. Olson
Mayo A. Hadden, Jr.	James C. West
Eric B. Bower	Frederick D. Forger

Helmuth E. Hoerner	William A. Spalding, Jr.
Charles C. Aikins	James D. Billo
Nathan F. Waters	Gustave "A" Sundquist, Jr.
Landis E. Doner	Max P. Bauersfeld, Jr.
Martin D. Carmody	Frank W. Ayers
Harry A. Haszard	Orazio Simchelli
Winfred R. Prescott	Herbert C. Rand
Ernest S. Park	Raymond G. Wyllie
William R. Hazlett	Harold M. Sanderson
Chester L. Dillard	Russell L. Reiserer
William C. Adler, Jr.	Richard G. Augenblick
Elwood B. Faust	Robert S. Schreiber
William N. Janes	Percy E. Kedigh
Gordon J. Vanderford	Frank P. Morrison
Jack Arnold	Richard P. Howe
Winfield S. Munro, Jr.	William B. Whitehurst
Aldo A. Cipolat	Colin J. Ricketts
LeRoy B. Fraser, Jr.	George A. Hall
Richard M. McLemore	Stanley A. Wood
James W. Fewell	Edward M. Volz
Malcolm C. Friedman	William K. Wardall
Herman J. Harders	Robert J. Clinton
Paul D. Halpin	Harry E. Sorenson
Eldridge Ford, Jr.	Wade W. Lape
Nils W. Boe	Nathaniel D. McClure
Eugene W. Seitz	
Theodore Feuerbach	
Paul D. Culver	

William B. Troendle	Edward J. Drozd
George T. Lillich	John W. Shong
James D. Copeland	Roy M. Voris
James W. Smith	John H. Pfeil
Charles C. Stamm	Marcel N. Piller
Edward W. Austermuehle, Jr.	Bruce A. McGraw
Thomas B. Harrison	Donald H. Johnson
Raymond L. Ettinger	Delmar Walker, Jr.
Harold E. Vita	Alfred R. Lyngby
Archibald W. Curtis	James E. Miller
Howard C. Flatau	Lloyd D. Ruth
Hugh R. Everett	John Q. Carter
James W. Guy	Charles W. Hubbell
William B. Krause	William H. Neal III
William F. Krantz	William H. Bolt, Jr.
Charles F. Weiss	Harry R. McRae, Jr.
Edward S. Buchanan	Harry D. Metke
Virgil A. Erwin, Jr.	Charles E. Gainer
Vernon E. Scholer	Karl H. Imholte
James B. Cain	Gaylord B. Lyon
Robert W. Gillette	Merle J. Randleman
Robert E. Sparks	Richard H. Mills
Joseph E. Sheehan	Robert D. Oakley, Jr.
Edward P. Stafford	Robert C. Cochran
George Worthington, Jr.	Edward A. Arnold, Jr.
	Robert J. Daniels, Jr.
	John A. H. Torry, Jr.
	Millard J. Wooley
	William J. Morran
	Frank R. West
	Harold R. Thompson, Jr.

Robert T. Rutzel	Michael C. Argento
Robert E. Merchant	Leo B. Blocker
John W. Fair	Armistead B. Smith, Jr.
Richard W. Hyde	Donald M. L. Hager
Frederick W. Oliver	Donald N. Brown
Eugene R. Hanson	Jon E. Thomas
John L. Butts, Jr.	Edward C. Monroe
Jonathan Q. Rasmussen	Francis Tofalo
Donald W. MacKiernan	Henry C. Field, Jr.
Robert D. Flynn	John W. Crawford, Jr.
Armand C. Crossen	Maximilian W. Munk
Edwin S. Thomas, Jr.	Frank A. Andrews
Joseph W. Philippbar, Jr.	Theodore L. Appelquist
	William P. Willis, Jr.
	William R. Kurtz

The following-named officer for permanent appointment to the grade of lieutenant commander in the Medical Corps of the Navy:

William C. Mulry

The following-named officers for permanent appointment to the grade of lieutenant commander in the Supply Corps of the Navy:

Edward J. Hagen	John A. Donehoo
Ned L. Thomas	Rodney N. Gray
Michael Mittrick	John P. Allen



# S. 1209

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IN THE SENATE OF THE UNITED STATES

APRIL 2 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. CAIN (for himself and Mr. BRIDGES) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz:

- 1        On page 5, line 16, strike out all after "1949," through
- 2        page 6, line 13.



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## AMENDMENT

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Intended to be proposed by Mr. CAIRN (for himself and Mr. BRIDGES) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

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APRIL 2 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed



# S. 1209

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IN THE SENATE OF THE UNITED STATES

APRIL 2 (legislative day, MARCH 18), 1949

Ordered to be printed

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## AMENDMENT

Proposed by Mr. KNOWLAND to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz: At the end of the bill insert the following:

1        SEC. 13. An amount, equal to any balance, unobligated  
2 as of April 2, 1949, or subsequently released from obliga-  
3 tion, of funds appropriated by Public Law 793, approved  
4 June 28, 1948, for the purposes of the China Aid Act of  
5 1948 is hereby made available to the President for obliga-  
6 tion through February 15, 1950, for assistance to areas in  
7 China which he may deem to be not under Communist  
8 domination, to be furnished in such manner and on such  
9 terms and conditions as he may determine without regard  
10 to the foregoing provisions of this Act.



## AMENDMENT

Proposed by Mr. Knowland to the bill (S. 1209)  
to amend the Economic Cooperation Act of  
1948.

APRIL 2 (legislative day, March 18), 1949

Ordered to be printed











have been basic objectives of Democratic administrations.

Specifically, this means conservation of forests and watersheds, and the construction of multiple-purpose projects in order to develop cheaper electric power for farm, home, and industry, to irrigate farm lands, and prevent disastrous floods.

It means stabilized farm prices to increase production and raise living standards on the farms, just as it means credit and other aids given to industry when needed to expand employment and the production of goods.

It means not interference with, but protection of our economic enterprise system. It means safeguarding and equalizing and maintaining an open door of opportunity to which all our people can look forward with confidence. In short, it means helping the people to help themselves.

We do not, for example, think of farm-crop price supports as subsidies or bonuses. They are part of a stabilizing and equalizing program to place agriculture nearer to parity with industry for the benefit of both.

Under the common-sense policies of Democratic administrations, most farmers have prospered. But not all our farmers are sharing in the Nation's prosperity. There are still too many who have shared too little. Despite the progress our farmers have made, the per capita income of persons on farms in 1948 was only \$909 as compared with \$1,568 for persons not on farms.

Parity means more than stable farm-crop prices. It also means good housing, electricity, better health facilities, improved roads, and better rural schools. It should also mean adequate credit to meet the farmers' basic needs. The people of our farm communities are not only entitled to freedom from want and fear, but they are also entitled to freedom of opportunity.

We can, and we will, push forward President Truman's Fair Deal.

Not only our own people, but the people of the world seek our success. The vitality of our efforts toward bettering the lot of our people are an inspiration to those who still seek freedom and economic development and security.

President Truman, in his inaugural address, proposed a bold new program for the development of the underdeveloped areas of the world to improve the levels of living of the people and to help them to help themselves in providing more food and housing and power.

The President has suggested that we share our abundant knowledge and technology to this end. No program can make a more effective contribution to world peace and security, including our own. As the President pointed out, the best markets for our goods are the developed areas of the world.

As we have demonstrated here at home, prosperity in one area secures the prosperity of the others. \* \* \* The development of the West has, for example, strengthened the economy of the East.

This bold new program will face its share of doubters and dissenters. It faces squarely the issue of world development and world peace. It ushers in, as did Jefferson's Louisiana Purchase, a new era of progress—a new set of goals and of problems. But the results will be similarly effective for the benefit of our Nation, and the future of our children.

We who have worked on the development of our own Nation are particularly interested in this bold new program of point 4. We are aware that as we export our technical knowledge, we will also export those principles of freedom and fair play, or protection of minorities and underprivileged, of democratic concern for the rights of the individual that have been as important to our own growth as have our abundant resources and our technical skills.

In connection with this program, the United Nations is holding a world conference on the conservation and utilization of resources this coming summer here in this country. Experts, scientists, and administrators interested in the development of resources from all over the world will get together to exchange knowledge, and experience. This initial step, long sought by conservationists, will give us an opportunity to give drive and direction to improving the use and protection of the world's basic resource assets.

This step, and those to follow, in carrying forward the President's program will require our constant attention and intelligent action.

Let me point out again that the election of November 2, 1948, did not settle anything except that President Truman and his team were to stay on the job with a lot better help in the House and Senate than they had before.

In November 1948 the people told the world what they wanted. On that day they chose a program of liberal progressive action.

They refused to be turned back to the 1900's. They asked not for a free ride, nor for a soft touch. They asked for a fair deal. And that's what the Democratic Party proposes to give them.

But to guarantee this Fair Deal takes more than the words of the President of the United States.

It takes more than Democratic Members of the Congress.

It takes the living force of the people of the United States in active support of their President and their Congress.

It calls for active fighting democracy.

Everyone of us who believes in the program of liberal, progressive action must get into the fight.

I am confident, although there may be some differences of opinion in our own party, on how best to accomplish the Fair Deal program, that the major and essential features of that program will be adopted.

I am also confident that on the strength of our achievements and the vigor our party possesses that we will move on to further victories and to even greater service to the people of the Nation.

We need only courage and common sense and cooperation.

#### LOBBY ACTIVITIES TO EXEMPT THE ARMY ENGINEERS FROM PROPOSED REORGANIZATION ACT

Mr. LODGE. Mr. President, some weeks ago I spoke to the Senate about the improper lobbying activities of the Army engineers in connection with the Reorganization bill. I forwarded evidence concerning that subject to the Secretary of the Army, Hon Kenneth C. Royall, who assured me he would make an investigation. I now have received a reply from the Secretary of the Army regarding the investigation, and in fairness to him and all concerned, I ask unanimous consent that the letter be printed in the body of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE ARMY,  
Washington, D. C., April 1, 1949.  
Hon. HENRY CABOT LODGE, Jr.,  
United States Senate,  
Washington, D. C.

DEAR SENATOR LODGE: This letter is in further reply to your letter of March 10, 1949, with reference to the distribution of a release of a political nature by the personnel of the San Francisco district, Corps of Engineers. An interim reply was made to you on March 15, in which it was stated

that action had been taken to preclude future activities of this nature and that an investigation would be made of the incident reported by you.

This investigation has been made, and I find that on or about January 27, 1949, at a routine staff conference held by the district engineer, San Francisco, Calif., and attended by the civilian heads of five divisions of his office, the key civilian employees present brought up the matter of the reorganization of the Government and its probable effect on the Corps of Engineers. During the discussion the question of employees presenting their views to their representatives in Congress was raised.

It was brought out in the investigation that the district engineer advised strongly against such action but, when it was argued that civilian employees had that basic right, he felt that he could not deny it to them. As a result, a paper similar to the one you sent me was drafted in the conference with several persons participating in the compilation and about six copies were made and given to those who attended the conference. The document was not released for general distribution by the district engineer, and if it was given wide circulation it was without his knowledge, and contrary to his intention.

In the face of the assertion by civilian employees of their right to petition Congress, I feel that the district engineer could have furnished better guidance and directed the matter into channels that at least would not have involved his office. Inasmuch as the incident occurred prior to the issuance of my instructions of February 19, 1949, I have decided that an admonition to the district engineer is appropriate in this case.

May I assure you again that it is my firm intention that officers and civilian employees of the Corps of Engineers shall adhere strictly to the policy of the Department of the Army and the law as it applies to political activities on their part designed to influence legislation.

Sincerely yours,

KENNETH C. ROYALL,  
Secretary of the Army.

#### PROGRAM FOR SENATE SESSIONS—SIGNING OF NORTH ATLANTIC PACT

Mr. SALTONSTALL. Mr. President, I should like to ask the majority leader about the program of the Senate for today. I have heard discussions about the Senate taking a recess this afternoon in order that Senators may attend the ceremony of the signing of the North Atlantic Pact. I should appreciate it very much if the Senator would give us some idea of his plans.

Mr. LUCAS. Mr. President, I expect to ask the Senate to take a recess at 3:30 o'clock this afternoon. It is my understanding that the signing of the North Atlantic Pact will take place about 4 o'clock, or shortly thereafter. Any Senator who desires to do so may leave the Senate Chamber before that time. I understand that speeches by the foreign ministers will begin at 3 o'clock. Each foreign minister will be allowed a 5-minute speech, which will take 1 hour. It is my understanding that immediately thereafter the signing of the pact will take place, and that the President of the United States will go on the radio at 4:30. It may be that he will speak previous to the signing of the pact. At any rate, any Senator who desires to leave the Chamber before 3:30 to listen to the speeches may do so; but it seems to me that if we take a recess at 3:30 Senators will be able to



get there in plenty of time to see the signing of the pact and hear some of the foreign ministers speak.

Mr. HOLLAND. Mr. President, Senators on this side of the Chamber would like to know whether there are any seating arrangements for Members of the Senate.

Mr. LUCAS. I do not understand that there are. It may be that there are, but I have not been informed about it.

Mr. DONNELL. Mr. President, at what hour does the Senator intend to have the Senate resume its session? Will it be tomorrow?

Mr. LUCAS. Yes. After we take a recess at 3:30, the Senate will not come back today. The recess will be until tomorrow.

Mr. FULBRIGHT. Mr. President, I understood that it was necessary to have a card to gain admission, because of the limited seating accommodations.

Mr. LUCAS. That may be so. I understood that every Senator and every Member of the House had been invited. I may be mistaken.

Mr. FULBRIGHT. Is the ceremony to be at the Department of Commerce Auditorium?

Mr. LUCAS. It will be at the auditorium in the Department of Labor Building on Constitution Avenue.

Mr. President, I have nothing to do with the arrangements. I do not know who has been invited or who has not been invited, but I was under the impression that all Senators had been invited.

Mr. SALTONSTALL. Mr. President, I should like to ask if at the present time the Senator has any plan for a night session tomorrow night, in order that Senators may make their plans?

Mr. LUCAS. Mr. President, I am very glad the Senator asked that question.

After the Senate takes a recess this afternoon until tomorrow morning at 11 o'clock, it is planned to have a night session tomorrow. I hope that we can get along with the ECA program and complete consideration of the pending bill. We have been debating it for 10 days, and only two amendments have been voted upon. It seems to me that we have explored every possibility in connection with the ECA program, and some things that are not possible. I hope we can move along and reach a vote on the bill.

There is no question that the Senate is behind in its legislative schedule. It is the hope of the Senator from Illinois that we may comply with the Reorganization Act and conclude this session of Congress by July 31. But certainly, if at that time there is still a backlog of legislation on the calendar, it will be necessary for Congress to continue in session after the 31st of July by passing a joint resolution, if that is the proper procedure, or by having the President of the United States call a special session.

I say that in the utmost good faith, with the hope that we can expedite the business of the Senate, to the end that Congress can adjourn by July 31. One of the reasons the Senator from Illinois has been planning sessions beginning at 11 o'clock, and some night sessions, is the hope that we can complete consideration of the ECA bill and other pressing mat-

ters which follow it on the calendar. In reality some of them have a dead line. I say that so that Senators may understand exactly what is in the offing in the coming months.

Mr. DONNELL. Mr. President, I should like to ask a question in regard to the arrangements for this afternoon. Perhaps the Senator may have explained the situation, or perhaps I did not hear everything he said. Is there any arrangement by which Senators will attend the ceremony in a body, or by which we can be admitted without tickets, or must we have tickets? Just what are the arrangements for our accommodation?

Mr. LUCAS. I will say to the distinguished Senator from Missouri that I have no information about the details, or how the seating arrangements are to be handled. I do not know whether all Senators are invited. I should think all Senators would have been invited. Whether or not they are, I do not know.

Mr. DONNELL. So far as I know, no invitation has been received by myself. I am not soliciting one, but I should like to get full information on the question.

Mr. LUCAS. I should like to take the Senator with me.

Mr. CONNALLY. Mr. President, my information is that the entire membership of the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs, as well as the chairmen and ranking members of all other committees, are formally invited.

My further information is that probably any Senator can gain admittance if he cares to attend. However, tickets have been issued, and some Senators have already received their tickets. I had nothing to do with the arrangements, and neither did our committee. The capacity of the hall is more or less limited.

That is all the information I can give the Senator at the moment. I understand that the actual signing will probably not take place until about 4:30 o'clock. A certain amount of oratory must first be expended. That is a habit which this body has at times.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from California [Mr. KNOWLAND], to add at the end of the bill a provision relating to China.

Mr. BALDWIN. Mr. President, it is the purpose of the junior Senator from Connecticut at this time to discuss an amendment submitted by him to the pending bill. The amendment deals with section 111 of the Economic Cooperation Act of 1948, and would add the following language:

No assistance shall be furnished under this act to a participating country during any period with respect to which the Secretary of State determines that such country is violating any treaty with the United States.

Briefly, Mr. President, the amendment would accomplish this: If any nation

which has a treaty with any other nation—regardless of what may be the terms of the treaty involved, but particularly in the case of treaties pertaining to trade between the two nations—is in violation of such treaty, or if any other nation which may be a party to the treaty is in violation of it, then if the Secretary of State determines there is such a violation, ECA funds to the particular country which is in violation of the treaty could be withheld.

Mr. President, this matter came to the attention of the junior Senator from Connecticut through a representative of the so-called American Trade Association of Morocco. It so happens that the president of that association and, as I understand, some of its members, live within the State of Connecticut. This association was chartered in November 1947. It now has an active membership of 36, 31 of whom are veterans of World War II, and 12 of whom are presently officers on the United States active Reserve list. These facts are mentioned because several of the members of this association served in the Mediterranean area, and during the war years they became familiar with that region and with the trade possibilities there, and so decided that when their service was ended, they would go into the export and import business and would trade with Morocco. Their activities include import and export trade, generally, and trucking, garages, automobile agencies, agencies for machinery, electrical equipment and appliances, insecticides, textile, tires, tin plate, and the general run of business which is covered by export and import activities. That trade includes the products of such companies as Armstrong, Nash, Westinghouse, Remington Rand, and Kelvinator; the products of many of the leading companies manufacturing some of the best-known American products are handled by members of this association. It is estimated that the average annual volume of trade per member is in the neighborhood of \$250,000 worth.

Mr. President, this amendment is not offered by the junior Senator from Connecticut to take care of this specific situation. I felt that it was highly probable that if this situation existed there, probably there were or might be similar situations in the future, and that some action should be taken at this time to amend the bill in such a way that our State Department, which handles such matters, and the administration of ECA would know what is the sentiment of the Congress of the United States.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. BALDWIN. I am glad to yield to the Senator from Wisconsin for a question.

Mr. McCARTHY. I ask the Senator whether I am correct when I say that we are now spending \$3,000,000 or \$4,000,000 of ECA funds in French Morocco each month, but that presently we have no American representative of ECA in French Morocco.

Mr. BALDWIN. I do not know whether that is a fact, but it may very well be.



Mr. McCARTHY. May I ask a further question?

Mr. BALDWIN. I yield for a question.

Mr. McCARTHY. Am I correct in saying that a number of the members of the American Legion Post in French Morocco were active prior to the American landings during the war, and that as of this time some of those men, who at the time of the American landings were jailed by the local officials because of the help they gave to the American forces—or course, they were released after the Americans took over—are now being seriously hampered and limited because the same Vichy officials now are passing on the amount of ECA material which can be obtained by those particular American veterans?

Mr. BALDWIN. I understand that to be the fact, basing my knowledge upon representations which have been made to me; and which I have no reason to doubt, for the men who have made them appear to be honorable American citizens.

Mr. McCARTHY. Will the Senator permit a further question?

Mr. BALDWIN. I yield for a question.

Mr. McCARTHY. I may say first that I have had a great deal of correspondence with the American Legion in French Morocco, particularly with Mr. Rodes, who is the commander of that Legion. Mr. Rodes is now a Reserve officer in the United States Engineers Corps, and was in OSS for about a year and a half, in French Morocco, before our forces landed there. I have had much correspondence with him, and have checked it as closely as possible. I wonder whether the Senator from Connecticut has received the impression I have, namely, that as of today there is much discrimination in French Morocco against the Jews and the Moroccans, and that the Moroccans and the Jews are led to believe that such discrimination occurs because of a mandate from the ECA? Of course, the Senator from Connecticut and I know that is ridiculous; we know that there is no such mandate from the ECA; but such discrimination is doubly vicious when the blame for it is attempted to be placed on the ECA.

I may say that I have before me a telegram from the adjutant of the American Legion post in French Morocco, Herbert Abrams. He is a one-legged World War II veteran. I should like to read the telegram, which is dated March 27, 1949:

Despite stiff consular protest, 500 pounds matzoth to be distributed gratis for imminent Jewish holidays refused release from port.

As the Senator from Connecticut knows, matzoth is the Passover bread which the Jewish people use during the Jewish holidays. This telegram seems to be definite proof of that type of discrimination, in that that bread, imported from the United States, and to be distributed free to the Jewish people there for the Jewish holidays, is not allowed to be distributed; the French Moroccan authorities, despite protests from our consular

office, say they will not release that material, which, of course, has been purchased with ECA funds. So I wonder whether the Senator has in mind adding to his amendment any provision which would prevent discrimination because of race or religion in the handling of ECA funds?

Mr. BALDWIN. Let me say that I am not so familiar with some of the details the Senator has mentioned as his remarks indicate he is. However, I am under the impression that the French authorities there are generally discriminating against American citizens, and that they are doing so in violation of treaties by which France is bound. It is for that reason that I have offered this amendment, namely, in order to bring to the attention of the Secretary of State of the United States and also to the French Nation the fact that we Americans do not like that kind of discrimination, and that we are insistent that something be done about it.

Mr. McCARTHY. Let me ask—

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Wisconsin for another question?

Mr. BALDWIN. I yield for a further question.

Mr. McCARTHY. I ask the Senator whether he is aware of two particular cases of apparent discrimination in French Morocco: One, that of a World War II veteran, an American, who is operating a trucking line there and has invested much of his money in trucks and equipment, but who has found that when repair parts are sent to him, the French Moroccan officials will not release them so that he can use them, but tell him that he has to send them back to the United States; and, second, that this particular young man is not allowed any ECA materials, which are rationed—

Mr. LUCAS. Mr. President, a parliamentary inquiry—

The VICE PRESIDENT. The Senator from Connecticut cannot yield to another Senator except for a question.

Mr. McCARTHY. Mr. President, I am asking the Senator whether he is aware of this particular case. If I may finish my question, it is a case in which the local French officials say to this young World War II veteran, who has all his life's savings invested in this trucking company, "You cannot get any ECA goods"—even though he wants to pay for them, of course—

The VICE PRESIDENT. The Chair is inclined to enforce the rule that a Senator cannot yield to another Senator except for a question. He hopes Senators will cooperate.

Mr. McCARTHY. Mr. President, I am asking the Senator from Connecticut whether he is aware of a certain situation, if I may ask him that.

The VICE PRESIDENT. If the Senator is asking a question, of course he may continue.

Mr. McCARTHY. I am going to ask the Senator whether he is aware of another documented case. I am asking this specifically as a question, the Senator will understand.

Mr. BALDWIN. Mr. President, if the Senator will pause a moment to let me answer the first question, I may say to the junior Senator from Wisconsin, I am not aware of that particular situation, although I have in my prepared manuscript reference to a similar situation which I want to offer as a typical example of what can happen. It is not my purpose to multiply the number of instances which have occurred. But I am very glad to have the junior Senator from Wisconsin supplement the remarks I am making and ask such questions as are permissible under the rules concerning the situation, because the Senator from Connecticut feels that it is an extremely important one, which ought to be given thorough consideration by the Senate.

Mr. McCARTHY. If I may ask the Senator one further question, it is this: Is the Senator aware of the fact that an official of the Commerce Department was sent to French Morocco to investigate the particular situation referred to? Is the Senator aware of the fact that I, among others, have talked to this Commerce Department official since he returned, and that he made the statement—and I believe this is violating no confidence—that there was considerable discrimination in French Morocco against American nationals who were attempting to do business?

Mr. BALDWIN. I understand that is so.

Mr. LUCAS. Mr. President, I am going to claim the floor in a minute if colloquy of this kind continues.

The VICE PRESIDENT. The Chair is undertaking to the best of his ability to enforce the rules of debate, which permit a Senator to yield only for a question. The Chair cannot enforce the rule unless he has the cooperation of Senators. A Senator who may have the floor knows when a question is being asked and when one is not being asked. The Chair thinks Senators ought to cooperate with the Chair in endeavoring to enforce observance of the rule. The Chair recognizes that frequently in asking a question a Senator may legitimately lay the basis for it by a preliminary observation. But certainly it is not in order for him to make a speech.

Mr. McCARTHY. Mr. President, may I say I am asking a perfectly legitimate and what to me is a very important question. I do not know why the Senator from Illinois objects to having the information brought out. I intend to continue to ask such questions at such time as I think they may properly be asked.

The VICE PRESIDENT. The Chair recognizes the Senator from Wisconsin as being within his rights in laying a foundation for the question.

Mr. McCARTHY. I thank the Chair.

The VICE PRESIDENT. That does not always happen in the Senate.

Mr. BALDWIN. I may say I desire to comply with the rules insofar as I can. But I understood the junior Senator from Wisconsin was asking a question, and it seemed to me proper to let him ask it.

Mr. LANGER rose.



Mr. BALDWIN. I yield for one question to the Senator from North Dakota, and then I shall not yield further.

Mr. LANGER. Mr. President, I desire to ask whether the amendment the Senator is offering is the one that is covered by the resolution adopted by the American Legion of Morocco, Post No. 1.

Mr. BALDWIN. I may say to the Senator from North Dakota it deals with that subject.

Mr. McCARRAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Nevada?

Mr. BALDWIN. I yield to the Senator from Nevada for a question only.

Mr. McCARRAN. Mr. President, a point of order.

The VICE PRESIDENT. The Senator from Connecticut cannot yield for that purpose.

Mr. McCARRAN. May I say—

The VICE PRESIDENT. Nor can the Senator from Connecticut yield for a parliamentary inquiry.

Mr. McCARRAN. Mr. President, will the Senator yield to me in order that I may suggest the absence of a quorum?

The VICE PRESIDENT. The Senator from Connecticut cannot do that without losing the floor.

Mr. BALDWIN. Mr. President, I should like very much to yield to my good friend from Nevada for that purpose, but I have been on the floor 2 or 3 days trying to get an opportunity to make this speech. The Senator from Connecticut would like the opportunity to continue, if he may.

The VICE PRESIDENT. The Senator from Connecticut has full control of that, himself.

Mr. McCARRAN. Mr. President, will the Senator yield for a question?

Mr. BALDWIN. I am glad to yield for a question.

Mr. McCARRAN. Does the Senator now realize that he is talking to almost entirely empty seats in the Senate, and does he realize that there are many of us who were detained in committee meetings, who by reason of the ruling of the chair are unable to get on the roll or in any way show that we are present in the Senate today?

Mr. BALDWIN. Mr. President, if by unanimous consent I may yield so that a quorum call may be had, with the understanding that I can get the floor after the roll has been called, I shall be glad to yield for that purpose.

Mr. McCARRAN. I ask for such unanimous agreement.

Mr. LUCAS. Mr. President, I am constrained to object.

The VICE PRESIDENT. The Senator can only yield to another Senator for a question. He cannot yield for a quorum call without himself losing the floor. He may regain it if the Chair recognizes him; but under the rules it is so clear that no one can dispute it, that a Senator who has the floor cannot yield for a quorum call without himself losing the floor. Any Senator who has the floor has control of that.

Mr. BALDWIN. Mr. President, the incident that it seemed to the junior Senator from Connecticut warranted

the presentation of this particular amendment arose in connection with our trade relations in Morocco. Morocco is not a French territory. It is an autonomous nation ruled over by a Sultan. Under a protectorate agreement passed in 1912, the French agreed to provide certain administrative and security functions for the Sultan of Morocco. All acts of the French Government in Morocco are for and on behalf of the Sultan and cannot legally exceed the authority which the Sultan himself had prior to the establishment of the protectorate. Morally all acts of the protectorate authorities should be in the interest of the people of the protectorate, the Moroccans themselves, and any attempt to subordinate the latter's interest to those of the protector should be repugnant to all fair-minded people. The United States has always had special privileges in Morocco and, except for two or three brief periods, has been on the friendliest of relations with that country and with its Sultans.

Our first treaty of commerce and friendship with the Sultan of Morocco was away back in 1787, and the first piece of real estate owned by our Republic, the Legation at Tangier, was a gift from the Sultan, deeded to the United States in 1820. We have had special privileges and enjoyed most-favored-nation treatment there since 1836.

This most-favored-nation agreement gave us the benefits of a British treaty passed in 1856 and still in force. According to this treaty we may export and import from Morocco without license requirements. We are not subject to local laws unless and until approved by the Department of State, and we are subject to judiciary procedures only when they take place before our own consular court. Our rights under the old treaties were admitted by all nations, including France, who signed the Act of Algeiras in 1906. This act also assured us and other signatories equal rights with France and rights to free trade in Morocco.

In 1912 France entered into a protectorate agreement with the Sultan of Morocco. Under this agreement she guaranteed security for the Sultan and was to furnish certain administrative services. Another provision was that all foreign relations contacts by the Sultan would be carried out through his French administration. In other words, France took over the administrative direction, subject to the Sultan, of Moroccan foreign affairs.

The arrangement merely provided that certain governmental functions of the Sherifian empire would be carried out by French personnel. The United States recognized this protectorate status after France assured us that all treaties would be respected just as they would have been respected had the protectorate agreement not existed.

Although numerous attempts to nullify these engagements have been made, our State Department has never permitted them, and the basic treaty arrangements at the present time are those outlined in the foregoing. However, we did accept certain economic limitations during the

war and as a part of our program to prevent flow of currency and capital between allied and enemy countries. These, however, are well defined and do not give French officials of the Sultan's Empire any of the rights that they have taken in connection with American property or American business operations.

Among other agreements a very important one contained in the act of Algeiras was that no tax would be placed on incoming merchandise with the exception of two or three specified articles, such as tobacco, other than a straight 12½ percent ad valorem assessment. Arbitrary additional taxes reaching at times as high as 150 percent of the value of the merchandise commenced to be applied by the middle of 1947. These taxes have been protested vigorously and regularly by the consul general at Casablanca, by the Minister at Tangier, and by the State Department. No result has been obtained from these protests, and at this time the amounts illegally extorted from Americans before they could clear their imports through customs would run well into seven figures.

Moreover, local laws have been applied to Americans without State Department acceptance. One of them is a decree passed on the 30th of December 1948 which placed embargoes on merchandise coming into Morocco from all sources except France. This decree was not accepted by the State Department but was immediately applied nevertheless, resulting in the seizure in customs of everything that arrived subsequent to January 15, 1949. Protests about this have been made on every diplomatic level but to no avail. The Governor General of Morocco informed our Minister that he had recommended to Paris that the goods be released but that he was powerless to act without instructions from Paris.

Our rights, Mr. President, under the old treaty, were admitted by all nations signing the Act of Algeiras in 1906 for our recognition of the French protectorate agreement. A great many attempts have been made by French officials in the past to abolish our rights and to protect Morocco. Up until now those attempts have been always combated by our diplomatic service. As was stated, some rights were temporarily yielded, under wartime restrictions, but as war emergency conditions became less acute, many of the former rights were reacquired by Americans. There was some reluctance, and there was a great deal of temporizing by the French in the return of these privileges, and many subterfuges were employed to prevent Americans from enjoying the equal treatment which was assured by our treaty. When the European emergency aid started, the treaty violations and the discriminations against us became worse than at any time in the history of our relations there.

Mr. President, I might say that this American Trade Association, representative as it is, and containing in its membership, as it does, many veterans of the last war, who served in that particular area, has made many protests regarding the violations of our treaties. I wish to



read from one of those protests to demonstrate the nature of the claim:

American Trade Association, only active American trade group in French Morocco, composed entirely of American citizens doing business here, over 80 percent veterans of World War II, request that as condition of receiving credits, France guarantee desist violations treaty rights of American citizens in French Morocco. Specific violations now being protested by consulte general Casablanca include arbitrary assessment excessive customs duties on our imports and refusals and delays of our import licenses. Also requests immediate action to end above violations and discriminations against American goods and American firms. Previous experience shows very credits United States granted were used to further French business firms over Americans to divert normal American direct trade with Morocco through metropolitan France to promote French nationally owned industries to the detriment of American free enterprise. Further grants of credits should contain full safeguards to prevent recurrence of foregoing and to assure immediate and full return to Americans of rights guaranteed them by existing treaties.

It would seem, Mr. President, from this complaint that what the French authorities are doing is using American taxpayers' money in a way which will discriminate against Americans who are competing in French Morocco, as they have a right to do, under those treaties, and also using it in a way highly detrimental to American businessmen and in violation of the treaties. The junior Senator from Connecticut might say, Mr. President, that he does not desire to prolong the reading of a number of protests which have been directed to Members of the Foreign Relations Committee and the Senate, the State Department, and other officials concerned with this particular situation.

At this time, Mr. President, merchandise accumulated since January 15 belonging to 40 American importers is being illegally held by French custom officials in the port of Casablanca, Morocco. These imports are, principally, the property of American veterans who established businesses in Morocco after demobilization and, in many cases, represent their entire liquid capital. Market changes, deterioration and thefts already have caused heavy losses.

The law under which the property is impounded is admittedly a violation of our treaties which may not be applied to Americans. Several consular and diplomatic protests by United States Foreign Service officers were ignored. The undersigned came to Washington and called the matter to the attention of members of the Senate Foreign Relations Committee. The Senator from Wisconsin [Mr. WILEY] brought it to the personal attention of the Secretary of State, who instructed an assistant secretary to investigate and take appropriate action.

As a result, the United States Minister to Morocco called on the Governor General on March 17. The latter stated that he would not act until instructed to do so by Paris. It is repeated that the holding of this American property is admitted to be entirely illegal and even by the officials holding it.

Other treaty violations have been brought to the attention of the Department of State without result. Prior to the passing of the last ECA Act, the American Trade Association of Morocco suggested to the Chairman of the Foreign Relations Committee that the bill include provisions for withholding funds from nations wilfully violating treaties with the United States.

Both the Economic Cooperation Administrator and the State Department objected. Meanwhile, all other measures have proved ineffective, and the illegal acts against Americans have increased both in frequency and seriousness. The fact that the Governor General of an important protectorate is powerless to accede to a personal request by a United States Minister shows the high level from which this policy now being followed in Morocco by the French officials really stems. It would seem to the junior Senator from Connecticut that this condition is intolerable. It would seem a difficult and an impossible thing for us with equanimity to see American money given to officials of another government who are openly engaged in a systematic campaign to violate American treaties, to the detriment of American businesses in Morocco, in order to favor their own particular nationals.

Mr. President, the junior Senator from Connecticut would like to call the attention of the Senate to a particular item in the situation which illustrates the point which the junior Senator from Connecticut is endeavoring to make, as proving the honesty and the wisdom, indeed, the utter effectiveness and justice, of this type of amendment. One of the men who belongs to this association reported that he had just paid—and this was as of last January—a little over 150 percent custom charges on truck tires which were imported into Morocco, a country which was committed by treaty to charge no more than 12½ percent. He states that he has assurances from representatives of the State Department that these charges are illegal and in flagrant violation of these treaties.

In September 1948, the chief of the Morocco Diplomatic Cabinet agreed with our Minister, so he claims, that certain taxes which account for 40 percent of the amount paid were illegal, and that he undertook to remedy this situation. It appears that he was powerless to get anywhere against the anti-American factions in the French protectorate.

Back in the summer of 1946 Morocco was virtually without any tires. The only importers were members of a syndicate to whom the Protectorate had given the exclusive right to profit from the tire business. This syndicate is actually one of the groupements established by the Vichy Government as a part of its totalitarian program.

In theory, the syndicate was required to sell 90 percent of its tires to persons holding coupons issued by Government services. Ten percent could be sold on the black market, where, in the summer of 1946, an ordinary passenger-car tire brought over \$200, 10 times the price of a tire bought with a coupon. This ob-

viously gave an enormous value to the coupons.

The situation was ended by Americans, especially veterans, who took advantage of their priorities in buying Government surpluses, their export quotas of tires, and their treaty rights to unrestricted imports and sales in Morocco, in putting considerable quantities of tires on the market. This free market soon created a healthy competition that left only reasonable profits and removed virtually all value from tire coupons.

The syndicate and functionaries who sponsored the coupons resented this competition. Every possible obstacle was put in the way of the Americans, although their operations finally enabled thousands of additional trucks to take the road, and made tires more plentiful and less expensive than anywhere else under French jurisdiction. Conditions were so normal that during the latter part of 1947 and the first half of 1948 official dollars were given only for agricultural tires.

With the advent of the Marshall plan, \$1,400,000 was allocated to bring tires into Morocco. The entire sum was allotted to the syndicate. The syndicate decided that 10 percent of the funds would be given to newcomers, including the Americans who had ended the tire shortage, and 90 percent to its original members. That is, the syndicate got 90 percent and our people got 10 percent.

Large recipients among such members were firms that are the exclusive representatives of European brands of tires, and whose primary interests are in keeping imports of American tires at a minimum. The inclusion of these firms in an American program is so raw that even members of the syndicate disclaim responsibility for it, stating that it was ordered by the Residency General.

I may say that the junior Senator from Connecticut does not claim to have these facts as of direct knowledge, but claims to have them from American citizens whose honor and integrity he has no reason whatsoever to question, and who have been trying to do business in Morocco under these treaties, but have met with all sorts of obstacles and all kinds of difficulties.

To make our position as Americans more difficult, the dollars given to our competitors are charged to them at the official rate. This value is taken as the basis for their customs duty, whereas our imports are appraised at twice as much, or even more. The system has been the subject of a number of official complaints, as only invoice value computed at official rates may be taxed under our treaties. The question whether internal or external values should be the basis for customs charges is beyond the scope of this discussion, but no possible unbiased reasoning can justify different appraisals for identical articles entering the same port at the same time, a differentiation based upon whether it is Americans who are doing the importing, or whether it is Frenchmen or others. Whatever the pretext, the reason is that certain French bureaucrats are more interested in giving a competitive advantage to certain



French nationals than in maintaining their treaty obligations and their official integrity.

Mr. MALONE. Mr. President, will the Senator yield for a question?

Mr. BALDWIN. I yield for a question.

Mr. MALONE. I should like to ask the distinguished junior Senator from Connecticut if he would consider a manipulation of currencies by the foreign nations who are recipients of the ECA-plan money in the same category, that is, manipulation of their currencies for trade advantage.

Mr. BALDWIN. There can be no question that the possibilities of avoiding doing the right thing under this program are infinite, and it surely must have come to the attention of Americans that in many instances all sorts of plans are being made to avoid it.

I point out to the junior Senator from Nevada that from the outset I have been a warm supporter of ECA, and that I intend to vote for it this time. It appears to me, however, that the more we go into this matter and the longer we continue it the more careful we must be in its administration, because it is not going to be helpful to the whole program, in the long run, if we stand idly by and see all sorts of exceptions and discriminations and inequities worked, while we merely shrug our shoulders and say, "Nothing much can be done about it." I think most important things can be done in the next year to tighten up the administration of the fund where there are inequities. I am dealing with the Moroccan situation, as no doubt the junior Senator from Nevada knows.

To continue his remarks, the junior Senator from Connecticut recalls that the other day the junior Senator from Nevada was discussing the situation in Indonesia, where it appeared, from what the Senator said, that great injustices were being worked against the Indonesians, and with our money. It is the purpose of the amendment to make it possible for the State Department to shut off ECA funds from any nation that may be in treaty violation with us, as it is the claim of the junior Senator from Connecticut that France is in violation of treaties with us regarding trade opportunities for Americans in Morocco.

Mr. MALONE. Mr. President, will the Senator yield for a further question?

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Nevada?

Mr. BALDWIN. I am glad to yield.

Mr. MALONE. In regard to the subject of manipulation of currency, it is well known that most of the European nations have their currency overvalued. As an example, the English pound is officially valued at \$4.03. I have in my hand a copy of the Wall Street Journal of April 4, that is today, and to clarify my question I wish to read from an article in it:

THE POUND STERLING—EUROPE'S TRADERS GET IT CUT-RATE, SO UNDERSELL AMERICAN IMPORT FIRMS—THE TRICK IS PERFORMED FOR WOOL, HIDES, TEA, RUBBER, TIN, SPICES, DIAMONDS—THE SOVIET IS A SPECIALIST

Many an American importer of commodities is complaining about a new kind of cut-rate competition.

Nub of the trouble is that the pound sterling, officially held at just above \$4 by Britain for dealings which United States and other traders have with the British Empire, is unofficially available at about 15 percent discount in many parts of the world. One New York hide importer sums up the problem: The \$4 rate is simply an overvaluation of the pound.

Having got hold of this cheaper sterling, Dutch, Belgian and other traders are able to pay high prices for wool, hides, tea, rubber, tin, furs, skins, pepper, spices, diamonds and other British Empire commodities which can be bought with pounds.

To sum up I would say to the Senator from Connecticut that the overvalued pound or the franc or the guilder presents this difficulty. When we deal in the official rate we lose in the first transaction by the amount of the overvaluation. Then if the traders of other countries—unofficially—get it at a cut rate, the situation as has just been outlined, as it appears from the article in the Wall Street Journal, prevails, and then it happens, as the Senator now complains with respect to French Morocco, that the foreign traders get the advantage of the American business men.

While American traders are officially prohibited from trading in the "black" or unofficial foreign currency market—it is nevertheless done to some extent—and such trading is, of course, encouraged by the existence of the artificial and entirely unjustified official rate—it is a form of piracy.

As a matter of fact the pound—official value \$4.03—is available as low as \$2.25, which is nearer 50 percent black market than 15 percent.

Mr. BALDWIN. Let the junior Senator from Connecticut say that he is not dealing here particularly with the manipulation of the exchange. What the junior Senator from Connecticut is dealing with is the actual violation of trade treaties between Morocco and the United States, which France recognized when she assumed the protectorate. The purpose of the amendment of the junior Senator from Connecticut is to try to give the State Department some authority and control over that particular situation. It seems to the junior Senator from Connecticut that the State Department and the administration of the ECA funds must have and must exercise like authority over the matters of exchange to try to prevent the inequities and the injustices which can be worked in that highly intricate manner.

Mr. MALONE. Mr. President, will the Senator yield for a question?

Mr. BALDWIN. I yield for a question only.

Mr. MALONE. I understood perfectly that the Senator was dealing, in a very highly efficient manner, I should say, with the inequities that can be imposed and are being imposed on American businessmen. French Morocco happens to be an example of the effect of such manipulation. But let me take the liberty to interrupt the Senator at this point to ask if the inequities brought about by other means—I might add by quotas on imports and by currency manipulation—all directly lead to the same thing, and that is to the disadvantage of the American businessman?

Mr. BALDWIN. I may say to the junior Senator from Nevada that what we are doing with ECA is an unprecedented thing, the like of which the world has never known before. If the people of Europe and the world elsewhere could understand it and would not suspect us, as many of them do, of some ulterior motive, I am sure their hearts would be gladdened. On the other hand, it seems to me that even when we are administering a charity we must do it in an effective, efficient way, not only to make the greatest use of what we have to give, but also to command the respect of the people to whom we are giving it. That seems to the junior Senator from Connecticut to be a very important thing in connection with the administration of this fund.

The junior Senator from Connecticut may say further to his friend the junior Senator from Nevada that he believes by and large, that in the past year the administration of the ECA program has been very good indeed, but the junior Senator from Connecticut believes that is no reason why we should accept it as perfect, and no reason why the Senate should not take such measures as may be necessary to improve the administration and to bring home to the people with whom we are dealing the point that we have some rights and our own nationals have some rights, which must be recognized and respected.

Mr. MALONE. I may say to the junior Senator from Connecticut that I intend to support his amendment. I sincerely believe that amendments should be added to the ECA bill for clarification, but I am reserving my commitment to vote for or against the bill until such time as I see such amendments added which would safeguard the American businessman and producer against such abuses.

Mr. BALDWIN. The junior Senator from Connecticut appreciates the statement and the support of the junior Senator from Nevada.

Mr. TAFT. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Connecticut yield to the Senator from Ohio?

Mr. BALDWIN. I yield.

Mr. TAFT. If European tires are available for shipment to Morocco, I do not quite understand why we should advance money to Morocco to buy tires at all. Why is not that outside the purpose of the ECA? Why can we not cut down the ECA allotment to Morocco and let Morocco buy her tires in Europe?

Mr. BALDWIN. That is certainly within the range of possibility, certainly within the range of probability, and apparently the thing that should be done. The point the junior Senator from Connecticut is trying to make is that so long as we make ECA funds available for tires in Morocco, then our own people who are selling tires should at least have an even break with the people of France who are selling them. That is my point.

Mr. KEM. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Missouri?



Mr. BALDWIN. I am glad to yield for a question.

Mr. KEM. Mr. President, I think the Senator from Connecticut has done a very worth-while thing in bringing to the attention of the Senate the obvious injustice being done through the operation of ECA to Americans who are trading in Morocco. I am sure the Senator from Connecticut must have also given considerable attention to the effect of ECA upon Americans who are manufacturing and trading at home—for instance, in the State of Connecticut. I should like to ask the Senator from Connecticut this question: I noticed in the newspaper a day or so ago that the New Haven Clock Co., an old established clock and watch manufacturing company in New Haven, Conn., had been closed down since February because of inability to meet foreign competition. In this connection the competition, as I understand, happens to be Swiss competition. But I should like to ask the Senator from Connecticut if it is not entirely possible that other Connecticut enterprises and other New England enterprises will not soon be at a serious disadvantage in competing with factories abroad using low-cost foreign labor and built with Marshall plan money?

Mr. BALDWIN. In answer to that question, the junior Senator from Connecticut will say that the people of Connecticut have long recognized the fact that the ECA program was, in effect, building up potential competitors for them in western Europe. As a matter of fact, in the long industrial history of the State of Connecticut, many times in the past our people have been in competition with European manufacturers and European commercial interests. The only thing the people of Connecticut ask is a fair deal and fair play, and an even opportunity in such competition. If we are to maintain a high standard of living in the State of Connecticut, obviously if at the same time we are going to allow the importation into the United States of goods manufactured abroad with very much cheaper labor, to be sold at prices which reflect such cheap labor, we shall be put out of business. That is what is happening to the clock industry. We believe that if there is any import tax to be charged on such articles, it should make up for the differential in cost of production, and no more. We do not ask favored treatment. We ask only for even-handed justice in such matters. We in Connecticut recognize that the effect of the ECA, as the junior Senator from Connecticut has previously said, is to build up potential competitors. We accept that dangerous possibility as being far better than a communistic western Europe, and so we are willing to go along with the program.

The junior Senator from Missouri is absolutely correct when he says that the long-range effect of this program, if continued in an overgenerous fashion, will be to reestablish the industries of western Europe on such a basis of competition that we shall never be able to catch up with them. In the entire program it seems to me that we must be very careful about that situation. Take as an ex-

ample the Moroccan situation. We have treaties which give our people certain rights. When the treaty provides for an ad valorem tax of 12½ percent, and the French officials in the protectorate impose a tax of 150 percent, and then use our money to bring in goods to be sold there in competition with our own people, certainly that is far from justice. If that sort of thing is continued, it seems to me that American interests, and certainly Connecticut's interests, will wane very rapidly as a result of this sort of program.

Mr. KEM. Mr. President, will the Senator yield for a further question?

Mr. BALDWIN. I am glad to yield.

Mr. KEM. I am sure that the industrial history of Connecticut is one in which every citizen of Connecticut may well take pride. I should like to ask the Senator from Connecticut whether in the long history of industrial development in his State the people of Connecticut have ever before had to face foreign competition subsidized with the money of the American taxpayers.

Mr. BALDWIN. I will say to the Senator from Missouri that we have never had to face that situation before; but we have had to face foreign competition many times. New England in general, and Connecticut in particular, have gone through several evolutions of industrial development. When we have found that a particular product became unprofitable, we have had to use our ingenuity and vigor to shift to another. But we would prefer to meet their competition on a basis which is fair, open, and proper, rather than competition which is subsidized by taxes collected from the pockets of our own people.

Mr. KEM. Have not the people of Connecticut learned, by what I may call rather unfortunate experiences, that when other parts of the world or other parts of the United States enjoy some industrial advantage, industry does not hesitate to leave Connecticut?

Mr. BALDWIN. That is true. That is a problem which we have had to face throughout our history; and many industries have gone to other parts of the country.

Mr. KEM. Is not that the problem facing New England today?

Mr. BALDWIN. That is the problem facing New England today; and the only way we can meet it is with the exceptional skill and ability of Connecticut workers and other New England workers, and the ability and skill of Connecticut and New England management, which have been able to meet the competition. But we want to meet it on a fair basis. We do not want to meet it at a disadvantage. In the game of trade we do not want to spot the other fellow two touchdowns before we are really permitted to have anything we may do count.

Mr. KEM. The other day I noticed an item in the press to the effect that the stockholders of the American Woolen Co., a fine old New England industry, met in annual meeting at Springfield, Mass. They were addressed by the president, who disclosed to them the fact that the unfilled orders this year were, as I recall,

10 percent of what they were a year ago. I ask the Senator from Connecticut if such information as that is not perturbing to the entrepreneurs and industrialists of his State and of New England.

Mr. BALDWIN. Such information as that is very perturbing. Let me explain my position. As I previously stated, I voted for ECA in the first instance, and I intend to vote for it again. We know that with ECA funds we are rebuilding Western Europe. We know that in the past the industries of western Europe have been competitors. They have manufactured goods which have been in competition in world trade with goods manufactured in the State of Connecticut. We know if we continue this program that competition may become keener than it ever has been before. However, we accept the proposition that we would prefer to have western Europe rehabilitated on a fair basis of competition in the trade marts of the world rather than have it overrun by communism, which seems to the Senator from Connecticut to be the only alternative.

This factor must be accepted as a part of the entire program. In helping to rehabilitate western Europe we do not want to put the industries of western Europe in a favored position as compared with those of our own people. We do not want to let them violate treaty rights which we have long had with nations with which we have dealt in the markets of the world for a great many years. We do not want them to take advantage of this, that, and the other thing to improve their situation and place them in a favored position over us in competition in world trade.

I come back to the original proposition, that the industries and workers of Connecticut can take care of themselves in world trade if they have an even and fair chance with the other fellow. But they cannot do it if American funds are to be used by other nations to give their own nationals an advantage by way of tariff regulations, the requirement of all sorts of certificates, the meeting of all sorts of regulations, and the imposition of high taxes which make it possible for those people to discriminate against competitive goods of like kind from the United States. That is the purpose of this amendment.

I thank the Senator for his contribution and for his questions.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. BALDWIN. I am glad to yield for a question.

Mr. MALONE. I am very much interested in the discussion between the junior Senator from Connecticut and the Senator from Missouri, because I think it is pertinent to the events which are happening all around us. As the junior Senator from Connecticut has so aptly and ably said, we in the United States will meet any competition which is not based upon an unfair advantage. I ask the junior Senator from Connecticut if the fabricating and textile industries, the clothes-pin industry, and various other industries of New England have not been built up over a period of years with certain protection through the tariff or im-



port fee, to the workingman of New England, equal approximately to the difference in the living standards, the methods of manufacture, and other factors? I ask the Senator further, if the methods we are following in shipping up-to-date machinery and equipment together with our stream-lined methods of manufacture and production to Scotland, England, and the other countries in Europe will not work to the disadvantage of the New England States, unless the import fees or tariffs are kept at such a level as to equalize the difference between the living standards of New England workmen and the living standards of European workmen?

Mr. BALDWIN. Mr. President, the junior Senator from Connecticut, in response to that question, would say that wherever in other parts of the world the standard of living can be improved and raised, the people of the United States will benefit indirectly, but in a very real way, from such development. However, it seems to me that the Senator from Nevada is absolutely correct in indicating that we have reached a preëminent position, so far as our standard of living is concerned, and that if we now allow the products of cheap labor, using machinery produced with our own money, and given or lent to foreigners, to be used by them, to enter the United States in competition with articles produced by our own workmen, and if at the same time we are forced to compete in foreign markets under conditions under which our people are not treated fairly or are not given the same opportunities foreigners are given, then in time our standard of living will be dragged down to the lower standards of living of other countries. I believe there can be no question about that.

Mr. MALONE. Mr. President, will the Senator yield for another question?

Mr. BALDWIN. I yield.

Mr. MALONE. I follow the Senator from Connecticut perfectly, and I am wholly in accord with what he says. It seems to me that as we help other countries raise their living standards, such import fees or tariffs can be lowered in proportion; and finally, when the standards of living of other countries are raised to approximately the standard of living in the United States, there can be free trade, without damage or injury to anyone. The objective is the same except some favor an abrupt lowering of tariffs on import fees based on the 1934 Trade Agreements Act, while some of us believe that during the interim period while we are assisting the other countries of the world to reach our standard of living that the wage-living standard of the working men of America should be protected by a flexible import fee, which can be progressively lowered as the living standards of the foreign labor is raised, so that when they approximate our own then free trade is immediate and automatic.

Mr. BALDWIN. If the workingmen in England or in any other foreign country were paid exactly the same wages that American workmen are paid, for the same amount of output, the same number of hours, and the same amount of effort, obviously there would be no

differentiation; but if we are expected to create wealth with which to help do all the things now in contemplation, obviously we cannot permit the establishment of measures which will tear down our own industrial strength.

Mr. MALONE. Mr. President, will the Senator from Connecticut yield for one more question?

Mr. BALDWIN. I yield.

Mr. MALONE. Then, it seems to me cognizance should be taken of that situation, and our import fees and tariffs should be lowered to that extent, as we are able to raise foreign standards of living while maintaining our own standard of living. Let me say that I agree fully with the Senator from Connecticut that the only way by which we can maintain our position and help ourselves, to say nothing of helping others including the European and Asiatic nations, is by maintaining in our country such a standard of living as we presently have. If we are able to do that, while at the same time the standard of living in European and other nations is raised, then, if and when that happens, free trade, which is the ultimate goal, would be a very ideal situation and under a flexible import fee would automatically result. Does the Senator agree as to that?

Mr. BALDWIN. It would be a very ideal situation, no doubt; but in my opinion it is a long way off.

Mr. President, it seems to me that our problem today is to preserve our own strength and at the same time to help the other nations in every way we can, because helping them is a better alternative than war. But the choice between helping them and trying to avoid war and also running the risk of undermining our own economy and weakening our own system is a very difficult one.

Mr. MALONE. I fully agree with the Senator; and that completes my questions. Of course, it will be a long time in coming but they then are the judges of their own living standards.

With the flexible import fee a market is immediately resulting in establishing a market basis for foreign goods—bringing them in on our basis of costs and living standards.

A principle is established for trade between the 58 member nations of the United Nations having 58 different standards of living without upsetting the economics of any of them while striving for the goal of bringing all of them up to our wage-living standards, instead of our country going down to theirs and trying to all come up together—as will be the case if immediate free trade is adopted as the settled policy of this Nation.

Mr. LUCAS. Mr. President, may I ask the Senator from Connecticut how much longer he will take?

Mr. BALDWIN. I am about through. Perhaps I shall need 3 minutes more.

Mr. LUCAS. I appreciate that information, because I have an announcement to make with respect to the signing of the pact this afternoon.

Mr. BALDWIN. I shall be glad to yield now if the Senator wishes me to do so.

Mr. LUCAS. No; I wish to have a quorum obtained first.

Mr. BALDWIN. Very well.

Mr. President, summing up my remarks, let me say that this amendment would merely make it possible for the Secretary of State, collaborating with the Administrator of ECA, to withhold ECA funds from any ECA country, or any country receiving ECA funds, if that country was in violation of a treaty with the United States.

Mr. President, I recognize that such a provision would be difficult to administer, but I firmly believe that as we go forward with this program—and I believe we should and must go forward with it—we must be more careful than ever in its administration; and we must, above all things, see that our own people and other people who are relying upon our help receive fair and just treatment all the way around.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California [Mr. KNOWLAND].

Mr. LUCAS. I suggest the absence of a quorum.

Mr. CONNALLY. Mr. President, will the Senator withhold that suggestion for a moment?

Mr. LUCAS. Yes; I do.

Mr. CONNALLY. Mr. President, speaking for the committee, in regard to the Knowland amendment, let me say that the committee is not in disagreement regarding it. If we can obtain a vote now, I think we can dispose of the amendment without further discussion.

Mr. KNOWLAND. I have no desire for further discussion, I say to the Senator from Texas.

Mr. CONNALLY. There is not a great deal of difference between the amendment I have offered and the Knowland amendment; but I told the Senator from California that, if he desired to do so, he could push the adoption of his amendment, instead of mine. So the result is that we are not in disagreement.

Mr. LUCAS. I congratulate the Senators.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California. Is the Senate ready to have the question put?

Mr. CONNALLY. Yes.

Mr. KNOWLAND. Yes.

The PRESIDING OFFICER. Then the question is, Shall the amendment be agreed to?

The amendment was agreed to.

Mr. LANGER subsequently said: Mr. President, I should like to have the RECORD show that on the amendment dealing with \$54,000,000 aid to China, which was adopted a short time ago by a voice vote, the Senator from North Dakota voted "nay."

The PRESIDING OFFICER. The question now recurs on the amendment of the Senator from Louisiana, which will be stated.

The LEGISLATIVE CLERK. On page 8, in line 3, it is proposed to strike out "5 percent", and insert in lieu thereof "25 percent."

On page 9, line 1, after "materials", it is proposed to insert "plus amounts allo-



cated in accordance with subsection (h)."

Mr. LUCAS obtained the floor.

Mr. MALONE. Mr. President—

Mr. LUCAS. I yield to the Senator from Nevada for a question.

Mr. MALONE. I rise for a parliamentary inquiry, which I should like to explain.

Mr. LUCAS. I shall yield for that purpose, if I may do so under the rules.

Mr. MALONE. During the past several days, Mr. President, a technical rule has been enforced, to the effect that unless a Senator is on the floor when a quorum is called, he is marked as absent. Twice or three times the junior Senator from Nevada has been in committee meeting, as he was this morning, and has been asked to remain, although no permission had been granted by the Senate. Thus I find that I am not marked as present when a quorum call is had under those circumstances, and of course thereafter it is too late to be recorded as present.

So I wonder whether a general statement can be made in regard to how a Senator may in some way obtain official permission to be in attendance at a committee meeting, if that is required, after the session of the Senate begins. If such permission can be granted, then, as usual, all Senators who are required to remain at committee meetings can be marked as present, when a quorum call is had in the Senate.

I rise to make that inquiry because I feel that if a Senator is marked absent on a quorum call, anyone reading the RECORD might think that Senator was away somewhere on a vacation.

The PRESIDING OFFICER. In the judgment of the Chair, the Senate aides can insert in the RECORD each day a list of Senators who are present at committee meetings when quorum calls are had.

Mr. LUCAS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Alken	Hunt	Millikin
Anderson	Ives	Mundt
Baldwin	Jenner	Murray
Butler	Johnson, Tex.	O'Connor
Cain	Johnston, S. C.	O'Mahoney
Chapman	Kern	Pepper
Connally	Kerr	Robertson
Cordon	Kilgore	Saltonstall
Donnell	Knowland	Smith, Maine
Eastland	Langer	Sparkman
Ellender	Lodge	Stennis
Ferguson	Long	Taylor
Flanders	Lucas	Thomas, Okla.
Frear	McCarran	Thomas, Utah
Fulbright	McCarthy	Thye
George	McClellan	Vandenberg
Hayden	McFarland	Watkins
Hendrickson	McGrath	Wherry
Hill	McKellar	Williams
Hoey	Malone	Young
Holland	Martin	
Humphrey	Maybank	

The PRESIDING OFFICER. Sixty-four Senators having answered to their names, a quorum is present.

#### CEREMONIES ATTENDING SIGNING OF NORTH ATLANTIC PACT

Mr. LUCAS. Mr. President, there has been a slight misunderstanding with respect to Senators attending the signing

of the North Atlantic Pact, this afternoon, in the Labor Department Auditorium on Constitution Avenue. The latest report is that Senators who do not have tickets are invited to attend the ceremony, and they should be there by 2:30 this afternoon. Tickets can be obtained at the information desk in the auditorium. I make that announcement, and announce further, that the invitation includes the wives of Senators as well.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. LUCAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LUCAS. Mr. President, do I correctly understand that the pending question is the amendment offered by the Senator from Louisiana [Mr. ELLENDER]?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

Mr. ELLENDER. Mr. President, it is not my purpose again to discuss my amendment in detail, but I want to make it crystal clear that it does not in any manner decrease the authorization provided in the pending bill. It simply makes certain that at least 25 percent of the so-called counterpart fund is to be used by the Administrator, by and with the assistance of the Bureau of Federal Supply, to purchase strategic materials which are in short supply and are required by this Nation in order to assure continued and uninterrupted production at all times.

As Senators are aware, the bill before the Senate provides on page 8, beginning with line 3, that not less than 5 percent of each special local currency account shall be used for that purpose. What I am proposing by my amendment is merely to increase the minimum of 5 percent provided for in the bill by an additional 20 percent as a minimum.

Mr. President, if my amendment is approved, 25 percent of the counterpart fund will be used by the Administrator, in collaboration with the head of the Federal Bureau of Supply, to contract with the nationals of Great Britain, with the nationals of France, or with the nationals of any country in which a counterpart fund is established for the purchase of strategic materials. A contract could be entered into covering a period of not more than 20 years in which ways and means could be agreed upon so as to provide our country with the essential strategic materials. And I desire to repeat that under the terms of the Atlantic Pact those materials will eventually be used for the protection of our friends across the seas.

As I stated in debate last Saturday, I cannot see any reason why any Senator should vote against this proposal. What the nations of western Europe want and desire today are dollars. We are making those dollars available to them, and, as I pointed out, those dollars are used to purchase in this country and elsewhere

goods, wares, and merchandise which they need. Those goods, wares, and merchandise, after being paid for with United States dollars, are shipped to the country needing them, and are sold to the nationals of the particular country, for francs in France, or for pounds in Great Britain, in fact, for the currencies of the countries which are entitled to them. Such currencies are placed in banks in the participating countries, and are known and designated as counterpart funds. I hesitate to repeat so often what constitutes the counterpart funds. I wish to make certain that everyone understands that the counterpart funds and the amount of dollars herein authorized are separate and distinct.

Up to March 1949 the ECA made commitments totaling \$3,367,000,000 to carry out its obligation under the present law. Of that huge sum only \$1,171,000,000 was actually expended. In terms of currencies of the countries which received these goods a total of \$1,171,000,000 was placed in the counterpart funds. Of that amount 5 percent was set aside to pay for personal services, travel, transportation, communications, rents, and utilities, printing and binding, contractual services, supplies and materials, equipment, and strategic materials. The strategic materials purchased amounted to only \$21,074,400 and consisted of 26,000 tons of rubber, 12,000 tons of hemp, and 1,276,000 carats of industrial diamonds.

The remainder of this counterpart fund, \$672,000,000, was released to these countries, and \$539,000,000 of this amount was used to retire the debts of the following participating countries, in these amounts:

Austria used \$85,000,000; France used \$102,000,000; Great Britain used \$330,000,000; and Norway used \$22,200,000.

Just think Senators, almost two-thirds of the amount withdrawn from this fund has been used to retire debt. I am certain that was never contemplated and I am disappointed that the administrator should have permitted the use of those funds for such a purpose.

If my amendment shall be agreed to, the dollars will continue to flow to the countries entitled thereto in the amounts fixed by the ECA Administrator and his advisers. I repeat, Mr. President, these dollars will be used to purchase in our country and elsewhere the goods which the ERP countries need. The goods when received in the ERP countries will be sold in the regular trade channels for the currencies of those countries. These local currencies will then be deposited, as I have often said, in this counterpart fund, and at least 25 percent will be earmarked to purchase needed materials which we must have in this country and for other local currency requirements of the United States. That is the whole story.

Mr. President, I do not see how in the name of common sense Senators should not vote for the amendment.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have inserted in the body of the RECORD a statement on behalf of myself and the Senator from Iowa [Mr. GILLETTE] in support of an amendment to the pending bill which is



now on the desk. I also ask consent that the text of the amendment be printed following the statement.

There being no objection, the statement and amendment were ordered to be printed in the RECORD, as follows:

The purpose of the amendment which has been submitted is to put corn in a similar position to that in which wheat has been placed by the provisions of the bill. The same reasons which motivated the Senate Committee to require that 15 percent of the allocated wheat be shipped in the form of flour ought, it would seem, to be equally applicable to corn, not alone because of the palatability and nutritive value of processed corn products such as corn meal, corn grits, and corn flour, but because our surplus of corn in this country, both present and in prospect, is greater than the surplus of wheat. I want to list several reasons why it seems to me the amendment should be adopted.

First, every contribution that we can make to full employment of our people and the wage level which must be maintained for our country's prosperity ought to be made. During 1948 and to date, in 1949, the 175 dry corn processing mills in the United States employed approximately 35,000 people and are operating at less than 50 percent of capacity. During this period the mills have had to curtail production, reduce working forces and reduce hours of work. Corn has been exported as grain with practically no processed corn included. The capacity of the industry has been reported to me to be 110,000,000 bushels of corn a year, but today, operating at 50 percent of capacity, they will process not more than 55,000,000 bushels. As evidence of the reduced volume in this industry, dollar sales of this industry in 1947 were about \$265,000,000; in 1948, about \$123,000,000, or considerably less than half; and it is estimated that the 1949 sales will be but little more than \$80,000,000.

Second, it is wise from the standpoint of the European recovery program, after World War I under the Hoover recovery program, large quantities of corn meal, corn grits, and corn flour were shipped to Europe with detailed cooking instructions printed in different languages and inserted in each sack. This not only helped greatly to solve their food needs, but also built up a future demand for these corn products of ours, to the advantage of the European consumer, the American labor, and, of course, the American farmer.

Third, these foreign countries have unsuccessfully attempted to mill our corn with wheat-milling equipment, with decidedly unsatisfactory results. They are not in the habit of using our corn as a food and in milling methods which render it less palatable and less useful. From their standpoint it not only militates against their present need but against a future market for these wonderful food products which our country produces in surplus and for which it is essential to find a world market.

Fourth, there will be a considerable saving in ocean space for shipping these processed products. Only 64 percent of every bushel of corn milled into corn meal, corn grits, and corn flour, would be exported. Thirty-six percent or about 20 pounds of every bushel of corn would be retained in the United States in the form of hominy feed. This means 20 pounds of ocean space saved for every bushel of corn shipped. In addition to this factor, it should be pointed out that by sending corn abroad in the form of corn products there will be a substantial saving on terminal handling and transportation charges.

Fifth, cotton bags for packing corn meal, corn grits, and corn flour offer clothing material for civilian use and another outlet for

the product of our United States cotton industry.

Sixth, it is recognized that with any normal year we will produce more corn than the domestic market can absorb and any action that will help develop a continuing market for this surplus is distinctly to the advantage of American economy.

I revert to the comment I made a few moments ago relative to the milling of our corn with foreign equipment. This was notably apparent in Germany and in Japan. These and other foreign countries have unsuccessfully attempted to mill our corn with wheat-milling equipment. So far from encouraging the use of our corn as food, this had a diametrically opposite effect. In our own Nation, in some of our States, the per person consumption of corn meal, grits, and flour considerably exceeds that of wheat flour. In fact, the average per person consumption throughout the United States is heavy and much above the use in foreign countries, particularly Europe. The use of corn in processed form as food here is certainly an earnest of the possibilities and expansion of use abroad if foreign consumers are made acquainted with properly processed products, with their quality and with the methods for using these wonderful foods.

I am told that our dry corn-milling industry can export approximately 65,000,000 bushels of corn in this processed form of meal, flour, and grits, if our available facilities are utilized. It should also be kept clearly in mind that the residue of the milling in the way of hominy feed and corn oil would be retained in the United States. Thus hominy feed remains and is consumed in our own livestock industry. Likewise, every bushel of corn, if processed on this side, would yield about one-half pound of valuable and nutritious oil. Foreign milling would not permit this oil extraction and it constitutes a loss. There is never a carry-over in our country of hominy feed or corn oil at any time. The entire quantity of these feeds and oils produced by our dry corn-milling industry is consumed each year. I am also assured that shipping facilities are adequate and secondary ports available for the export of these milled products which are not available for the shipment of the whole grain.

We have in his country many thousands of small mills. I was unable to get the exact number but back in the days when we were paying processing tax, it is estimated that some 20,000 mills paid processing tax. While all of these mills are not equipped to make products for export, any program which increases the export of milled corn affects their operation similarly from the standpoint of corn useage and employment of labor. Every one of these small mills would benefit either directly or indirectly from this program.

In the Eightieth Congress, I am advised, the House unanimously passed amendment to the Foreign Assistance Act of 1948 which appeared in the Federal Register of March 20 and April 1 of last year. This amendment stated:

"The most persuasive argument in behalf of this amendment springs from the fact that in the main European countries do not have good milling facilities for corn. It must be milled in available mills abroad which are adapted to the grinding of wheat and the net result is that a high grade quality of corn meal, corn grits, and corn flour cannot be produced in the mills abroad. This means an inferior product from the standpoint of nutritional and caloric value. That is highly important because the very purpose of the food commodities to be sent abroad is to build up the physical capacity of the people to reconstruct their own industrial economy and this of course requires products where every element of nutrition is carefully preserved."

It is not my purpose to burden the Administrator of this ECA program with additional work and restrictions. But this amendment does not add a new product on the program. It is in the interest of our economy and that of the nations we are aiding and inasmuch as the provision has already been made for wheat, I feel that it is only fair that similar provisions be made for the major crop of the United States, our corn crop, which depends so largely for its maintenance and expansion on a foreign market.

AMENDMENT INTENDED TO BE PROPOSED BY MR. GILLETTE TO THE BILL (S. 1209) TO AMEND THE ECONOMIC COOPERATION ACT OF 1948

On page 4, line 22, strike out the period and insert a semicolon and the following: "and by adding at the end thereof the following new sentence: 'The amounts of corn and corn grits, corn meal, and corn flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States corn used to produce the corn grits, corn meal, and corn flour procured in the United States for transfer by grant to such countries under this title shall not be less than 15 percent of the aggregate of the unprocessed corn and corn in the form of corn grits, corn meal, and corn flour procured in the United States for transfer by grant to such countries under this title.'"

Mr. PEPPER. Mr. President, I have great sympathy for the objective which the able Senator from Louisiana has in mind in offering this amendment. The record of the Committee on Foreign Relations will show that the Senator from Wisconsin [Mr. WILEY] and I both presented to the committee something of the same point of view which has been expressed here today so ably by the distinguished Senator from Louisiana. But after hearing from Mr. Hoffman and his representative, and after the committee made inquiry into the possibility and the desirability of doing what the Senator from Louisiana has in mind, the Senator from Wisconsin, I think I might say, and I came to the conclusion that a better course was to do what the Senate Committee on Foreign Relations did regarding this matter in its report to the Senate.

The Senator from Louisiana obviously has in mind that these counterpart funds, to the extent of 25 percent or more, could be used for acquiring for our country strategic and critical materials from the beneficiary countries without any detriment to the economies of those countries which we are striving by the pending measure to put upon a recovered basis. Yet the experts who had special knowledge of the subject told us it was not possible. That is to say, they told us that if we used any appreciable amount of counterpart funds for the acquisition of strategic and critical materials, the net and practical effect of such action would be to diminish the aid and assistance we are giving the beneficiary countries in endeavoring to overcome their shortage of dollars, for the reason that they propose to use these strategic and critical materials in acquiring dollars from this country partially to overcome their dollar deficits. So if we acquire these strategic and critical materials with their counterpart funds, their own currencies, they will have that much



less effective means by which they may obtain dollars in the ordinary way from us.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. ELLENDER. As I understand the Senator, for all the critical materials the United States needs and which can be furnished by the ECA countries, he is suggesting that we appropriate extra dollars, that is dollars in excess of those we are now making available to those countries we are assisting?

Mr. PEPPER. It comes down substantially to that. To my surprise and, frankly, to my regret, I made the discovery by the inquiry conducted in the committee, that the Senator's amendment amounts, in practical effect, to the reduction of the number of dollars we propose to make available to the beneficiary countries. I am glad, of course, to note that the Senator from Massachusetts [Mr. LODGE] is upon the floor, because in committee we adopted an amendment proposed by the Senator from Massachusetts which makes greater progress in this direction than has been made in the past. He is better qualified to tell just what his amendment will do than am I. So I should like to defer to a statement from the Senator from Massachusetts before concluding my own upon the subject.

Mr. LODGE. Mr. President, will the Senator permit me to ask him a question?

Mr. PEPPER. I yield.

Mr. LODGE. Is it not true that if we increase the amount which has to be earmarked from the counterpart fund we necessitate an increased dollar authorization if the over-all authorization is to have its intended effect?

Mr. PEPPER. Exactly. That is what we discovered in the committee, as I said, to the surprise and to the regret of the Senator from Florida. I had hoped we might be able to acquire, through the use of counterpart funds, a larger quantity of critical and strategic materials, but we were told in the committee that almost exactly to the extent we required the use of counterpart funds for the acquisition of such critical and strategic materials, as a practical matter we would reduce the dollar aid we are giving to the various countries by that amount.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. ELLENDER. The Senator does not mean to say that my amendment would bring about a reduction in dollar aid that is authorized in the pending bill?

Mr. PEPPER. Of course, we propose to acquire strategic and critical materials from the participating countries, and they propose to sell them to us. In fact, such contemplated sales have already entered into their calculation in the advice given us as to the amount of their dollar deficits. So we expect to receive the critical and strategic materials. But if we buy them with the currency in the form of counterpart funds that means the western European countries

will receive in the future that much less dollar remuneration from us for such expected sales.

Mr. ELLENDER. The Senator is aware of the fact that under the language of the bill, particularly paragraphs (h) and (i-2) of section 10, the 25 percent minimum could be advanced to the nationals of an ECA country to develop strategic materials for future delivery, and if and when they become available, then the advance as well as any balance remaining could be used to pay for such materials?

Mr. PEPPER. I may point out to the Senator from Louisiana that I am afraid he has not given full weight to the language in the present law which would allow, as I interpret it, the use of any part of the counterpart funds for just such purposes. Let me call the attention of the Senator to the language in the present law. I am reading now from section 115 (b) (6), somewhat down in the subsection. These are the uses to which the counterpart funds may be put—and I am reading from the law:

For the stimulation of productive activity and the exploration for and development of new sources of wealth.

Undoubtedly, under that section the counterpart funds of any beneficiary country could be used to the extent they might deem desirable for the stimulation of productive activity and the exploration for and development of new sources of wealth, and that would include the exploration for and the development of necessary strategic and critical materials.

Mr. ELLENDER. Mr. President, will the Senator yield further?

Mr. PEPPER. I yield.

Mr. ELLENDER. I am aware of those provisions of the law. The point I am trying to make is that not more than 5 percent of those funds can be used by us to acquire such materials unless we can obtain the consent of the beneficiary nation.

I know that the counterpart funds can be used for development, but the unfortunate thing is that very little of them have been used for that purpose. As I indicated to the Senate Saturday, and as I said today, \$672,000,000 of the counterpart funds have been released. And this is the way the money has been used—

Mr. PEPPER. Yes; I heard the Senator make the statement.

Mr. ELLENDER. Four hundred and forty-six million dollars for debt retirement—later figures show \$539,000,000 used for debt retirement. One hundred and seventy-two million dollars for reconstruction and rehabilitation. Forty-one million dollars for development of strategic and critical materials.

Mr. PEPPER. Mr. President, I venture to reply to the able Senator from Louisiana that there must have been some reason why a larger part of the counterpart funds was not used for the acquisition of the strategic and critical materials. Let me call the Senator's attention to the fact that it is not the law which limits the amount of the counterpart funds which may be so used. The law says that not less than 5 percent

of such counterpart funds may be used. But it does not limit the percentage of the counterpart funds to 5 percent. It is a fact that the Administrator, out of his knowledge of the subject, has entered into bilateral agreements with the beneficiary countries that only 5 percent of the counterpart funds shall be employed for the advantage of the United States, but that is not a limitation in the law. That is a limitation in the agreement entered into between the beneficiary countries and the Administrator, and the Administrator satisfied the committee of the wisdom of his action in entering into those agreements.

Mr. President, as I said, the Senator from Massachusetts has offered an amendment, which is summarized on page 15 of the committee report:

Paragraph 1 emphasizes the Administrator's obligation to make use of his bargaining power to increase the production of materials, and to assist other agencies of the Government in purchasing materials.

Paragraph 2 authorizes the Administrator, with the approval of the Bureau of Federal Supply, and within the limits of the appropriations available to the Bureau of Federal Supply, to enter into contracts for periods as long as 20 years for the purchase of materials.

Paragraph 3 makes it clear that this authority does not in any way restrict the other agencies of the United States Government from stimulating production or purchasing materials in other parts of the world.

I am sure the able Senator from Massachusetts will perhaps desire to say something further about his own amendment.

About all I can add, Mr. President, is that the subject has been carefully studied and several of us on the committee had the objective in mind. The Senator from Louisiana has presented to the Senate the fact that due inquiry was made of the Administrator and his assistant. Having in mind the objectives of this measure, we became convinced that the Senator's amendment did not provide the best way to accomplish what the able Senator from Louisiana has in mind. The Lodge amendment makes more progress than the others make in that direction. Circumstances in the future, next year or the year after, may lead the Administrator to find and to feel that we can use a larger percentage of the counterpart funds for this purpose than we are presently using. But when he does so conclude, there is ample latitude in the law for him to do that, because he is limited only by the language which says not less than 5 percent; but there is no limitation which forbids him from using more than 5 percent if administratively it is deemed necessary and desirable to do so.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. ELLENDER. Is it not a fact that in order to be able to spend more than the 5-percent minimum of the funds to acquire materials for our country it would be necessary to obtain the consent of the beneficiary country, which has a right to the use of this counterpart fund?



Mr. PEPPER. Of course, this is a mutual transaction. However, our consent is also required to any agreement which may be entered into. This is a matter of negotiation. As I say, there is nothing in the law to prevent the parties, by negotiation and agreement, from accomplishing what the Senator from Louisiana has in mind as soon as our ablest and best-informed representatives may discover it feasible to do so.

Mr. ELLENDER. Provided the beneficiary country agrees to it, and provided there is any money remaining in the counterpart fund.

Mr. PEPPER. I think it would be within the power of the beneficiary country to disagree; but if it could be shown that it was feasible and was not inconsistent with the purposes of the act, it is difficult for me to imagine that there would be any objection on the part of the beneficiary country.

Mr. KEM obtained the floor.

Mr. LODGE. Mr. President, will the Senator yield to me for a brief statement?

Mr. KEM. Mr. President, I ask unanimous consent that I may be permitted to yield to the Senator from Massachusetts for a brief statement, without losing the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LODGE. I thank the Senator from Missouri.

Mr. President, I desire to comment on the amendment of the Senator from Louisiana, and to read into the RECORD three or four excerpts from the hearings which I think will elucidate the subject.

When the committee began considering this subject I was a very strong and enthusiastic partisan of the objective which the Senator from Louisiana suggests, and I still am. I well remember that the Senator from Florida [Mr. PEPPER] was also an enthusiastic advocate of what the Senator from Louisiana is trying to accomplish. However, we discovered as we went into the subject that the method suggested in this amendment is not the practical way to get the result which we all wish to achieve.

I should like to read three excerpts from the hearings. The first is on page 68. I asked Mr. Hoffman a question.

Senator LODGE. My next question is this: As brought out in the OEEC's interim report, the participating countries stress the importance of manufacturing which includes the use and fabrication of raw materials, largely strategic materials, of which there is a world-wide shortage. Should not emphasis then be placed by ECA on development of new sources of these materials within the participating countries and in their overseas possessions?

Mr. HOFFMAN. There certainly should be, sir, and we intend to put that emphasis on the program this year.

Senator LODGE. In that case would you object, and if so, why, to a requirement that loans made by ECA participating countries be repaid in whole or in part with strategic materials to be obtained from increases over present production?

Mr. HOFFMAN. That question was up and battled over this year. I took the position—and several members of ECA do not agree with me—that that provision would delay our getting strategic materials until we reach

that point where the loans were about to be repaid, which is about 4 or 5 years from now. The first payment, I think, is 5 years from the date the loan is made.

I felt the time we most needed our strategic materials was in the immediate future for stock piling. I did not want to see the obligation that I feel these countries have to us and to themselves to help build up their security discharged by that kind of a stipulation, which to my way of thinking we deferred.

As a practical matter I am quite confident that we did get, and will get, much more in the way of delivery of strategic materials in the next 2 or 3 years with that clause out than with that clause in.

I should like to read next a statement by Mr. Bruce, the Deputy Administrator. This statement is found on page 237. He was discussing strategic materials in French colonies.

We got interested in it first, of course, because of the very wise insistence by Congress on the development and the bringing to the United States of any strategic or other scarce materials which might be available. As you all know, I think, the presence of materials of that nature in the French Union does not amount to any significant amounts nor are they distributed amongst nor are there present a surplus of any so-called strategic materials which are of immediate value to us.

Next I go to page 332. This is also the statement of Mr. Bruce:

Mr. BRUCE. In the enabling act, you have assigned to us, as I pick them out, five responsibilities. One to see to it that participating countries facilitate the transfer to this country of strategic materials for stock piling and other purposes. At the end of that paragraph, you say:

"After due regard for reasonable requirements for domestic use and commercial export."

Under that paragraph we have purchased some \$23,000,000 or \$24,000,000 worth of strategic materials, mostly in spot materials.

We are pretty close to closing another, say, \$16,000,000 that will bring us up around \$40,000,000, all from our counterpart funds, which, incidentally, is about the amount of counterpart accrued to the end of December in the three principal countries concerned.

In these programs, some of the items fade away. On the other hand, I think during the coming year a good many will take their place. I am rather optimistic that our actual purchases out of the 5-percent counterpart fund will increase.

The next assignment is that the participating countries agree to promote increased production and upon request to negotiate a schedule of future minimum availability to this country, for future delivery, in agreed percentages, of production, or absolute quantities. We have opened negotiations on that point. Mr. Harriman expects to have assign in the next few days a man we all think is the most competent fellow for this kind of negotiation we could lay our hands on.

Generally speaking, I do not think this negotiation is going to result in anything much except generalities—

This is the important point—

until we are in a position to negotiate long-term contracts. When you sit down to negotiate a contract, you can stipulate that 20 or 30 or 40 percent of this material for a term of years shall be delivered to us at our wish. In other words, that we should have an option to draw on this production. But we are in a period, particularly in the ECA countries, where the general industrial recovery has run away ahead of the in-

creased production of these strategic materials; so the demands or the shortage of supplies have gone up pretty rapidly.

Mr. ELLENDER. Mr. President, will the Senator yield for a question?

Mr. LODGE. I yield.

Mr. ELLENDER. Under my amendment, is it not a fact that not only is the 25-percent minimum set aside for the purchase for our account of strategic materials and for our local currency requirements, but it is provided in subparagraph 2 of paragraph (i), at the bottom of page 8, that the funds can be used to make advances for the development of such materials? I quote:

In furtherance of such objectives and within the limits of the appropriations and contract authorizations of the Bureau of Federal Supply to procure strategic and critical materials—

And I add at the top of page 9, after the word "materials"—

plus amounts allocated in accordance with subsection (h), the Administrator, with the approval of the Director of such Bureau, shall enter into contracts in the name of the United States, etc.

In other words, the Bureau of Federal Supply can use not only the cash which Congress appropriates, but it can co-operate with the Administrator of ECA, with a view to making contracts over a definite period, but not to exceed 20 years, which is the very thing the Senator is now talking about.

Mr. LODGE. That is correct. I intend to come to that point in a moment.

Mr. ELLENDER. That would be an assistance to the Director of the Bureau of Federal Supply and not a deterrent, would it not?

Mr. LODGE. It would not be any assistance to the Administrator to require him to earmark 25 percent of the counterpart funds unless we increase the authorization for ECA by that amount. If we do that, that has the ultimate effect of appropriating an extra sum of dollars. That is the weakness in the proposal.

Mr. ELLENDER. But the Senator concedes, does he not, that this amendment does not in any manner reduce the amount of dollars which are authorized for the recovery of those countries?

Mr. LODGE. Yes. In effect it sets aside a percentage of the counterpart funds, which, in effect, is setting aside dollars which would be used for other purposes. The money would be used to help those countries close their dollar gap, if it were not used for this purpose.

Mr. ELLENDER. Mr. President, will the Senator further yield?

Mr. LODGE. I should like to place in the RECORD certain excerpts from the hearings, if I may, but I will yield.

Mr. ELLENDER. Does the Senator agree that the counterpart fund should be used to discharge the debts and pay the current expenses of the governments of the beneficiary countries?

Mr. LODGE. I think the counterpart funds should be used in order to get those countries on a healthy financial basis. I am unable to go into details as to the national debt and the currencies of those countries; but certainly they have a bearing on the subject.



I should like to conclude placing in the RECORD this excerpt from Mr. Bruce's statement:

We could not very well go much further than we have gone without destroying what is the major object of the program, without pulling down the economy of these countries.

If I may interpolate, Mr. Bruce makes the statement which I have been trying to make, that if they had gone any further in using counterpart funds for this purpose, it would have pulled down the economy of those countries.

The final outcome of this, of course, is to increase the world-wide production of these materials; and to do that, you simply have to make long-term contracts. We can negotiate with the Government, but when you get down to do business, in the wind up you will be negotiating with some privately owned production; and in many instances our own nationals are stock owners or part owners of it.

Then on page 334:

If we are backed up by somebody with some real money and prepared to make long-time contracts, I think much more can be done. Say that we will be the sales agent, the exploring agent, for such a body. Of course, if you gentlemen say so, we can take it over; but we are a young organization; we are going out of existence in 3½ years.

Then on page 335:

Senator LODGE. Do not answer this if it ought not to be answered on the record, but if you can answer it, I think it would be interesting to the public. Have you made any agreements that extend for a greater period of time than the act?

Mr. BRUCE. I am thinking of one that is not finally signed by the European party to the contract. It has been agreed to at this end. It is one in which we would carry on our option for 10 years, I think.

Senator LODGE. You have not been hampered by lack of legal authority to go ahead and make long-term commitments, have you?

#### RESTRICTION TO USE OF ONLY COUNTERPART FUNDS

Mr. BRUCE. No; we are hampered by not having the dollars. We are more hampered by that than anything else.

Senator LODGE. As the law now stands, and I want to get it clear, you can use counterpart funds, but you cannot use dollars. Is that it?

Mr. BRUCE. Yes; for purchasing.

In other words, they have the power now which is suggested by the amendment of the Senator from Louisiana.

Then:

Senator LODGE. Could you have made some advantageous deals for the United States if the law had given you the power to pay in dollars? Some deals that you missed that you could have made otherwise.

Mr. BRUCE. I think so.

And then I said to him:

I would appreciate very much if you could have someone in your office draft some language that you could offer as an amendment to this bill, which would make it possible for you to do just that.

Mr. President, the upshot of all that was—and the committee spent a great many hours, extending over seven or eight daily meetings, on this matter—that we came to the conclusion that we did not wish to promote the strategic materials objective at the expense of the economic recovery of the countries, be-

cause obviously that would be to defeat the whole purpose of the bill, which is to get them on their feet and off our backs.

On the other hand, we want to get strategic materials for the United States, in order to replenish our own dwindling stocks; and we want to do so without incurring a greater burden upon the Treasury of the United States.

So we ended up with paragraphs (1), (2), and (3) on pages 8 and 9, in which we give the Administrator, Mr. Hoffman, the power to make these contracts in the name of the United States Government, in pursuance of the regularly established list of the Munitions Board, with the right to make contracts for as long as 20 years, using the already appropriated funds for that purpose.

The House of Representatives Appropriations Committee has reported a bill for a large sum of money—I do not have the precise figures now, but it is somewhere around \$600,000,000, in appropriations and contract authorizations for strategic materials. We take advantage of the fact that we have an extremely able Administrator in Mr. Hoffman, and that he has an extremely able team of men all over the world; and we also take advantage of the fact that he is in an unusually strategic bargaining position; and we put him behind the already duly enacted strategic materials policy of the Congress, using the appropriations that are being made to carry out the law. It seems to me that is an intelligent, practical way to go at the matter, and it fits Mr. Hoffman right into the existing structure.

Mr. WHERRY and Mr. ELLENDER addressed the Chair.

Mr. LODGE. I yield first to the Senator from Nebraska, and then to the Senator from Louisiana.

Mr. WHERRY. I thank the distinguished Senator.

Mr. President, I know how interested the Senator is in this particular phase of the ECA bill, which provides for the purchase and production of strategic materials for our own country. I am in total agreement with the statement he has made about the Administrator. If he were continued as the head of ECA, no doubt—at least in the opinion of the Senator from Massachusetts and, I think, in the opinion of most other Senators—the new provisions written into paragraph (i) (1), on page eight, relative to the purchase and production of strategic materials, might be administered in a practical way.

But I wish to submit a question to the distinguished Senator from Massachusetts. Let us say that Mr. Hoffman were no longer the ECA Administrator, for life is uncertain, and we cannot tell what will happen in the future. I wish to ask the distinguished Senator from Massachusetts about the language of paragraph (1), under subsection (i), on page 8, reading as follows:

(1) (1) The Administrator shall, to the greatest extent practicable, without detriment to the European recovery program, initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials

which are required by the United States as a result of deficiencies or potential deficiencies in its own resources.

I ask the distinguished Senator from Massachusetts if he believes that under such broad language it would be possible for an administrator to use Government agencies not only to go into the home lands of the participating countries but also into their colonial possessions, and there plow new dirt, so to speak, to bring into production certain projects which had not even been thought of prior to the war; and yet using our own money, to help them do that prospecting to produce the very products which might in the mind of the Administrator constitute potential deficiencies, he could, as a result, have them shipped into dollar areas where they would come into direct competition with commodities being handled by American nationals, who are prohibited from bringing in production from the same fields.

Mr. LODGE. Mr. President, the Senator from Nebraska raises three or four points. I shall attempt to answer them in the order in which he raised them.

In the first place, the present Administrator will continue for only 3 or 4 years more; in other words, he is a temporary official. So there is no question about there being an ECA Administrator with these powers afterward. The Bureau of Federal Supply is a permanent agency of the Government, and is the operating agency for our stock-piling policy. The Senator asks whether this provision will make it possible for projects to be initiated in colonial areas. The answer is "Yes."

Mr. WHERRY. At any place?

Mr. LODGE. At any place which comes within the ECA program, because this provision does not include countries which are not in the ECA program. In my opinion, we should get into the colonies. There are undoubtedly in the Congo, and elsewhere in Africa, strategic materials which are very precious, and which we need very badly; so I think we should get into the colonies.

There is the possibility, as the Senator from Nebraska says—and I am going to meet the question head on—that a shortage might develop in this country of something which is not strategic today, but which obviously might be vital at a later time. The Senator asks whether under this act the Administrator could react in the way indicated in that kind of an emergency. The answer is that he could. Of course, like all powers, in the hands of a bad man it might be unsatisfactory; but I myself think it is wise to have that power in this measure.

Mr. WHERRY. Mr. President, will the Senator yield at that point?

Mr. LODGE. I yield.

Mr. WHERRY. Does this new provision comply with the original objectives of the act, as passed in 1948?

Mr. LODGE. Yes. I have asked Dr. Wilcox to get me a copy of the act.

Mr. WHERRY. I quote from the declaration of policy in the 1948 act:

*Provided, That no assistance to the participating countries herein contemplated shall*



seriously impair the economic stability of the United States.

(b) It is the purpose of this title to effectuate the policy set forth in subsection (a) of this section by furnishing material and financial assistance to the participating countries in such a manner as to aid them, through their own individual and concerted efforts, to become independent of extraordinary outside economic assistance within the period of operations under this title.

And then it sets forth the procedures by which that might be accomplished.

I do not find there one word which would indicate the slightest intention of having this country evolve a financial plan for the development of a world-wide industrial expansion, let us say, in petroleum for the participating countries, or to finance the development of their colonial possessions or the development of new industrial enterprises in foreign countries or in any countries except the participating countries themselves.

Mr. LODGE. Will the Senator ask me one question at a time?

Mr. WHERRY. That is one question.

Mr. LODGE. Very well.

Mr. WHERRY. The first question is, Does not the new section violate the very fundamental objectives of the act?

Mr. LODGE. No.

Mr. WHERRY. Secondly—

Mr. LODGE. The Senator asks me that one question, Does not this violate the act?

Mr. WHERRY. Yes.

Mr. LODGE. I may say to the Senator in reply, no; it is the language of the act. I shall read the language of the act. According to page 17 of the Economic Cooperation Act of 1948, section 115, paragraph (b)—section 5, the agreement shall provide for the adherence of any such country, for the purposes of this title, and shall, where applicable, make appropriate provision, among other things—subsection 5—for—

(5) facilitating the transfer to the United States by sale, exchange, barter, or otherwise for stock-piling or other purposes, for such period of time as may be agreed to and upon reasonable terms and in reasonable quantities, of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources, and which may be available in such participating country after due regard for reasonable requirements for domestic use and commercial export of such country;

Further, on page 17 appears this language about the special account:

Such special account, together with the unencumbered portions of any deposits which may have been made by such country pursuant to section 6 of the joint resolution providing for relief assistance to the people of countries devastated by war \* \* \* shall be held or used within such country for such purposes as may be agreed to between such country and the Administrator in consultation with the National Advisory Council on International Monetary and Financial Problems and the Public Advisory Board provided for in section 107 (a) for purposes of internal monetary and financial stabilization, for the stimulation—

Mr. President, this is the pertinent part—

for the stimulation of productive activity and the exploration for and development of

new sources of wealth, or for such other expenditures as may be consistent with the purposes of this title.

The language of the pending bill does not go so far as the act does in that respect. I have been reading from the existing law which was enacted by the Congress. It has been in effect, it has been on the books, for a long time, and does not seem to have done any harm.

Mr. WHERRY. But—

Mr. LODGE. Just a moment. Let me refer to paragraph 117 (a), reading as follows:

SEC. 117. (a) The Administrator, in furtherance of the purposes of section 115 (b) (5), and in agreement with a participating country, shall, whenever practicable, promote, by means of funds made available for the purposes of this title, an increase in the production in such participating country of materials which are required by the United States as a result of deficiencies or potential deficiencies in the resources within the United States.

It seems to me that is a complete answer to the Senator's question.

Mr. WHERRY. But that promotion, which is really confined to purchase or barter trade primarily is done in accordance with the provisions of the particular title of the act. If the word "promotion" means we can depart from promotion within the participating countries, and undertake it in all parts of the world—

Mr. LODGE. No.

Mr. WHERRY. That seems to me to expand the provisions of the act itself.

Mr. LODGE. There is no question of undertaking it in all parts of the world. The language of the bill applies only to the ECA countries. There is no extension of the area of deliveries in the act.

Mr. WHERRY. Mr. President, will the Senator yield for another question?

Mr. LODGE. I yield.

Mr. WHERRY. The reason I ask the question, and the reason I am primarily interested is because of the report issued by the United Kingdom on the European Recovery Program, released on February 29. At page 76 the report states:

Total investment in petroleum development during 1949-50 will be about \$500,000,000, nearly \$400,000,000 of which will be for expenditures on overseas production, maintenance, and new construction, and \$100,000,000 to \$120,000,000 of which will go toward expanding refinery capacity in the United Kingdom itself.

One large new refinery is planned in the South of England, and the capacity of a number of existing installations is to be expanded considerably. The substantial overseas investment involves projects—

Please note this particularly—

to increase the production of refineries in the Middle East, the Caribbean, and in Holland—

Mr. President, I cannot have the Senator's attention when he is talking to someone else.

Mr. LODGE. I was obtaining the information for the Senator, so I could give him an intelligent answer.

Mr. WHERRY. I appreciate that.

Mr. LODGE. The Senator from Nebraska knows that is perfectly proper and entirely customary. I was trying not to waste time. I was asking Mr. Wood whether it is not true that this petroleum activity was included under the general

provisions of the ECA Act, rather than under the provision relating to strategic materials, and whether it is necessary to have a strategic materials authorization to do this.

Mr. WHERRY. But if petroleum becomes potentially deficient in the United States, then I say it is a strategic material.

Mr. LODGE. Indeed it would be, and we ought to get it on that basis.

Mr. WHERRY. That is the only reason at all that I can see to justify the Senator in his position.

Mr. LODGE. If we have an oil shortage in this country, does not the Senator think we ought to develop oil somewhere else? Will the Senator answer my question? I have been answering his.

Mr. WHERRY. Yes. I think before we go any place else, the safest place in the world to develop the oil industry, if we are going to develop any, is within the United States.

Mr. LODGE. The Senator has evaded my question.

Mr. WHERRY. I thought I answered it.

Mr. LODGE. The Senator did not answer it at all.

Mr. WHERRY. Wherein did I fail to answer it?

Mr. LODGE. I asked the Senator whether in the event of an oil shortage in America, we should not try to get the oil somewhere else, rather than let it stop there?

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LODGE. Yes. I tried to get an answer.

Mr. WHERRY. I cannot answer the Senator's question, unless he will yield. There is a rule that, unless I obtain unanimous consent—

Mr. LODGE. I always yield. The Senator knows that.

Mr. WHERRY. Mr. President, will the Senator permit me to answer?

Mr. LODGE. Yes. I am trying to get an answer from the Senator.

Mr. WHERRY. Very well, Mr. President, certainly if the oil supply of this country should become deficient and there should be a war, oil would then become a strategic material. There can be no doubt about that. But at this time 600,000 barrels of oil are coming into this country each day, and the price of oil has declined 20 percent within the past few weeks. What I am asking is this: On the theory that oil is a strategic material, in the event of war, if an administrator can say that there is a potential deficiency, does the Senator believe that the bill provides that the United States, in order to obtain the production of oil, may finance wildcatting in the Caribbean or Holland, or in any or all the other beneficiary countries and their possessions and put into the oil business the nationals of other countries in order that they may be able to ship the oil back into the dollar areas where it would come into direct competition with oil developed by the producers of oil in this country?

Mr. LODGE. Frankly, I think the Senator is seeing spooks.

Mr. WHERRY. Well—



Mr. LODGE. Wait a minute, please; let me answer. There is nothing in the language that requires the Administrator to do it. If an emergency situation should arise, and it should be desirable to do that, the Administrator could do it under the existing law, anyway. This bill does not add anything in that respect to that which is in the law already. That is the short answer.

Mr. WHERRY. That is the answer I have been trying to get, because I wanted the RECORD to show.

Mr. LODGE. That is right.

Mr. WHERRY. I wanted the RECORD to show that in the mind of the distinguished Senator from Massachusetts the language found on page 8, section 10, subparagraph (i) does not expand the present objectives of the act now in force.

Mr. LODGE. I may reassure the Senator on that point, speaking as one Senator who is interested in the matter, that that was not the purpose of it. It is not my anticipation that the law would be used that way. It is my anticipation that this language would be used to get the strategic and critical materials in the normal acceptance of the term.

Mr. WHERRY. Mr. President, will the Senator yield, please, for one more question?

Mr. LODGE. Yes, indeed.

Mr. WHERRY. While we can all agree with the Senator's interpretation as to the intent of the bill, could it not be interpreted by an Administrator who did not possess the same practical ability as that of the present Administrator, to include an over-all program whereby the petroleum industry could be developed along the lines I mentioned a moment ago?

Mr. LODGE. I do not think it is necessary to have this new language in order to do it. The Administrator has recently approved the establishment of a watch and clock factory in Scotland. He could just as well approve the establishment of an oil refinery.

Mr. WHERRY. Mr. President, will the Senator yield for a further question?

Mr. LODGE. I yield.

Mr. WHERRY. Why does the Senator want this language if he already has what he wants?

Mr. LODGE. Because I am not interested in refineries or watch and clock factories in connection with this particular language; I am interested in obtaining strategic materials to replenish our depleted resources. The provisions of the existing law have been inadequate in that respect. Therefore we want to put this language in so that we can get those strategic materials. That is the burden of my song.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. LODGE. I yield. I should like to inquire what it is from which the Senator is reading.

Mr. WHERRY. I am reading from a paper. Does the Senator wish to see it?

Mr. LODGE. I was wondering whether it was a study of some development—

Mr. WHERRY. I shall be glad to show the Senator anything I have.

Mr. LODGE. That is good.

Mr. WHERRY. I think the language goes further than the Senator thinks it does.

Mr. LODGE. I should be very much worried if the language should not be enacted into law, because I think it is the best hope we have of getting some of the materials which we shall need if we ever get into an international emergency.

Mr. WHERRY. In this report I find that an authentic trade paper carried an interview with the ECA in which it is stated that United States funds and know-how will be used to expedite the British Government's search for oil and other minerals in British colonial areas in Africa—

Mr. LODGE. Who says that?

Mr. WHERRY. Just a moment. I shall give the Senator the authority. One authority is the Platt's Oilgram News, dated February 24, 1949.

Mr. LODGE. What is that—an oil company?

Mr. WHERRY. It is a paper published in this country.

Mr. LODGE. Is it the organ of a private oil company?

Mr. WHERRY. It is a newspaper published for the benefit of oilmen and other interested citizens of the United States. I do not own any share in it.

Mr. LODGE. I did not think the Senator did. Does the Senator think an oil company would have an entirely disinterested view on a question such as this?

Mr. WHERRY. I think a newspaper, whether owned by the Government, by the oil companies, or disinterested citizens, can raise questions which should be answered.

Mr. LODGE. I do not think it is an utterly dependable guide to the national welfare of the United States, so far as the conservation of vital, strategic materials is concerned.

Mr. WHERRY. It might be a very good guide if this problem should confront it.

Mr. LODGE. Has the Senator seen the statement of Secretary Krug and the statement of former Secretary Ickes to the effect that, as a result of depletion of our oil resources, the United States will never again be able to have the necessary oil to conduct a war in the tragic event that another war should be forced on us?

Mr. WHERRY. I have seen that statement in the Small Business Committee. All sorts of evidence has been produced to show that we shall never get increased oil supplies in this country if we ship our oil all over the world and do not provide any for the United States of America. We need 60,000 oil wells in this country at this particular time.

Mr. LODGE. Does the Senator think that the proper way to conserve the oil of the United States is to pump it all out of the ground and send it all over the world?

Mr. WHERRY. Unless we continue to increase the supply in this country, our source of oil will dry up.

Mr. LODGE. This is a very interesting discussion, but I think it really has practically nothing to do with the amendment. I see that many Senators are be-

ginning to listen to us in this colloquy, and I want to hasten to reassure them that the amendment does not add to or detract from the situation created by existing law insofar as oil is concerned.

Mr. WHERRY. Will the Senator yield further?

Mr. LODGE. I wanted to yield to the Senator from Louisiana [Mr. ELLENDER].

Mr. WHERRY. But the Senator quoted from page 8 of the bill. I agree with much of what the Senator said about strategic materials, but I should like an answer to my question, which is this: Are we justified in going beyond the objectives of the original act to provide money to plow new dirt in new oil fields—

Mr. LODGE. The Senator absolutely refuses to listen to what I tell him. This is not new language. It does not go beyond the law. I have read the language already, and I shall not read it again, because I do not want to waste the time of the Senate. I hope the Senator will read it tomorrow. It is entirely within the purview of the law which has been on the books since last year and to which the Senator has not objected and to which even Platt's Oilgram News has not objected, so far as I know.

Mr. WHERRY. It can be done, according to the Senator's own testimony—

Mr. LODGE. Under existing law.

Mr. WHERRY. And it can be done under the new law?

Mr. LODGE. The proposed new law in this respect is a repetition of the old law. There is no use in going over this weary round of argument again.

I have tried to make it clear to the Senator from Nebraska, but I seem to have failed to convince him. I yield to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I should like to ask a question. In view of the language in paragraph (i), page 8, of the bill, reading partly as follows:

The Administrator shall to the greatest extent practicable, without detriment to the European recovery program, initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States, etc.

Is it the Senator's understanding that the counterpart fund is to be used to expand existing facilities or to establish new facilities to develop strategic materials?

Mr. LODGE. It could be, up to 5 percent.

Mr. ELLENDER. Is that all?

Mr. LODGE. Oh, no.

Mr. ELLENDER. I understand that the 5 percent minimum provided for is to purchase strategic materials for our account and not for development purposes. It is stated very plainly in the bill that—

Not less than 5 percent of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required, etc.

In other words, it is for the purchase of strategic materials that the 5 percent



minimum has been earmarked. The act states that not less than 5 percent of the counterpart fund can be used to purchase materials. But, under paragraph (i), as I understand, the Administrator is given authority to expand existing facilities and to create new facilities in order to obtain strategic materials. The counterpart fund is to be used for that purpose, but none of it is to be used to purchase materials for our account except the 5 percent provided for in section 10, page 8, beginning with line 3. Am I correct in that statement?

Mr. LODGE. It is my understanding that a hundred percent of the counterpart fund can be used for development.

Mr. ELLENDER. The Senator is in error. Not less than 5 percent is earmarked to make purchases for our account and for other local currency requirements of the United States.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. LODGE. I yield to the Senator from Florida.

Mr. PEPPER. Mr. President, a while ago I called the attention of the able Senator from Louisiana to the fact that the pending bill, reported by the committee, provides that—

Not less than 5 percent of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.

It is not less than 5 percent; but the Administrator is not limited to 5 percent in the amount that might be so employed. It is subject to agreement between the beneficiary country and the United States Government.

Mr. ELLENDER. In answer to the distinguished Senator from Florida [Mr. PEPPER] I understand that the present law states "not less than 5 percent" of the counterpart funds shall be used for the purchase of strategic materials. That is a minimum, a safeguard, which was placed in the original ECA appropriation in order to assure our taxpayers that a very small proportion of these huge sums would be returned to us in the form of strategic materials. All I am seeking is to increase that minimum to 25 percent. The Senator correctly states that the government of the participating country and our Government could, by agreement, increase that percentage. But why should we leave this important matter to future agreement between our Government and the beneficiary government? If the beneficiary government disagrees, what then? Now is the time to increase that minimum, not next year or the year after. I fear that if we do not strengthen the hand of the Administrator in this matter of acquiring strategic materials with some of the counterpart funds, there will be little, if any, counterpart funds left over with which to negotiate judging from the rate they are being expended to reduce the national debts of certain ERP countries.

Mr. President, I shall endeavor to set at rest the fear of the distinguished Senator from Florida [Mr. PEPPER] with regard to the possibility that my amendment would result in less United States dollars being available to the participating countries. My distinguished friend and colleague has in mind, I am sure, that under my amendment this 25 percent of the counterpart funds must be spent this year, or in the immediate future, for strategic materials to be shipped to our country. That is not what my amendment contemplates. I realize that if counterpart funds are used to purchase materials which have been programed for production and sale to the United States Government for United States dollars between now and 1952, it will necessarily mean less United States dollars available in those countries than is now contemplated. But my amendment provides that these counterpart funds can be used over a period of 20 years. It does not interfere with the present program. The purchases now contemplated can be carried out as planned. I am seeking to make it possible for our Government in future years to acquire, with this 25 percent fund, materials resulting from increased production, and as has been pointed out, such increased production could be obtained by expenditure of a portion of the remaining 75 percent of counterpart funds. As I have stated, this production to be acquired from the 25 percent fund need not be acquired immediately, or even within the next year or two. It may be acquired in later years, out of surplus production. Its purchase with counterpart funds would not in any way adversely affect the ordinary flow of American dollars to the participating country, or disrupt the internal economy of that country. On the other hand, the expenditure of this local currency will provide an additional internal source of revenue for the country in later years, when the economy of the Nation will no doubt require it.

Mr. President, I ask my distinguished friend from Massachusetts to yield further.

Mr. LODGE. I yield.

Mr. ELLENDER. Is it not a fact that as to the development referred to in subparagraph (i) page 8, beginning in line 10 the counterpart fund must be used for development purposes only and not for the purpose of acquiring for our country materials which we may need?

Mr. LODGE. My understanding is that a hundred percent of the counterpart funds can be used for development.

Mr. ELLENDER. For development; but both governments must agree to it. Under paragraph (h) 5 percent of that fund is set aside for our Government's use—

Mr. LODGE. For the purchase of materials.

Mr. ELLENDER. That is correct; not less than 5 percent. But, under paragraph (i) the Administrator is given the right to use the counterpart fund to boost the production of materials. In addition to that, under paragraph (i) 2 of section 10, in order that production may be increased, a contract can be en-

tered into through the Bureau of Federal Supply for a period of 20 years, which will require more dollars in order to acquire the materials.

Mr. LODGE. It does not require more dollars than the budget has already authorized.

Mr. ELLENDER. That is correct, but it requires dollars over and above the amount being made available under the pending bill for their acquisition by us.

Mr. LODGE. Exactly. I think that is the cleverness of the whole scheme. It takes the Administrator, with his hard-hitting organization and his bargaining position, and puts him into the existing strategic material policy of the Government.

Mr. ELLENDER. The cleverness of the whole scheme is that 95 percent of the counterpart fund is going to be used to build factories, if necessary to develop the economy of those nations, and to develop their mines, then we are going to have to use more dollars with which to buy the output of those factories and mines. And later on, under the Atlantic Pact, we will no doubt have to ship it back to them in the form of guns, airplanes, ammunition, and other implements of war.

Mr. LODGE. That possibility is implicit in the whole Marshall plan. This paragraph (i) does not do anything new in that respect. That has been the law ever since the ECA Act first became law. It does not add anything to it.

Mr. ELLENDER. I should like to ask the Senator what is meant by this language:

In furtherance of such objectives and within the limits of the appropriations and contract authorizations of the Bureau of Federal Supply to procure strategic and critical materials, the Administrator, with the approval of the Director of such Bureau, shall enter into contracts in the name of the United States for the account of such Bureau for the purchase of strategic and critical materials in any participating country.

Mr. LODGE. I can answer that question.

Mr. ELLENDER. Does not that mean that whatever we have now appropriated for account of the Bureau of Federal Supply, or whatever we appropriate in the future, may be used to buy strategic materials?

Mr. LODGE. Yes.

Mr. ELLENDER. As developed—

Mr. LODGE. By the Munitions Board.

Mr. ELLENDER. Not only by the Munitions Board.

Mr. LODGE. Hoffman does not originate the list. It is prepared by the duly constituted authorities of the Government set up by permanent law. He does not have to decide what are strategic materials.

Mr. ELLENDER. I understand that, but under paragraph (i), of section 10, as I have just pointed out, it is provided that the "Administrator shall" do what? That he shall "without detriment to the European recovery program, initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production," and so forth.



Is it not a fact that what is meant by that language is that the counterpart fund could be used by Mr. Hoffman with the consent of the beneficiary nation, to develop factories or to develop mines in that country? Then the Bureau of Supply comes into the picture and makes contracts, within its appropriation, for the purchase of strategic materials so developed.

Mr. LODGE. Let me give an illustration to show the purpose of paragraph (i). In a certain ECA country or colony there are tin deposits, let us say. Under paragraph (i) he can prod them and jostle them and get them started.

Mr. ELLENDER. What funds would be used for that purpose?

Mr. LODGE. He could use counterpart funds.

Mr. ELLENDER. Counterpart funds? Mr. LODGE. He could. Now let me make one remark as a basic statement.

The ECA from the very outset has carried within itself the possibility of building up competition with American industry. There is no question about that. That does not relate to just the oil business, but the watch and clock business, the textile business, all sorts of businesses. It carries within it that possibility. It is my hope that Mr. Hoffman is clever enough, now that these foreign countries are beginning to revive, to steer the revival in such a way that they will concentrate on articles we do not produce, and not try to undercut our American economy, which would be a great mistake from their standpoint as well as from ours. That, as a broad proposition, has always been true, and it is becoming a little more vivid now because the countries of Europe are becoming a little more prosperous. But there is nothing in paragraph (i) which adds anything to the power the Administrator has always had, to develop some economic plan which might be bad for some businesses in Louisiana or in Massachusetts.

Mr. PEPPER. Mr. President, will the Senator from Massachusetts permit a question?

Mr. LODGE. Certainly.

Mr. PEPPER. Should it not be noted, however, that in subparagraph (6) of section 115 (b), any use a beneficiary country might make of these counterpart funds for either of those purposes, that is, the stimulation or exploration of their natural resources, must nevertheless be agreed to by the representatives of the United States?

Mr. LODGE. There is that safeguard, which is a very real safeguard, and then, of course, there is the advisory council to which Mr. Hoffman refers everything, as I understand; so that it is not a question of American industry being shut out. There is a great deal of pressure on Mr. Hoffman all the time to see to it that he does not run the ECA in such a way as to kill the goose that lays the golden eggs.

Mr. President, what I have stated just about explains all I have to say on the amendment. I think it represents the most practical way of achieving the end which I know every Senator has in his heart, that is, building up the strategic

material stock piles for this country which have been so badly depleted.

I thank the Senator from Missouri. He has been very courteous, and I apologize to him for taking so much of his time.

Mr. MALONE. Mr. President, will the Senator from Missouri yield so that I may ask the Senator from Massachusetts a question?

Mr. KEM. I yield.

Mr. MALONE. In connection with the strategic materials and minerals which we will get, supposedly, with the 5 percent, it is assumed, in addition to all other aid we should grant a specific country, we should pay directly for the minerals, is it not?

Mr. LODGE. The price is not stipulated.

Mr. MALONE. We will pay for the minerals and materials we receive in addition to any other money we give outright to the country involved, will we not?

Mr. LODGE. No; that is not a payment to be made at the expense of the over-all authorization. There is a strategic material stock-pile appropriation bill which has been reported out by the House Committee on Appropriations, under a separate law.

Mr. MALONE. My question went to the point that we do pay specifically for the minerals, in addition to any other moneys we allot, or give, or lend, or whatever we may choose to call it at the moment, to the respective countries.

Mr. LODGE. The minerals are bought from the man who owns them, and they would be paid for in the currency of his country, it might be from counterpart funds. If so, of course, they would be eventual drains on the United States Treasury, because the whole counterpart fund represents a drain on the United States Treasury.

Mr. MALONE. We do pay directly for the minerals, in addition to any further money we give to the country for recovery, do we not?

Mr. LODGE. That statement standing by itself would not give a true picture, because if that were the fact, we probably would not get any materials at all, even if we did pay, because many of the countries simply have not the drive and the gumption necessary to promote development.

Mr. MALONE. If the Senator will yield further, of course we have no time to debate the question, but we have been receiving these minerals over a period of 50 years; and I do not agree with the Senator from Massachusetts that we would not get them if we established a principle of integrity of investments in those countries. Then private capital will take the business risks but they cannot take the risk of nationalization and socialization of their capital so the Government must advance the capital.

I will ask one further question, if the Senator will yield.

Mr. LODGE. I yield.

Mr. MALONE. Do we have provision in the Procurement Division of the United States Treasury for the purchase at this time of such materials from any source?

Mr. LODGE. We have. The President's 1950 budget carries an item for strategic materials, as follows:

First. For direct appropriation to the Bureau of Federal Supply, \$314,000,000.

Second. For contract authorization, \$211,000,000.

Total, \$525,000,000.

Mr. MALONE. All that information is very interesting to complete the record, but do we not have, and have we not had for many years, a Procurement Division in the United States Treasury which has full authority to contract for these materials anywhere it may find them, for a stock pile?

Mr. LODGE. I do not know.

Mr. MALONE. I thank the Senator.

Mr. LODGE. My opinion is that there is in the Treasury a Bureau of Federal Supply which is the operating agency to carry out the policies of the Munitions Board. That is my understanding of the way it works.

Mr. MALONE. For the information of the Senator, before we had a Munitions Board we had such a Procurement Division, and it has been active, although sometimes encroached upon by other departments of the Federal Government and other bureaus which we continually set up. But for the information of the Senator, we do have such a division, which can make such contracts with anyone, anywhere, for the materials we need for a stock pile.

Mr. LODGE. I will say to the Senator from Nevada that from all I hear it has not accomplished very much, because we are woefully lacking in a great many strategic materials which will be utterly vital to the welfare of our young manhood in uniform in case we have another conflict.

Mr. HICKENLOOPER. Mr. President, will the Senator yield on the very point the Senator from Nevada is raising?

Mr. MALONE. Mr. President, will the Senator yield to me for one more question?

Mr. HICKENLOOPER. The Senator from Nevada asked a question, and I thought I might suggest what the answer may be.

Mr. MALONE. I withdraw my request.

Mr. HICKENLOOPER. Will the Senator from Missouri yield?

Mr. KEM. I yield.

Mr. HICKENLOOPER. Is it not true that the procurement agency has only a limited period during which it can act? In other words, it must contract practically from appropriation to appropriation, or exhaust its already appropriated funds. It cannot contract on a long-range agreement to buy. The provision in question would encourage and sustain the productive industry in the countries producing strategic materials on a firm contract, because it would enable us to enter into a 20-year contract, so the producer could rely for a period of 20 years upon that contract rather than upon year-to-year appropriations. I think that is at the bottom of the whole business.

Mr. LODGE. I think the Senator places his finger on a very sensitive point.



The testimony indicates that if we are really going to secure satisfactory results in the procuring of strategic and critical materials, the matter must be handled in terms of a period of years and a long period of development. If the matter is handled on a hand-to-mouth basis, we cannot accomplish very much. I am not an expert on the subject, but that is the advice I have received.

Mr. HICKENLOOPER. The producers will not rely upon the possibility of future procurement and invest and produce to the extent they will if they have a firm contract over a period of 15 or 20 years. If they have such a firm contract, they will expand their capital investment.

Mr. LODGE. I understand that is fundamental.

Mr. MALONE. Mr. President, will the Senator yield for a question?

Mr. LODGE. Mr. President, the Senator from Missouri has the floor, and has been interrupted to a considerable extent. He has been waiting for a long time for an opportunity to continue his speech. I know how tiring it is to be obliged to wait as long as he has.

Mr. MALONE. Mr. President, will the Senator from Missouri yield for a question?

Mr. KEM. I yield for one question.

Mr. MALONE. As a preface to my question, I will say that there are 500 tons of chromite on the dumps in Rhodesia, and there are large quantities of manganese there, that could and would be gotten out without question by private producers if we were not mixing up in it as we are doing under ECA. The Congress of the United States has appropriated from time to time certain amounts of money, in varying amounts, for the purchase of strategic and critical materials. We can contract for the ores I refer to under the Procurement Division of the Treasury.

Now, if I understand the Senator correctly—and that was the other question I asked—anything we buy in the way of strategic and critical materials we pay for directly, in addition to any money given to the nation in which the critical and strategic materials are located?

Mr. LODGE. Mr. President, the answer to the Senator's question is that the ECA Act does not provide that we shall reduce their dollar exchange by making them give us strategic materials, because if we did that we obviously would have to raise the appropriation. That would defeat the purpose of the law. That is a fair answer to the Senator's question.

Mr. MALONE. It is no answer at all.

Mr. KEM. Mr. President, I should like to invite the attention of the Senate to an amendment which is pending and lying on the desk. The purpose of the amendment is to prevent the money of the American taxpayer being used to finance and implement experiments in socialism. The amendment which is to section 111 of the ECA Act, reads as follows:

No assistance shall be furnished under this act to any participating country, the government of which shall undertake, after the date of enactment of this subdivision, to acquire and operate, in whole or in part, the iron and steel industry of such country or any other basic industry thereof.

It is inconsistent for the United States to be spending billions of dollars to stop Marxist communism and at the same time investing billions of dollars to subsidize Marxist socialism. Socialism and communism are fruit of the same tree. They are both based on the theories of Karl Marx. Their ideologies are largely the same with one distinction. The Communist, as the term is generally understood today, advocates that nationalization of the means of production be obtained by overthrowing capitalist governments by force and violence; while the Socialist advocates that nationalization of industry be obtained by the so-called democratic methods.

Mr. President, a great Englishman has recently visited our shores. He has been acclaimed on the floor of the Senate as perhaps one of the greatest Englishmen of all times. I quote from Mr. Winston Churchill in a debate in the House of Commons on November 16, 1948:

Today the Socialists boast that they are the opponents of communism. Socialist parties in every European country have been found altogether inadequate barriers against it. Indeed, as this bill shows, they are the handmaids and heralds of communism, and prepare the way at every stage and at every step for its further advance. The Communist textbooks are full of this theme; they have been for years. Of the difference between socialism and communism, if I may make another quotation from the past, I said a good many years ago: "A strong dose either of socialism or communism will kill Britannia stone dead, and at the inquest the only question for the jury will be, 'Did she fall or was she pushed?'"

Those are the words of Winston Churchill.

Communism is the form of Marxism that has developed in Russia, and the adherents of communism are in control of the government of the Union of Soviet Socialist Republics. Socialism is the form of Marxism that has developed in Great Britain and some of the other countries of western Europe, and the British Socialist Party today is in control of the government of Great Britain.

England and France have already socialized many of their industries. A list of these socialized industries has been prepared for me by the Library of Congress. This is the list of the nationalized industries in Great Britain:

- First. Coal mines.
- Second. Civil aviation.
- Third. Cable and radio communications.
- Fourth. Inland transport—railroads, motor transport, docks, canals, and so forth.
- Fifth. Electricity supply.
- Sixth. Steel industry—effective in May 1950 or 18 months after passage of Nationalization Act.
- Seventh. Land. Land itself not nationalized but profits accruing from development or improvement of land go to the state.
- Eighth. Social welfare—doctors and dentists.
- Ninth. Bank of England.
- Tenth. Radio broadcasting.

I have here the list of the nationalized or government-controlled industries in France. I believe the majority leader, the Senator from Illinois [Mr. LUCAS]

the other day referred to France as the weakest link in the Marshall plan chain. This is the list of nationalized industries in France:

- First. Coal mines.
- Second. Railroads.
- Third. Civil aviation.
- Fourth. Tobacco products.
- Fifth. Manufacture of gunpowder.
- Sixth. Match industry.
- Seventh. Gas industry.
- Eighth. Electricity industry.
- Ninth. Insurance companies—34 companies.
- Tenth. Bank of France.
- Eleventh. Four leading deposit banks.
- Twelfth. Aircraft industry.
- Thirteenth. Renault automobile works.
- Fourteenth. Dye corporations—assumed German interests.
- Fifteenth. South American cables.
- Sixteenth. Motion-picture industry.
- Seventeenth. Potash mines—Alsace.
- Eighteenth. Potash industry—large governmental interests, although some portions are still privately owned.
- Nineteenth. Telephone.
- Twentieth. Telegraph.
- Twenty-first. Postal service.
- Twenty-second. Porcelain manufactory—Sevres.
- Twenty-third. Tapestry manufactories—Gobelins and Beauvais.

This process in both those countries has been accelerated to a great extent by the use directly and indirectly of Marshall-plan money. The most important project now pending is that of England to nationalize the iron and steel industry, which as I understand, under existing law, will be effective in May 1950, or 18 months after the passage of the Nationalization Act.

Let us see what Mr. Churchill, the great Englishman, thought about the iron and steel bill when it was pending before the House of Commons. I quote from Mr. Churchill, in the debate on that bill on November 16, 1948:

This measure cannot wholly be judged on its merits or demerits, if such there be, except in relation to the general economic life of Britain and our position in the world, and also in relation to the United States on whom the Socialist Government and Socialist policy are living from month to month and from hand to mouth.

Again Mr. Churchill, in the same debate, said:

When a measure of first-rate importance is presented to the House of Commons it is always necessary for us to ask the question, Is it going to help the country or is it a partisan maneuver? Is it progress that is sought or is it faction? This is certainly the time to apply that test, because on the morrow of our greatest victory we are living on subsidies by loan or gift provided by taxes on the hard-working and heavily burdened people of the United States. I have always thought that we should need their help after the war, but it should be a point of honor with us, irrespective of party nostrums, to regain our full economic independence at the earliest moment, and to do nothing that would put off that event either by hampering our output or wantonly dividing our people.

Along the same line is an editorial from the London Economist of November 20, 1948:

Even those who have been most reluctant to believe that ministers of the Crown would



so far forget their responsibility as to monkey with a major industry for reasons of mere internal party maneuverings are now compelled to agree with Mr. Churchill when he calls the bill "a feature in party tactics intended to keep the Socialist left wing as far as possible in order, and the Government as long as possible in office."

Again, Mr. President, we find this language used by Mr. Churchill in a speech at Blenheim on August 4, 1947:

Therefore I supported the American loan and I will still support, and justify, further appeals to the United States provided that we are doing our best, that we are making the most of our resources, that we are determined to become a self-supporting nation and system at the earliest moment, and will put aside every impediment, and labor long and hard.

It is when we are not trying our best, not making the most of ourselves and our resources, not pursuing a wise or practical policy, not coming forward as a united nation, not trying to deal with the problems on their merits, that there is humiliation in asking and receiving aid from a mighty and friendly ally.

Mr. President, the most disturbing thing about this process from the standpoint of the average American taxpayer is that he is buying into a blind pool. He does not know how far the thing is going.

The other day the chief of the brain trust of the British Socialist Party was also a visitor to our shores. He came to the city of Washington, and he was interviewed by the Washington Post. I quote from that newspaper of a few days ago:

#### LASKI ADMITS SECRET PLAN OF SOCIALIZATION

Harold J. Laski, peppery braintruster of the British Labor Party, said here last night that there are three industries his party plans to nationalize next—but "nothing except force would cause me to reveal what they are."

In other words, the American people are subsidizing an unknown program, and nothing but force would cause Mr. Laski, the head of the brain trust of the Socialist Party, to reveal what it is.

During the first year under the Marshall plan the taxpayers of the United States have contributed \$1,319,100,000 to support the experiment in socialism in England. It is proposed that for the entire program, as now published we continue to contribute until England shall have received practically \$5,000,000,000.

Mr. President, every nationalized industry in England is losing money. Not only is our money being used to accelerate the purchase of private industries and make them operations of the state, but it is being used directly or indirectly to make up a deficit in the operations of the industries which have already been taken over.

I quote again from the same high authority, Mr. Winston Churchill:

In the Parliamentary debates on November 16, 1948, Winston Churchill said:

We can now already see that nationalization and state ownership have been a great and costly failure in all the industries to which they have been applied, and this will become more obvious to the public with every day that passes.

Mr. President, let us inquire whether the figures back up that statement by Mr. Churchill. The British Transport Commission announced that for the first financial year there would be a loss of \$112,000,000. During the first year after socialization the coal industry lost \$94,000,000. Civil aviation lost \$100,000,000 in the first 14 months of operation. Electricity, in the first few months it has been socialized, lost \$28,000,000.

It is interesting to note the experience of the English in coal production. During 1938, the last year before the war, the British coal industry, then not socialized, produced 227,000,000 tons of coal. The goal for production for the first year after socialization was 211,000,000 tons. The actual production was only 208,500,000 tons, although 8,000 more men were used than in 1938. Compare this with steel: In 1938 the production was 10,500,000 tons. The Socialist Government, which went into power in 1945, called on the steel industry under private ownership to produce 14,500,000 tons. Still under private ownership, the industry actually produced about 14,900,000 tons.

In other words, the coal industry under Government ownership fell far short of its goal, whereas the steel industry under private ownership exceeded its goal by a substantial margin. So, Mr. President, judged by the record, Government operations of basic industries in both England and France have not been successful. They have survived only because the American taxpayer has been footing the bill by putting up money earned by American taxpayers under the American system of free enterprise and private initiative. As an American businessman domiciled in Europe recently said: "We are certainly showing these Europeans that we have a—blank—lot of money and—blank—little sense to go with it."

Mr. President, now I wish to direct the attention of the Senate to what I consider to be a very important proposition: Under the ECA plan, privately owned business in the United States is being placed in a position where it will compete in both foreign and domestic markets with Government-owned enterprises. American businessmen here at home have had a little experience with competing with Government enterprise, and they have found that it is hard going and is very difficult competition. Under the ECA plan, American businessmen are being put in a position where they have to compete, or will have to in the days that lie ahead, with Government-owned enterprises not only in the foreign markets of the world which we generally enter with the citizens of other foreign countries, but also in the markets in the United States. I do not believe this aspect of the ECA plan has received the attention it really deserves.

The plain fact is that the moneys of the American taxpayer are being used to build up industry owned by foreign governments. This will have, as I see it, three serious effects on our economy: First, it will build up foreign competitors capable of sweeping American industry

out of foreign markets; second, it will invite American industries to move abroad and team up with foreign governments; and, third, it will progressively cut off American supplies of raw materials which foreign governments will manufacture on their own. It seems to me that the important point to bear in mind in connection with that situation is that with their relatively cheap labor, such government-owned enterprises will be in a position to undersell us in the world markets and in our own.

Mr. BALDWIN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. McMAHON in the chair). Does the Senator from Missouri yield to the Senator from Connecticut?

Mr. KEM. I am glad to yield to the Senator from Connecticut.

Mr. BALDWIN. On the point of the differential in labor costs, does the Senator have any figures to show what is being paid to labor in England today, for example, in the coal mines? What does the British coal miner get, as compared to the pay received by the United States coal miner?

Mr. KEM. I am sorry I do not have any figures on that point, but I think I can safely say to the Senator from Connecticut that for many years the compensation of foreign labor has been less than that of American labor; that we have built up in the United States a standard of living which is the envy of all the rest of the world. Certainly if the past is an indication of the future, I think we can proceed on the theory that if we are to maintain the American standard of living, wages in America will be higher than in many other places in the world.

Mr. BALDWIN. Would the Senator say it is safe to assume that under the socialized government in England, the wages of the miners there are not higher than the wages of miners who are under our free-enterprise system in the United States?

Mr. KEM. Mr. President, I think it is safe to assume that the wages in England are lower. I feel sure of that, although I do not have the figures here. To my notion, no workers anywhere else in the world enjoy the standard of living that the American worker enjoys, and therefore, it seems to me, no workers elsewhere in the world receive the wages which American workers receive.

Mr. BALDWIN. In other words, does the Senator from Missouri agree that the Socialist Government of England has not brought to English wage earners a higher level of wages than they had before?

Mr. KEM. I think perhaps temporarily with the aid of American money the income of English workers has been greatly increased. Mr. President, I think that is the very milk in the coconut: The workers in England are supporting the Socialist Party there because with the aid of the Marshall-plan money they are able to get more money for less work than they have ever had before in their lives.

Does that answer the Senator's question?



Mr. BALDWIN. That answers the question.

Mr. KEM. Mr. President, I am glad the Senator from Connecticut brought up that point, because I think it is very important. I am sorry that I have to deal in generalities, and that I did not bring the figures with me. But I am sure that the assumption upon which he and I are proceeding is correct.

Mr. BALDWIN. Mr. President, will the Senator yield for a further question?

Mr. KEM. I am glad to yield.

Mr. BALDWIN. As I understand the Senator, his point is that the workingmen in any country cannot look forward to higher wages indefinitely under a socialistic system.

Mr. KEM. I feel certain that that is true, Mr. President, because I have just shown how production has fallen off in England under the Socialist regime. In the last analysis, the income of the workers is dependent upon production; and any system which lowers production, rather than increases it, is going to result, in the long run, in lower compensation for the workers, unless there is someone like Uncle Sam standing by, ready and willing to subsidize the enterprise.

There is an industry, Mr. President, about which I have taken the trouble to gather some figures that I think will be interesting to the Senate.

Let us look, for example, at the overseas airlines. It was announced the other day that the British Overseas Airways, which is owned by the government and which has been losing some ten million pounds a year, had contracted for the purchase of ten Boeing Strato-Cruisers which will be delivered beginning in the fall of 1949. This involves an outlay of some \$15,000,000, which can come from no source other than Marshall plan aid. Hence American taxpayers are, in effect, giving equipment to a foreign overseas air line. Having seen how we are taking care of the British overseas airlines, let us contrast it with the plight of our own overseas lines. American Overseas was recently disposed of by its parent company, American Airlines, Inc. In the annual report of the American Airlines, Inc., for the fiscal year 1948, just published, I find this very significant explanation of the transaction:

It is evident that American Overseas will in the future require additional capital, and, if so, it must secure most of that from its principal stockholder, American Airlines.

I invite special attention to this:

American Airlines presently has no additional funds for that purpose and presently has no source from which it can reasonably secure such additional funds.

In other words, the private industries of America have no stomach to compete with a British Government-owned enterprise financed with American money. It simply does not look good to them.

The American Overseas Lines' equipment, consisting of Constellations and DC-4's is, according to the report, obsolete. The history of the lines and of their experience in competing with British Government-owned enterprise has been such that, as we have just seen, no risk capital can be secured on reasonable

terms. While this is going on, its direct competitor, the British Government, is being financed by ECA.

Under those circumstances, is it any wonder comment is made that American governmental authorities in Europe within the last year have shown that they have a—blank—lot of money, but—blank—little sense?

Let us look at the situation in Belgium. Sabina, the Belgian air line, has recently received the first of four Convair airliners, which cost \$450,000 each.

Mr. LUCAS. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Illinois?

Mr. KEM. I yield for a question only.

Mr. LUCAS. Do I correctly understand the Senator to say that those who are supporting the Marshall plan have little sense? Is that the implication?

Mr. KEM. I say the comment has been made that the Americans in charge of governmental expenditures in Europe within the last year have shown that they had a blank lot of money and blank little sense. I shall be glad to give the Senator my authority for that if he would care to have it.

Mr. LUCAS. No. Mr. President, will the Senator yield for another question?

Mr. KEM. I think if the Senator will visit Europe he will find that that general opinion is widespread in many countries of western Europe. It is attested recently by many things. Only last night I was reading an article about the operation of the Marshall plan in France, in which it was stated that the French workman utterly and totally fails to comprehend what is going on. He cannot believe that the American Government is taxing its citizens, sending the money to France, and giving it away, without an ulterior motive.

Mr. LUCAS. Mr. President, will the Senator yield further at that point?

Mr. KEM. I am glad to yield for a question.

Mr. LUCAS. Then I do not understand the Senator to say that Senators on the floor who are favoring the Marshall plan are without sense. Am I correct in that?

Mr. KEM. I do not know what the Senator understands, but I certainly made no such statement. I could make no such statement under the rules. If I were of that opinion, I should not say so.

Mr. LUCAS. I am sure of that.

Mr. KEM. I assure the Senator I have in mind the rules of the Senate. I shall try to adhere to them in every respect. I may say, in passing, that it is my opinion that if more Senators knew how ECA is being operated in Europe, more Senators would oppose it here on the Senate floor.

Mr. LUCAS. The Senator, in speaking about the Marshall plan, indicated that Americans who are in the old country apparently have plenty of money to spend, but apparently have no sense as to the way it should be spent.

Mr. WILLIAMS. Mr. President, that is not a question.

Mr. KEM. I say the comment is frequently made as to American govern-

mental expenditures in Europe, and if the Senator cares for my opinion about it, I do not think it is without justification. I think the comment made here, the other day, by the Senator from Indiana [Mr. JENNER] is exactly correct and exactly in point, when he said that today Uncle Sam is the playboy of the Western World. I appreciate the attention of the Senator from Illinois. I do not often enjoy it.

Mr. LUCAS. Mr. President, will the Senator yield,

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Illinois?

Mr. KEM. I yield for a question only.

Mr. LUCAS. I think the Senator will agree with me that I could scarcely come to the floor of the Senate within the last few days without hearing the Senator either debating with someone or discussing this question.

Mr. WILLIAMS. Mr. President—

Mr. KEM. The RECORD, Mr. President, will show to what extent I have monopolized the attention of the Senate.

Mr. WILLIAMS. Mr. President, a point of order.

Mr. KEM. To repeat what I have previously said, I believe that time will show that I have been more successful in prophecy than in persuasion.

Mr. WILLIAMS. Mr. President, I rise to a point of order. The Senator from Illinois is not abiding by the rules of the Senate, in that he is not confining himself to asking a question.

Mr. LUCAS. Mr. President, how does the Senator from Delaware get the floor? That is what I do not understand.

Mr. WILLIAMS. I get it the same way the Senator from Illinois got it.

The PRESIDING OFFICER. The Senator from Missouri has the floor.

Mr. KEM. Mr. President, I should like to look at the situation in Belgium. Sabina, the Belgian air line, has recently received the first of four Convair airliners, which cost \$450,000 each. We have many air lines operating out of the cities of our State, particularly out of St. Louis and Kansas City. But none of them, financed by private capital, although carrying mail under Government contract, can afford Convair air liners costing \$450,000 each. Air lines running out of St. Louis, for instance, such as the Chicago & Southern, cannot afford Convairs. They operate modes DC-3's and DC-4's. The ECA allotted Belgium \$200,000,000 plus \$50,000,000 in loans. Belgium, I understand, has a similar allocation for this year. And so it goes.

Mr. President, in concluding my remarks, I want to address myself to an argument which I have frequently heard in the cloakrooms regarding the amendment to which I am referring. Senators have said: "I would favor that, but I do not feel that we should interfere in the internal economy of a foreign country."

That argument, Mr. President, in my judgment, with all due respect to the able Senators who are advancing it, is unsound. In placing the condition which my amendment contemplates, we are not in any sense attempting to dictate to another country how its affairs shall be conducted. We are simply say-



ing: "We wish to know how our money, the money you are asking us to give you, will be used."

The Senator from Ohio [Mr. TAFT] said on last Wednesday—

Mr. BALDWIN. Mr. President, may we have order? The Senator from Missouri has had a difficult time in making his remarks, because, almost constantly, there has been conversation going on on the floor of the Senate. I think we should have order. Senators may not agree with what the Senator says regarding a particular matter, but he is entitled to be heard and is entitled to the attention of those Senators who remain on the floor. I ask for order.

The PRESIDING OFFICER. The Senate will be in order.

Mr. KEM. I thank the Senator from Connecticut for his courtesy.

Mr. President, the Senator from Ohio [Mr. TAFT] said on last Wednesday:

I do not want to cut Great Britain off because she is adopting a socialist form of government.

I agree that she can adopt any kind of government she wishes, but it does not follow that American money should be used by England to finance her experiments in socialism.

By adopting my amendment we would not be interfering with her Government. As the Senator from Ohio wants to do, we would be following through and specifying the use to which our money may be put. That is exactly what the Senator from Ohio said, in his very fine address a few days ago, we should do. But that is what we are not doing. The plain fact is that if placing such conditions constitutes interference in the internal economy of another country, we are guilty of many such interferences, and on many fronts. Viewed from that aspect, the entire ECA program constitutes a gigantic interference. We can see that from the terms of the act itself. Section 11, subsection (b) of the law provides:

In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others.

Then the act goes on to specify many things the Administrator can require in bilateral agreements with foreign countries with which he deals. The act also provides that if the recipient country does not comply, it shall not be eligible to receive assistance under the act.

Mr. President, the question is: Is it interference for Congress to lay down a condition with which a recipient country may be required to comply, when it would not be interference for the Administrator to do that? What I am asking Congress to do is nothing more than what the Administrator himself could require in a bilateral agreement. There is no reason for us to throw up our hands in holy horror with regard to making a condition in connection with the handing out of largess under the Marshall plan, because we have been doing that very thing from

the very beginning of the plan. The most conspicuous case is that of Spain. We have denied Spain any participation under the act. We have assigned as the reason for that denial the fact that Spain does not have a government of which we approve and of which the ECA countries approve. In other words, we have said to Spain:

If you want to be eligible to receive assistance under the act, you must make certain changes in the fundamental structure of your government.

The point I am making is that, if it is consistent to make such a requirement of Spain, is it inconsistent, at the same time, to be making a similar requirement in the case of England? Is it unfair or improper or unwise for us to say to England that, in our judgment, it would be wise and in the interest of the United States to discontinue the use of our money in the nationalization of England's means of production?

Mr. MORSE. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. MAGNUSON in the chair). Does the Senator from Missouri yield to the Senator from Oregon?

Mr. KEM. I am happy to yield to the Senator from Oregon.

Mr. MORSE. Am I correct in my inference that the Senator from Missouri has no particular objection to our refusal to include Spain within the Marshall plan countries?

Mr. KEM. That would be a question for another day. I have not looked into it sufficiently to reach a mature and considered judgment. But the point I am making is that we have done that, and it is now wholly inconsistent for us to say, in handing out money under the Marshall plan, that we do not want to make any conditions which would involve the use of the money in the structure of the government.

Mr. MORSE. If I understand the Senator's thesis correctly, the Senator agrees that we have also used unilateral requirements in our relationships with many countries not only in connection with the Marshall plan but in connection with other international understandings. Is not that correct?

Mr. KEM. We certainly have. The act contemplates it. The act authorizes the Administrator to do that, and the Administrator, in many instances, has done that very thing.

Mr. MORSE. Does the Senator agree with me then that the objection to the laying down of conditions on that basis, that such a requirement would be unilateral in nature, certainly is not a sound objection, based upon the policy we have already followed?

Mr. KEM. It certainly is not. It is a very inconsistent position to take.

Mr. MORSE. I have a series of questions, if the Senator will yield further.

Mr. KEM. I yield for a question.

Mr. MORSE. Would the Senator agree that unilateral requirements are not necessarily inconsistent with the policies we have already followed, and would the Senator agree with me that the withdrawal of the \$15,000,000, for example, which had been granted under

the Marshall plan for the carrying out by the Dutch of her Indonesian policies, was a unilateral condition?

Mr. KEM. I would say that in my judgment it would clearly be a condition which we are placing on the use of our money.

Mr. MORSE. And therefore would the Senator say it was unilateral?

Mr. KEM. I think the agreements under the Marshall plan, while they are referred to in the enabling act as bilateral contracts, are largely unilateral in their essence because the money all comes from the United States. They are bilateral in the sense that the recipients of our largesse undertake to do certain things.

Mr. MORSE. Would the Senator agree that if it is proper policy, within our existing agreements, to withhold the \$15,000,000 from the Dutch in connection with the Indonesian policy, it would likewise be consistent to withhold all the Dutch money under ECA until the Dutch complied with existing findings of authorized agencies of the United Nations in regard to their violations in Indonesia of United Nations principles?

Mr. KEM. I would agree with the Senator to this extent. If we are of the opinion that our money, directly or indirectly, is used to accomplish certain purposes in Indonesia of which we do not approve, it would be entirely proper and entirely consistent to attach a condition to further gifts to Holland, namely, that no further money should be used for that purpose.

Mr. MORSE. I think I understand the answer, and the Senator in his usual forthright way has certainly met the issue I wanted to present, and if he will permit me I should like to put the question in a somewhat different form.

Does the Senator agree with me that if we make a finding of fact that the Dutch Government, by its refusal to date to live up to the principles of the United Nations Charter in respect to its Indonesian policy, would upon receipt of future money under ECA be strengthened in its ability to carry on its exploiting, imperialistic practices in Indonesia, we have the right to say we stand for the protection of human freedom under the United Nations Charter so far as the use of our money is concerned in any part of the world?

Mr. KEM. I agree with the Senator entirely and wholly. I think he has put the case very well. I think for us to do so would be entirely consistent with what we have done in Spain and what we have done in other countries, and particularly what we have done in Italy, as I shall undertake to show in a few minutes.

Mr. MORSE. Would the Senator agree with me that any amendment proposed as a substitute for the Brewster amendment, in connection with denying ECA funds to the Dutch Government which would have the effect of making the grant of money under ECA to the Dutch Government dependent upon the exercise by Russia of a veto of any decision reached by the United Nations Security Council, constitutes playing right into the hands of the Russians,



making such an amendment in fact a mere mockery?

Mr. KEM. The question is one a little bit outside of what I am discussing this afternoon. What I am discussing is in line with the question the Senator put just before that, namely, whether it is proper and consistent for us to tag and follow through the use to which our money is put. I say to the Senator that I think it is entirely proper for us to do that, is entirely consistent with what we have heretofore done, and I think what we should continue to do in the future.

So far as arguing questions involving the colonial policy of Holland in its relations to the United Nations is concerned, I should prefer not to do that today.

Mr. MORSE. I think the Senator's criticism of my question is a perfectly fair one. If he will permit me to restate it in terms which I think would be fair, I should like to put it in this way: Does the Senator agree we have the right, when it comes to examining any amendment proposed as a substitute for the Brewster amendment, to determine whether or not the substitute will make it possible for the United States to decide the conditions under which American money shall go to the Dutch Government, rather than transfer that decision to Russia by way of her exercising a veto?

Mr. KEM. I believe it is clearly not only our right, but our duty and our responsibility.

Mr. President, I think probably the most striking instance to support the thesis of the Senator from Oregon that we have a right, as I understand, to lay down a condition as to how our money shall be used is to be found in our relationship with Italy under the ECA.

It is frequently said that one of the most important accomplishments of the Marshall plan is the victory against communism in the Italian elections in April 1948. In the hearings before the Senate committee, Mr. J. D. Zellerbach, the head of our mission to Italy, testified:

As a matter of fact I think it is quite clear that the election last April, which resulted in the success of De Gaspari and his party, (they obtained just about a 50 percent membership in the House of Deputies) and also the election of many members of other central parties, which give the present coalition government about two-thirds of the membership of the House of Deputies, was very largely the result of the fact of American aid and of the ERP.

The issue of the campaign as between the Communists and the non-Communist parties was the ERP. I do not say that the ERP won the election, because after all there was great support from the non-Communist people of all ranks in Italy for the candidates of non-Communist parties, but the issue in the campaign—it was made the issue—was the question of American aid.

Of course, Mr. President, every effort was made by those in charge of ERP to handle the matter in such a way as to bring about the kind of a result in the Italian election which the vast majority of the American people wanted, in other words a favorable result from our standpoint.

For instance, the second grant of aid for Italy was announced the day before the Italian people went to the polls for the general election on the following day.

The total authorized the day before the election, to which wide publicity was given throughout Italy, was \$8,102,000.

Hon. James Clement Dunn, the American Ambassador to Italy, took an active part in the campaign. A dispatch from Rome dated April 15, published in the New York Times of April 16, 1948, reads:

Speaking in Naples today, 3 days before Sunday's crucial general election, United States Ambassador James Clement Dunn let it clearly be understood that he foresaw the defeat of the Communist-dominated Popular Front. The occasion for his speech was the arrival of the six hundredth ship from the United States carrying supplies under the postwar UNRRA relief program.

Mr. Dunn stated that he was reporting to the American Government that American aid to Italy is amply justified by the progress made by the Italian people themselves.

Mr. Dunn's speeches, of which he has delivered several during the electoral campaign, have repeatedly been the object of bitter Communist attacks. \* \* \* Undismayed by Communist rage, Mr. Dunn went quietly ahead, pointing out to the Italians on every possible occasion what American aid has meant to them and to their country.

Hon. Tom C. Clark, the Attorney General of the United States, in a radio broadcast to the Italian people a few days before election, asked for a defeat of the Communist forces. He asked the voters to return a resounding victory for God and freedom.

After the election Mr. Harriman laid particular emphasis on the effect of American aid. He said, according to the New York Times of April 21, 1948:

The Italian election was a clear indication that the recovery program had strengthened the democratic parties in all countries.

I do not mean to say that I do not approve of what Mr. Zellerbach, Mr. Dunn, and Mr. Clark did in connection with the Italian election. I do say that in view of the record we cannot now, with any degree of consistency whatever, piously disclaim any intention to interfere in the internal affairs of any country in Europe.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KEM. I yield.

Mr. MORSE. I want to say as a foundation for my question that I think the Senator from Missouri is performing a very important service in clarifying what I think is a great issue.

Mr. KEM. I thank the able Senator from Oregon.

Mr. MORSE. Namely, the right of our Government to lay down conditions, if we shall see fit to lay them down, as a condition precedent to the appropriation of funds. The Senator and I are agreed on the right. I think we are in disagreement on our policy in exercising the right. So I ask the Senator if he will permit me to ask him two or three questions along this line.

Is it not true that, to the extent of our interference, through the Marshall plan, in internal policies in Italy, in that the supplying of the goods and money did have an effect on the electorate, that the freedom of choice as to the economic forms of Italy were left in the Italian people by the American Government? We made no attempt to interfere with the exercise of freedom of choice.

Mr. KEM. Well, except the moral suasion that we exercised in announcing the gift the day before the election, and having our Ambassador urge the Italian people to stand up for God and country, and for the harangue by the Attorney General of the United States over the radio. I think it is hard to say that the Italian people, under those circumstances, under our great moral suasion, were exercising an entirely untrammelled freedom of choice.

Mr. MORSE. It is true, though, is it not, that by use of the ballot they retained the right to decide whether or not they wanted to vote against communism in that election or against the communistic candidates, and support the candidates whose cooperation with the United States they knew was a foregone conclusion if they elected them?

Mr. KEM. The Senator is a very careful and diligent student of the processes of democracy, and I know the Senator will agree with me that many times the form of democracy is retained when the spirit of it is violated utterly. Now, to what extent the Italian people were acting as free agents in this case I do not care to express an opinion. The evidence I have is not sufficient. The reference I made to the situation is for the purpose of demonstrating that we have not hesitated to interfere in the internal affairs of other countries.

Mr. MORSE. I think the Senator has established that fact, but, if he will permit me, I want to point out to him what I think our difference is.

Mr. KEM. Yes.

Mr. MORSE. We have still left to the Italian people in Italy and to the English people in England the choice of deciding for themselves whether they want to use the funds to nationalize an industry or not to nationalize an industry, have we not?

Mr. KEM. Yes; clearly, and I think to the extent that the choice has involved the use of our own money we have not been sound or correct or wise in permitting that.

Mr. MORSE. That is the difference. I hasten to add, as I think the Senator knows, that I would vote against any proposition for the nationalization, for instance, of the transportation system of the United States.

Mr. KEM. I am sure of that.

Mr. MORSE. But did we not leave it up to the British people to decide for themselves whether they wanted to nationalize the transportation system of England, and they decided to nationalize it through their elected representatives in Parliament?

Mr. KEM. Certainly.

Mr. MORSE. One more question. Does the Senator know—and I do not mean this facetiously, because I think there is an important point in it—whether or not even the leaders of the Conservative Party in Great Britain approve of his proposal that we deny to them ECA funds if the funds were to be used to socialize and British industry?

Mr. KEM. I do not think the Senator was in the Chamber at the time I commenced my remarks.

Mr. MORSE. I was not.



Mr. KEM. I quoted in considerable detail from Winston Churchill.

Mr. MORSE. I am sorry I was not present when the Senator did that.

Mr. KEM. I think Mr. Churchill touched on exactly that point. The Reporter has the copy of his statement. But I think the Senator will find that Mr. Winston Churchill, the leader of the Conservative Party in England, has expressed himself in quotations which I read into the RECORD, on that exact proposition.

Mr. MORSE. I shall read the Senator's speech on that point. I simply wish to say that I shall be very much surprised if even Winston Churchill or any other of the Conservative leaders in Great Britain are saying, by any quotation the Senator can find, that they would disapprove of the Senate of the United States approving the granting of ECA funds unless we adopted the Senator's amendment as a condition precedent to the granting of the funds.

Mr. KEM. I do not want to put any unfair or incorrect connotation on what Mr. Churchill has said, and I invite the Senator's attention to Mr. Churchill's language, and to a quotation I inserted in my remarks from the London Economist.

As I understand, the Conservative Party is very unhappy with the present state of affairs, where the American money is being used as a slush fund for the purpose of promoting the interests of the Socialist Party in that country.

Mr. MORSE. Does the Senator from Missouri think that if the Conservative Party were in control in England they would undoubtedly be also asking for funds to carry out the economic policies of that party?

Mr. KEM. It has been said on the floor before, and I think every Senator will agree, that Mr. Churchill is first of all an Englishman.

That brings me, Mr. President, to the last proposition to which I want to address myself. The Marshall plan aid that is now going out is being used to support a Socialist Government in England. The same thing in my judgment that occurred in Italy is occurring in England today. The difference is that in England, instead of supporting the anti-Marxist forces, in England we are supporting the Marxist forces. In other words, our money is being used in England to uphold one branch of the great Marxian Socialist Party.

It is an open secret that ECA funds are being used for the purpose of influencing the approaching election. American aid is, of course, definitely contributing to the popularity of the Socialist government in England. On the surface it appears that British socialism is doing well and that the recovery of Britain is assured. But it is Marshall plan aid which gives this aspect to socialism. As the British election draws near, clothing, thanks to Marshall aid, has been de-rationed. Sugar and candy have been de-rationed—thanks to Marshall aid sugar from Cuba. New factories are arising all over England. Much of the equipment is coming from the United States, and the requisite dollars are available only because Marshall aid sup-

plies imports which normally consume these dollars.

In other words, as I have said before, Marshall plan aid is a great political slush fund to assist the Labor Party and socialism in the coming British election.

There are two ways of life competing in the world today. The American way, based upon free enterprise and personal initiative, has given the American people an economy that is the envy of the rest of the world. The second way is the Socialist way, as now being practiced by the Union of Soviet Socialist Republics, and by the Socialist controlled government of England. This has been a failure wherever tried. In Russia they have been experimenting with socialism for approximately 30 years. Today we are told by travelers who are able to penetrate the iron curtain that Russia is the poorhouse of Europe. We are told by travelers and observers who have come back from England, and who have observed their figures of production, that production in England has been gradually dropping ever since the Socialist experiment began there.

I believe that it is against the interest of the United States to contribute the hard-earned money of the American taxpayer, earned under the American system of free enterprise and individual initiative, to support and maintain a political ideology totally foreign and repugnant to the American people. I hope the Senate will adopt the amendment.

In closing I wish to make one further quotation. It appears at page A3844 of the Appendix to the CONGRESSIONAL RECORD, 80th Congress, second session. It is a dispatch from the New York Herald-Tribune of Sunday, June 13, 1948, and was inserted in the RECORD by a Member of the House from New York, Hon. ABRAHAM J. MULTER, as an extension of his remarks. The dispatch reads as follows:

LONDON, June 12.—Winston Churchill charged today that Great Britain's Labor government "has become dependent on the generosity of the capitalist system of America."

Nationalization of British industry has been a "complete failure," Mr. Churchill charged, and "nothing less than the complete discrediting and abandonment of the socialist conceptions about industry can restore our country."

Further in the dispatch I read another quotation from Mr. Churchill:

"In my long experience," he said, "I have never seen such an exhibition of squalid party malice and intrigue or one more cynically divorced from the revival and well-being of our country."

"How the Socialist Ministers can go about bragging on their Socialist program and of the nationalization of industry on party lines, how they can deride the system of free enterprise and capitalism which makes America great and wealthy and then, at the same time, eagerly seek the aid which has hitherto been so generously granted from across the Atlantic—that is a grimace which baffles the limitations of our language to explain."

That is the end of Mr. Churchill's remarks. I continue to read from the dispatch:

"The Conservatives, if elected to power," he said, "would curtail the failure and waste of state planning and state trading," would reduce government expenditure, would erad-

icate an inevitable conflict between the interests of employers and the employed, would clear the way for promotion for talent, merit, and fidelity and would bring all firms up to the standard of the best.

Mr. Churchill declared that British youth is in revolt against the folly that it is better that every one should have half-rations rather than that any, by their exertions or ability, should earn a second helping.

"The need of the British nation," he concluded, "is a new Parliament in which the experience of age will be refreshed by the new impulse of youth and the majority of the nation united in an inflexible resolve that our country shall remain a great power in the world—earnest, masterful, vital, self-supporting, valiant, and free."

#### THE SIGNING OF THE NORTH ATLANTIC PACT

Mr. THOMAS of Oklahoma. Mr. President, at this very hour the eyes and the ears of the world are turned toward and tuned to the city of Washington, where the representatives of 12 nations are now assembled and about to sign a treaty known as the North Atlantic Pact. The names of the representatives and the countries they represent are as follows:

Paul-Henri Spaak, of Belgium; Lester B. Pearson, of Canada; Gustav Rasmussen, of Denmark; Robert Schuman, of France; Bjarni Benediktsson, of Iceland; Count Carlo Sforza, of Italy; Joseph Bech, of Luxembourg; Dirk U. Stikker, of the Netherlands; Halvard M. Lange, of Norway; Jose Caeiro da Matta, of Portugal; Ernest Bevin, of the United Kingdom; and Mr. Acheson, representing the United States.

After the treaty is signed it must be ratified by the countries just mentioned. Of course, this means that our country, the United States, must formally ratify the treaty. According to this afternoon's Washington Star, the treaty when ratified will pledge these 12 nations to do four specific things:

First. Strengthen their free institutions, promote conditions of stability and well-being, and encourage economic cooperation.

Second. Maintain and develop their individual and collective capacity to resist armed attack through continuous and effective self-help and mutual aid.

Third. Consult together if the territorial integrity, political independence, or security of any one of them is threatened.

Fourth. Consider an armed attack on any one of the 12 as an attack against all and, consequently, to take such individual and collective action—including the use of armed force—as each party considers necessary to restore and maintain the security of the North Atlantic area.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a copy of the editorial published in this afternoon's edition of the Washington Evening Star. The editorial is entitled "Mr. Truman's Great Role."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### MR. TRUMAN'S GREAT ROLE

It would be unbecoming on this historic day of signature of the North Atlantic Security Pact not to take particular notice of the



great role which has been played by President Truman in recasting the foreign policy of the United States.

We have come a long way since George Washington admonished a struggling young Nation against permanent alliances, since Thomas Jefferson spoke out against entangling alliances, since James Monroe enunciated the policy which bears his name and which served thereafter for more than a century as the guiding star of our foreign policy. We have seen great powers come and go. Through the processes of age and decay in other parts of the globe rather than through any design of our own, we have seen the United States rise to the pinnacle of world power. Finally came the time when we had to decide what use would be made our power, whether in the face of a new world aggression we would shackle ourselves with the remnants of the old isolationist tradition, or whether we would move forth boldly in an endeavor to employ our power to prevent another war rather than fight it after it had begun.

The man who had to make that decision was Harry S. Truman, newly come to the White House through the accident of the death of his predecessor. For a man fixed with the ultimate responsibility, it was no easy decision to make. Certainly there were grave risks involved, but Mr. Truman saw very clearly that it was not a question of accepting or avoiding risks, but of choosing between risks. And it is to his everlasting credit that he chose the risk which went along with the assumption of responsibility. He decided that the immense power of the United States should be used affirmatively in the interests of a decent world, and it may very well be that the whole hope of western civilization rides on that decision.

Of course, other men contributed to the grand design. General Marshall and Senator VANDENBERG were conspicuous among them. But in the last analysis it was the President who had the responsibility, who made the decision, and who is entitled to the credit. The Rio Pact, which changed the Monroe Doctrine from a unilateral to a reciprocal undertaking, was followed by the Truman doctrine of extending financial and military aid to Greece and Turkey so that they could resist the threat of communism. Then came the European recovery program, without which western Europe could not have survived as a non-Communist community. Today it is the North Atlantic Pact, which, with the attendant arms agreement, spells the end of American isolation. Ahead, still unformed but rich with promise, lies point four of the inaugural address—a program for applying American skill and American resources to the resuscitation of the backward areas of the world.

What history will say of the man who has fathered this unprecedented undertaking, where he will be ranked among the American Presidents, can best be left to the historians. But if the desired results are achieved, if aggressive communism is turned back, if the peace is saved, if the consummate disaster of another war is averted, we of this generation will at least know that once again, in a time of great need, the American system has produced a President who had the wisdom and the courage to make the right decision and the strength of character to act upon it.

#### THE SECRET SEVEN—PERSONAL STATEMENT

MR. MARTIN. Mr. President, on Saturday last one of my colleagues ap-

proached me in this Chamber and uttered a jesting remark. He asked, with a smile, "What is your secret number?" The remark conveyed no meaning to me, and I promptly forgot it.

Yesterday, however, I found in the newspapers a Washington dispatch which recalled to my mind the remark made by my colleague the day before. The first paragraph of the article was as follows:

A group of Republican Senators who half-jokingly are known as the Secret Seven apparently have undertaken full-scale warfare on the whole range of President Truman's legislative program.

In the next paragraph the article states:

This group operates independently of the Republican policy committee in swinging its meat ax at Democratic proposals.

The next paragraph listed my name as one of the group referred to as the Secret Seven.

Mr. President, I want you to know, and I want every Member of the Senate to know, that I am not now, nor have I ever been, a member of any group to which the label "Secret Seven" or secret any other number could be truthfully applied.

Furthermore, I am not and have never been associated with any group in the Senate, or elsewhere, that is engaged in full-scale warfare against the whole range of President Truman's legislative program, as the article states.

Obviously, the intimation given in the article was that I had adopted a policy of opposition to every administration proposal, regardless of merit, and that I had joined with other Senators to wreck the Democratic legislative program.

Mr. President, that is completely false. In considering legislation I have conferred informally with many of my colleagues, Democrats as well as Republicans. I have always considered each bill, as it came before this body, strictly on its merits. My vote, for or against, every measure, regardless of its source, has been decided by the answers to four questions:

First. Is it right?

Second. Will it work?

Third. Is it for the benefit of all the people?

Fourth. Can we afford it?

That is the yardstick I apply. I have no other yardstick.

I will support President Truman's legislative proposals when the four questions I have listed can be answered in the affirmative.

I will oppose President Truman's program and every other proposal that does not meet these requirements.

In order that there be no misunderstanding of my position, I repudiate as entirely without foundation the statement that I am a member of any Secret Seven or any other group pledged to sabotage the administration program.

#### RECESS

Mr. SPARKMAN. I move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 3 o'clock and 29 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, April 5, 1949, at 11 o'clock a. m.

#### NOMINATIONS

Executive nominations received by the Senate April 4 (legislative day of March 18), 1949:

##### POST OFFICE DEPARTMENT

John W. Askey, of Virginia, to be Comptroller, Post Office Department, vice John J. Haggerty, resigned and retired.

##### IN THE AIR FORCE

The following-named persons for appointment in the United States Air Force, in the grades indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 308, Public Law 625, Eightieth Congress (Women's Armed Services Integration Act of 1948):

##### To be majors

Millicent Anderson	Edith E. Gintzer
Grace M. Barth	Helen Kulikowska
Marjorie E. Bowman	Kathleen McClure
Edythe S. Cobbe	Margaret L. Miller
Martha L. Cross	Catherine M. Moran
Ruth M. Downey	Margaret J. Steele
Edith G. Elde	Vera E. Von Stein

##### To be captains

Rachel W. Brinton	Claire J. McDonald
Jane A. Buck	Mary E. McPherson
Bernice D. Coulter	Olive L. Moeckel
Lillian W. Duncan	Theresa C. Mravintz
Leonora E. Embich	Genevieve K. O'Brien
Gladys Foley	Rose E. Panowski
Adeline Franzel	Elizabeth Ray
Elizabeth T. Hickson	Edythe L. Robertson
Rosalie A. Hoffmann	Marguerite L. Roux
Anita E. Johnson	Elizabeth O. Ryland
Anne S. Krizanauskas	Marion L. Watt
Lorna V. Kubli	Olive E. Young

##### To be first lieutenants

Margaret V. Berry	Helen R. Huyett
Margaret R. Brinson	Marcia A. Levy
Rose J. Coppa	Agnes W. McAmis
Lucille B. Dion	Gloria K. Miller-Potter
Florence R. Ferris	Dorothy A. Porter
Orla L. Geick	Mary L. Porter
Ellen T. Gilbert	Jane Sewell
Sarah Goldin	Barbara S. Smith
Carolyn F. Greenway	Virginia J. Starbuck
Jessie V. Hogan	Gwendolyn J. Watson

##### To be second lieutenants

Betty B. Coleman  
Delores M. Knapik

The following-named persons for appointment in the United States Air Force, in the grade indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, Eightieth Congress (Officer Personnel Act of 1947):

##### To be second lieutenants

Robert S. Barmettler	John R. Habicht
Axel Bolvig, Jr.	Ned D. McDonald, Jr.
Leon E. Boswell	Terrence V. McGuire
Charles C. Briggs, Jr.	Joseph F. Olshefski
John A. Burdick	Herbert W. Remington
John F. Christopher	Harold K. Snook
James L. Dennis	Edward G. Sperry
Michael Fatula	Robert C. Storrie
Jack A. Fowler	



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

APRIL 4 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. CAIN (for himself and Mr. BRIDGES) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz:

- 1       On page 5, line 16, strike out all after "1949," through
- 2 page 6, line 13, and insert in lieu thereof the following:
- 3 "together with such sums as the appropriations committees
- 4 of Congress shall recommend, and the Congress appropriate,
- 5 for the fiscal year ending June 30, 1950".



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## AMENDMENT

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Intended to be proposed by Mr. CAIRN (for himself and Mr. BRIDGES) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

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April 4 (legislative day, March 18), 1949

Ordered to lie on the table and to be printed



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

APRIL 4 (legislative day, MARCH 18), 1949

Ordered to lie on the table and to be printed

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## AMENDMENTS

Intended to be proposed by Mr. McCARTHY (for himself and Mr. LANGER) to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz:

1       On the first page, line 3, after the word "That" insert  
2   “(a)” and between lines 6 and 7 insert a new subsection  
3   as follows:

4       “(b) The proviso in such section is amended to read  
5   as follows: ‘*Provided*, That no assistance to the participating  
6   countries herein contemplated shall seriously impair the  
7   economic stability of the United States or the competitive  
8   position of American enterprise within such countries.’ ”

9       On page 10, line 4, strike out “a new subsection as  
10   follows” and insert in lieu thereof “the following new  
11   subsections”.



1       On page 10, strike out the quotation marks at the end of  
2 line 20, and between lines 20 and 21 insert the following:

3       “(f) In order to prevent impairment of the competitive  
4 position of American enterprise in participating countries,  
5 the Administrator shall—

6           “(1) appoint and assign to duty in each partici-  
7 pating country and in each dependent area under its  
8 administration with respect to which at least \$5,000,000  
9 per annum is expended in providing assistance under  
10 this title a liaison officer who shall have the duty of  
11 determining whether American enterprise in such  
12 country or area is being discriminated against in the  
13 provision of such assistance and of reporting any such  
14 discrimination to the Administrator;

15           “(2) provide for the withholding of assistance under  
16 this title from any cartel, syndicate, organization, or  
17 group in any participating country if such cartel, syndi-  
18 cate, organization, or group has caused American enter-  
19 prise in such country to be discriminated against in the  
20 provision of such assistance;

21           “(3) provide for consultation with American busi-  
22 ness organizations or trade groups representing Amer-  
23 ican enterprise in participating countries, prior to ap-  
24 proval of programs or projects affecting such enterprise,  
25 in any case in which business organizations or trade



1 groups representing nationals of such countries have  
2 been consulted in the planning of such programs or  
3 projects.

4 “(g) Commodities and materials procured under this  
5 title in the United States for consumption or use in over-  
6 seas dependent areas of participating countries shall to the  
7 greatest extent practicable be transported from the United  
8 States directly to such areas.”

9 At the end of the bill add a new section as follows:

10 “SEC. 13. Section 118 is amended by inserting before  
11 the period at the end of the second sentence thereof the  
12 following: ‘or (3) such country, or a major political subdi-  
13 vision or dependent area thereof, is discriminating in the  
14 distribution of commodities or materials provided as assist-  
15 ance under this title on grounds of race or religion.’”



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## AMENDMENTS

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Intended to be proposed by Mr. McCARTHY  
(for himself and Mr. LANGER) to the bill  
(S. 1209) to amend the Economic Coopera-  
tion Act of 1948.

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APRIL 4 (legislative day, March 18), 1949

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elemental sense of human decency. The reduction of the Dutch ultimatum to 24 hours was in simple, human terms, in effect, a demand that the Prime Minister of the Republic get out of a sickbed in Kaliwang, where the Committee of Good Offices was in session, travel in the evening over a difficult, partly mountainous road to the Republican capital, convene his Cabinet and parliamentary working committee, and have an unconditional surrender on all main points of differences in Dutch hands in Batavia by 10 o'clock next morning. The first that the majority of the members of the United Nations Committee of Good Offices at Kaliwang knew of the attack was when they saw the bombs falling on the capitol of the Republic of Indonesia. The Committee was at that time denied facilities to notify the Security Council for an emergency meeting.

The heroic heights of the historic traditions of liberty and honor and the noble heights of the humane spirit of the Dutch people over the centuries will forever measure the depths to which some responsible Dutch officials dragged down the good name of a great people. The people of the Netherlands will yet repudiate these officials who misrepresented their noble name before the world. The peoples of the western European democracies will repudiate the votes of their governments in the Security Council which supported for a time the crushing of the Republic of Indonesia and buried for a time the principles and procedures of the Charter of the United Nations. The ghosts of Ethiopia and Manchuria from the tomb of the old League of Nations haunt today the chambers of the United Nations. The Assembly of the United Nations will yet call to the judgment bar of mankind all those who, with force of arms, defy the orders of the United Nations to cease fire and resume the procedures of peace. The United Nations, in the face of a threat to the peace of the world, cannot by drift or default, escape the obligations of its great Charter which holds that nations with dependent territories are accountable to the world community.

The officials of the Netherlands Government disregarded the United Nations Committee of Good Offices, broke the Renville agreement, violated the Security Council resolution of August 1, 1947, attacked without United Nations, because all these, in fulfillment of international obligations, stood across the road of an unwarranted attack on the Government of the Republic in the islands where cross the roads of freedom and peace in the world.

This violation of the United Nations order stands out in the perspective of two attacks. The Communists failed to break the staunch ranks of the moderate Republican Government. Taking advantage of the Dutch rejections, delays, and broken negotiations, the Communists sought to undermine and overthrow the Republican Government. Word came from Moeso, a Moscow-trained Indonesian, for the Communist uprising against the moderate Republican Government. The Republican Government, without outside aid, crushed the Communist revolt.

The Dutch failed by rejection of neutral proposals, delays, broken negotiations, economic strangulation, and political fragmentation, to break down the moderate but staunch Republican Government as it tried to hold the line for the principles of the Charter of the United Nations. Word came from The Hague for a sudden attack against the Republican Government. The Republic was crushed in the field but will rise again in the power of the moral opinion of mankind.

#### XIX. THE RENVILLE AGREEMENT AND THE OBLIGATIONS OF THE UNITED NATIONS

The procedures of the United Nations and the principles of the Linggadjati and Renville agreements will rise again in this desperate but still hopeful world, which, under God, is patiently in the making.

Word from The Hague indicates that the Netherlands Government is at long last considering the resumption of negotiations. It is the responsibility of the United Nations to make sure that in such negotiations the President and the Prime Minister of the Republic and their associates are restored to their capital and have equal freedom of negotiations under the auspices and according to the principles and the procedures of the United Nations Committee on Indonesia.

The Vandenberg amendment to the ECA bill proposes to tie the ECA to the Charter of the United Nations by incorporating in this amendment section 5 of article 2 of the Charter which provides that: "All members shall give the United Nations every assistance in any action it takes in accordance with the present Charter, and shall refrain from giving assistance to any state against which the United Nations is taking preventive or enforcement action." We thus, as far as possible, keep our procedures within the framework of the United Nations in the exact language of the Charter. This amendment will serve to support and strengthen the United Nations in its heavy responsibility in dealing with the complex Indonesian question.

The Indonesian story is not a one-sided story, all black or all white on either side. Though the Indonesian story has its hopeful lights and tragic shadows on both sides, it is yet written in the record of the United Nations that it has been mainly the Dutch representatives who have delayed and delayed in the negotiations, rejected and rejected suggestions made by representatives of the United Nations, and defied and defied orders of the Security Council. It is our faith that increasingly large groups of forward-looking and humane people of the Netherlands, with its noble and heroic traditions, are yearning for an early and fair settlement of this increasingly tragic and destructive dispute. We look to both Governments now to follow through in good faith for a decent compliance with the procedures of the United Nations. In case the Kingdom of the Netherlands and the Republic of Indonesia fail to fulfill the hopeful promises within a reasonable time, it is the sense of a large body in the United States Senate that the Security Council should so report to the world, and that the American representative should, along with his colleagues in the Security Council, take the lead for the adoption of enforcement procedures.

The adoption of enforcement procedures by the Security Council in accordance with this amendment, expressed in the identical language of the Charter, would then obligate the United States and other member nations to withdraw any assistance from a government against which the measures of enforcement were proceeding. In this way there would be brought to bear against a defiant member nation not the unilateral action of one nation but the united action of all nations in the United Nations. If any colonial power, in the face of the moral opinion of the world, should veto the resolution for enforcement procedures, then both the nation which defies and the nation which vetoes should be brought to the moral judgment bar of that great forum of world opinion, the General Assembly of the United Nations. If it should develop that the present fair words should become a cover for more delay, rejection, and defiance, and

if the United Nations fails after the exhaustion of its procedures to secure compliance, we believe the Administrator of the ECA would be in moral position to use his executive power with regard to ECA funds in a way made appropriate by such failures.

Senator BREWSTER has performed a public service in bringing the Indonesian question to the floor of the Senate. I am strongly in favor of his position but do not consider this the proper time for his amendment. It now appears, on the assurances of the Secretary of State, that representatives of the two governments are to resume negotiations at an early date.

At the time of the shameful attack by the Netherlands on the Republic of Indonesia, in violation both of the Renville agreement and the cease-fire order August 1, 1947, and the subsequent defiance of the United Nations, I thought that ECA aid should have been cut off, not only to the East Indies, but to the Kingdom of the Netherlands.

Since the ECA aid was not cut off to the Kingdom of the Netherlands, during the period of Dutch defiance, it is not now appropriate to cut off such aid when this defiance seems to be coming to an end and negotiations between the two governments are in the process of being resumed. Now that the officials at whose instance this most reprehensible attack was made are being replaced by men of more understanding and good will, the timing of the amendment might have consequences that would not now best serve the purpose for which it is intended. Furthermore, we have time to consider, for all practical purposes, the substance of this amendment after the negotiating officials have had time to prove the real intent and substance of the fair assurances now given in press dispatches from the Netherlands and from Indonesia. In the present circumstances we should trust the good faith of these dispatches. In case our faith in their good faith proves to be unjustified, we have time in the later consideration of the appropriation for ECA to effectuate the intent of this amendment without now appearing to doubt the good faith of these latest assurances.

In this complex situation in which so much depends on good faith, let us build on good faith and fair hopes wherever we can find them. The Secretary of State has expressed his confidence in the good faith of the present assurances and his hope for the real resumption of negotiations for a peaceful settlement of this protracted and tragic dispute. In the light of developments, we can return to the purpose of the Brewster amendment with more timeliness and no less effectiveness.

By the blood of the sons of the Netherlands, by the blood of the sons of Indonesia who struggled and died in the heroic Dutch underground for the freedom of the Netherlands, by the proclamations of the beloved Queen and the commitments of the Ministers of the Netherlands, by the struggles and brave hopes of the Republic, by the national aspirations of the people of Indonesia, and by the needs of the world and the responsibility of the Security Council, the truce must be restored and the political principles must be fulfilled in the freedom, independence, and cooperation of these two great peoples in one of the great commonwealths of free and equal nations of our modern world.

#### A. Larger destiny

In the restoration of the peace and the Renville principles, the people of the Netherlands, the people of the Republic, and all the people of Indonesia have, under God, a rendezvous with a larger destiny of creative cooperation in a time and in a world in need



of the best which these historic peoples can give together. May they not fail mankind in this desperate hour. Rather may they rise to the responsibility of their power and the opportunity for their greatness to give fresh hopes of food and freedom to the hungry and fearful people of the earth who, looking to the east, would lift their eyes in prayer toward the morning of their hopes for a freer and fairer world.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. CONNALLY. Mr. President—

The VICE PRESIDENT. The Senator from Texas.

Mr. CONNALLY. I want to say just a word to all Senators. We are very anxious to speed along the pending bill and dispose of amendments as rapidly as possible. We hope Senators will remain on the floor as far as possible today, so that we can get action on amendments that are pending, of which there is a large number, many of them of small import, but still the amendments are here. I hope the Senate will vote immediately on the pending amendment.

The VICE PRESIDENT. The question is on agreeing of the amendment offered by the Senator from Louisiana [Mr. ELLENDER].

Mr. ELLENDER. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business.

The Senator from California [Mr. DOWNEY] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Iowa [Mr. GILLETTE], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Georgia [Mr. RUSSELL] are absent on public business.

The Senator from North Carolina [Mr. GRAHAM] is absent because of illness.

The Senator from Montana [Mr. MURRAY], the Senator from West Virginia [Mr. NEELY], the Senator from Florida [Mr. PEPPER], and the Senator from Utah [Mr. THOMAS], are absent on official business at the White House, and if present would vote "nay" on this amendment.

I announce further that if present the Senator from Iowa [Mr. GILLETTE], the Senator from North Carolina [Mr. GRAHAM], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from New York [Mr. WAGNER] would vote "nay" on this amendment.

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official State business, and is paired with the Senator from New Jersey [Mr. SMITH] who is absent because of illness. If present and

voting, the Senator from Maine would vote "yea," and the Senator from New Jersey would vote "nay."

The Senator from Indiana [Mr. CAPEHART] is absent on official business.

The Senator from Pennsylvania [Mr. MARTIN] is absent by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES] is absent because of illness in his family.

The result was announced—yeas 22, nays 56, as follows:

#### YEAS—22

Bricker	Johnson, Colo.	Mundt
Butler	Johnston, S. C.	Taft
Cordon	Kem	Taylor
Eastland	Langer	Wherry
Ecton	Long	Williams
Ellender	McClellan	Young
Frear	Malone	
Jenner	Millikin	

#### NAYS—56

Alken	Holland	Morse
Anderson	Hunt	Myers
Baldwin	Ives	O'Connor
Cain	Johnson, Tex.	Reed
Chapman	Kefauver	Robertson
Connally	Kerr	Saltonstall
Donnell	Kilgore	Schoeppel
Douglas	Knowland	Smith, Maine
Ferguson	Lodge	Sparkman
Flanders	Lucas	Stennis
Fulbright	McCarran	Thomas, Okla.
George	McCarthy	Thye
Green	McFarland	Tobey
Gurney	McGrath	Tydings
Hayden	McKellar	Vandenberg
Hendrickson	McMahon	Watkins
Hickenlooper	Magnuson	Wiley
Hill	Maybank	Withers
Hoey	Miller	

#### NOT VOTING—18

Brewster	Gillette	O'Mahoney
Bridges	Graham	Pepper
Byrd	Humphrey	Russell
Capehart	Martin	Smith, N. J.
Chavez	Murray	Thomas, Utah
Downey	Neely	Wagner

So Mr. ELLENDER's amendment was rejected.

Mr. ELLENDER. Mr. President, I send to the desk an amendment which I offer.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 7, before the period in line 24, it is proposed to insert a comma and the following: "and by inserting before the semicolon at the end thereof a comma and the following: 'but such special account shall not be used for administrative expenditures of the government of such country or for payment of interest on or retirement of the national debt of such country.'"

Mr. ELLENDER. Mr. President, I do not desire to discuss this amendment at length for the reason that it was discussed by me Saturday, as well as yesterday. The amendment speaks for itself. Its purpose is to prevent the Administrator from using any portion of the counterpart funds to retire the national debts, or to pay the interest thereon, or to pay the administrative expenditures of the governments of the beneficiary countries.

As I pointed out during the debate, of the \$1,171,000,000 which has been placed to March 1949 in the counterpart fund, represented by deposits in the various banks of the beneficiary countries, \$672,000,000 has been withdrawn. Of

that amount, \$539,200,000 has been used to retire debts.

In Austria \$85,000,000 were used from the counterpart funds to retire national debts of that country.

In France \$102,000,000 of counterpart funds were used to reduce their national debt.

In the United Kingdom the sum of \$330,000,000 of counterpart funds were used for reduction of the national debt.

In Norway the sum of \$22,200,000 of counterpart funds were so used.

Mr. McCLELLAN. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield for a question.

Mr. McCLELLAN. Was any part of that money used to reduce the debts of any of these countries owed to the United States?

Mr. ELLENDER. Insofar as I have been able to ascertain, no part of it was used for that purpose.

Mr. TAFT. Mr. President—

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Ohio?

Mr. ELLENDER. I yield.

Mr. TAFT. What troubles me about the amendment is that in certain cases representatives of the ECA have made agreements with these countries for the calendar year 1949. I do not like to go to the extent of repudiating such agreements. I entirely agree with the Senator's policy as it would apply to the future.

Mr. ELLENDER. My amendment applies only to future appropriations. According to the testimony presented to the committee by Mr. Hoffman, a total of \$4,000,000,000 in counterpart funds will be established under the previous appropriation, and he stated that only \$672,000,000 had been withdrawn to date. That leaves more than \$3,250,000,000 of counterpart funds which would not be affected by my amendment. The Administrator ought to be able to carry out any commitments he has made with that huge sum of money.

Mr. TAFT. The obligations entered into, I think, apply to the entire calendar year 1949. In the case of France, for instance, the French budget has been balanced by agreement on our part that during the calendar year 1949 they may take some part of the counterpart fund to help them balance their budget. I do not like to go back on that agreement. I agree with the principle the Senator seeks to put into force. I think he is entirely correct. I do not see why from now on we should be balancing the budgets of these countries or paying off their national debts, but I think it would be well if the Senator could in some way except obligations already entered into.

Mr. ELLENDER. I am willing to accept any suggestion the Senator may make along that line, although I do not think my amendment would affect any commitments previously made. My object is to affect only the appropriations which are to be made under the pending authorization. I am not seeking to include the past appropriation.



Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. HICKENLOOPER. I am very much inclined to support the Senator's amendment, but I agree with the Senator from Ohio that if under existing law ECA has made any firm commitments, we probably are morally and perhaps legally bound, if there is such a term in this program, to accommodate those commitments. I wonder if the Senator could modify his amendment by recognizing the exemption of agreements which were made, let us say, by March 1 last, or April 1, providing that any agreement made prior to such date would not be affected.

Mr. ELLENDER. I am willing to modify my amendment to that extent. The distinguished Senator from Iowa is a member of the Committee on Foreign Relations, and I am not. I have no knowledge of such commitments and agreements. The hearings are silent in that regard. I will gladly modify my amendment in order to make certain it will apply only to future appropriations or to a specific date, say April 1, 1949.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield for a question.

Mr. HICKENLOOPER. I wish to say to the Senator from Louisiana that I am in sympathy with what I believe the Senator wants to do and proposes to do by the amendment. My only question is, along the line raised by the Senator from Ohio [Mr. TAFT], that if we have existing commitments we should honor them.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. TAFT. I suggest a modification of the amendment. At the end of the Senator's amendment I suggest the insertion of the words, "except as the Administrator prior to April 1, 1949, may have agreed to such use during the calendar year 1949."

Mr. ELLENDER. Mr. President, I modify my amendment by adding the language suggested by the distinguished Senator from Ohio [Mr. TAFT].

The VICE PRESIDENT. The Senator modifies his amendment, which he has a right to do.

Mr. WHERRY. Mr. President, I ask that the amendment as modified be read.

The CHIEF CLERK. Mr. ELLENDER's amendment, as modified, is as follows:

On page 7, before the period in line 24, insert a comma and the following: "and by inserting before the semicolon at the end thereof a comma and the following: 'but such special account shall not be used for administrative expenditures of the government of such country or for payment of interest on or retirement of the national debt of such country,' " except as the Administrator prior to April 1, 1949, may have agreed to such use during the calendar year 1949.

Mr. TAFT. Mr. President, I ask to delete the words "during the calendar year 1949."

The VICE PRESIDENT. The clerk will read the language as it now appears.

The LEGISLATIVE CLERK. "Except as the Administrator prior to April 1, 1949, may have agreed to such use."

Mr. TAFT. Yes; "may have agreed to such use."

Mr. ELLENDER. I accept that modification.

The VICE PRESIDENT. The amendment has been modified accordingly.

Mr. CONNALLY. Mr. President, the committee gave very careful consideration to this matter. There is involved not only the question of the agreements which have been made between the Administrator and several countries, but there is also involved the very important question of the employment of the money in a campaign against inflation. None of us like to have our money go for the purposes, suggested by the Senator from Louisiana, but it is going to go for some purpose when the bill is put into operation.

The amendment, Mr. President, would in the future prevent any arrangements of this kind. They might be in some instances of the highest value, of the highest consideration. It seems to me that this is a matter which should be left to the Administrator, because he has a wide field of operation, and he has to use one employment for this purpose and another employment for that purpose. The committee considered this matter very carefully and rejected the amendment.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. TAFT. My only point is this: We have sent these countries a large amount of food. The government gets the food for nothing from us. The government then turns around and sells it to—

Mr. CONNALLY. No; it pays in counterpart funds.

Mr. TAFT. I mean we receive no dollars for it.

Mr. CONNALLY. No.

Mr. TAFT. The government then turns around and sells the food to its citizens, and collects cash, which is a free gift to that government so far as it is concerned, in these counterpart funds. To provide that at least 25 percent of those funds shall not be used for the ordinary expenses of the government or the payment of its debts, but shall be preserved so that we can later use that money to buy strategic materials in that country, is, I think, certainly a very mild limitation. They can use the other 75 percent, which is a free gift, gratis, for nothing, to enable them to balance their budgets. It does not seem to me that when we insist on 25 percent for our own use we are being in any way unreasonable. In effect, it is tantamount to saying that we are giving 75 percent of all this stuff free, but 25 percent has to be paid for sooner or later. I cannot believe that it would be a serious embarrassment in any way to the Administrator.

Mr. CONNALLY. Mr. President, the foreign countries do pay us for all the stuff we send them. They do not pay us

dollars, but they pay us in what is called the counterpart funds, with which the Senator, of course, is fully familiar.

Mr. TAFT. If they use it to pay their own debts they do not pay us.

Mr. CONNALLY. Does this cover the 25 percent only?

Mr. ELLENDER. No. It applies to all counterpart funds which may be established under the pending authorization.

Mr. CONNALLY. That is what I have in mind.

Mr. ELLENDER. In other words, my amendment prevents—

Mr. CONNALLY. This amendment I have in my hand, amendment E?

Mr. ELLENDER. The amendment would prevent the use of any portion of the counterpart funds, to pay the national debts, and interest thereon, and the administrative expenses of any beneficiary country.

Mr. CONNALLY. Mr. President, the Senator from Ohio—

Mr. TAFT. Mr. President, I was mistaken. I confused the pending amendment with the previous amendment.

Mr. CONNALLY. The other amendment was defeated.

Mr. TAFT. Yes.

Mr. ELLENDER. I may state to the distinguished Senator from Ohio that the amendment which was just defeated provided that not less than 25 percent of the counterpart funds, shall be used to purchase strategic materials for our account. It did not relate to debt retirement.

Mr. CONNALLY. It was limited to strategic materials. There is in the bill another clause dealing with strategic materials which was very carefully prepared. The Senator from Massachusetts [Mr. LODGE] took a special interest in it, and will no doubt discuss it when it shall be reached.

Mr. WHERRY. The Senator from Massachusetts discussed it yesterday.

Mr. CONNALLY. The Senator from Massachusetts discussed it yesterday and may probably do so again. So Senators need not worry about strategic materials. They are cared for. They have been cared for, not in hasty debate on the floor, during which Senators frequently make errors in a general way, but have been given careful consideration in the Committee on Foreign Relations.

The adoption of the amendment proposed by the Senator from Louisiana will simply complicate the operations of the Administrator in administering the act. I hope very much that the Senate will defeat the amendment, because the Administrator is a prudent and a wise man. He has a grasp of this situation such as none of us can acquire. I very much hope that the amendment will not be adopted.

The VICE PRESIDENT. The question is on agreeing to the amendment lettered E, as modified, offered by the Senator from Louisiana [Mr. ELLENDER].

Mr. ELLENDER. On this amendment, I ask for the yeas and nays.

The yeas and nays were ordered.



Mr. GEORGE. Mr. President, before the Senate votes on the amendment, I wish to say a few words. The purposes of the ECA Act will be found on page 2, title 1 thereof. Among the purposes, as they are stated in order, are:

- (1) Promoting industrial and agricultural production in the participating countries;
- (2) Furthering the restoration or maintenance of the soundness of European currencies, production, and finances; and
- (3) Facilitating and stimulating the growth of international trade—

And so forth. Mr. President, if we had put first things first we would have placed No. 2 in the first place, because basically there cannot be any recovery in Europe unless the soundness of the currency of the participating countries is maintained, and unless they have balanced budgets, or budgets at least that can be brought into balance, and unless their fiscal affairs are properly cared for.

That is in the basic act. Undoubtedly it was the primary purpose of the act to bring about the recovery of western Europe. Not only is that provision in the basic act, but when we came to the counterpart fund we intentionally permitted the placing of currencies paid on account of anything furnished to European countries in the so-called counterpart fund. That was not to be our money. Only 5 percent of it now, by agreement, is used for our benefit. The total deposit is for the benefit of the countries participating in the Marshall plan program. That was a double generosity upon our part, so to speak.

We could have saved ourselves a great deal of money had we set up a revolving fund of \$5,000,000,000, and pledged the Congress to maintain the integrity of that fund, and to convert the currencies of all the countries in that fund into dollars for use again by the various countries. Obviously we could have got by with a program of about \$5,000,000,000, plus the annual appropriations to protect the integrity of the fund; but we did not do that. That would have slowed down the process of European recovery. I think it would have taken a much longer time, and the revolving fund alone might have been inadequate to have brought about recovery. We said to those countries, "You may establish this counterpart fund," and under the law which we then wrote we said we would exercise only this control over it. In effect we said, "We will countersign the check, to see that it goes for constructive purposes." Manifestly we cannot say that this is not for a constructive purpose, when it is directly for the purpose of aiding and assisting and bringing about the soundness of the budgets and finances of the western European countries. With respect to the counterpart fund itself we enumerated this purpose:

For the purpose of internal monetary and financial stabilization, for the stimulation of productive capacity and the exploration for and development of new sources of wealth—

And so forth. That is a specific purpose. We said that the participating countries would be privileged to use the money for that specific purpose, that is, to draw on the counterpart fund for that purpose. This amendment limits and

changes the entire philosophy. It seems to me that it changes it to the detriment of the purposes which we had in mind.

When it comes to the appropriation for the next fiscal year, 1951, we may well say that that is to be a revolving fund for that year and the following year, the last year of the program, and that we will maintain the integrity of the fund; but we would not then, I hope, claim that the fund belonged to us as an asset which we might take over. Much as I stand for economy, it seems to me that it would be short-sighted economy to launch a program such as the Marshall plan and then limit the use of local currencies that were exacted by the respective governments, and which have been placed in the counterpart fund. We would certainly cut our entire contribution to European recovery in half.

Mr. CONNALLY. Mr. President, I thank the distinguished senior Senator from Georgia, who is so well acquainted with finance and business. He states the case exactly. It seems to me that the basis of all recovery is a sound financial system. That is why we have adopted this plan. We have allocated the money to particular countries, and they are the ones which will expend the counterpart fund. If we do not allow them to exercise any discretion or judgment, we shall not be carrying out the original purposes of the ECA.

Mr. President, I hope that we may have an immediate vote.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER], as modified. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from Virginia [Mr. BYRD] and the Senator from Oklahoma [Mr. THOMAS] are absent on official business.

The Senator from California [Mr. DOWNEY] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Iowa [Mr. GILLETTE], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Georgia [Mr. RUSSELL] are absent on public business.

The Senator from North Carolina [Mr. GRAHAM] is absent because of illness.

I announce further that if present the Senator from Iowa [Mr. GILLETTE], the Senator from North Carolina [Mr. GRAHAM], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oklahoma [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] would vote "nay" on this amendment.

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official State business, and is paired with the Senator from New Jersey [Mr. SMITH], who is absent because of illness. If present and voting the Senator from Maine would vote "yea," and the Senator from New Jersey would vote "nay."

The Senator from Indiana [Mr. CAPEHART] is absent on official business.

The Senator from Pennsylvania [Mr. MARTIN] is absent by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES] is absent because of illness in his family.

The Senator from Kansas [Mr. REED] is detained on official business.

The result was announced—yeas 27, nays 55, as follows:

#### YEAS—27

Butler	Johnston, S. C.	Schoeppel
Cordon	Kem	Stennis
Donnell	Langer	Taft
Ellender	Long	Taylor
Ferguson	McCarthy	Tobey
Frear	McClellan	Watkins
Hickenlooper	Malone	Wherry
Jenner	Millikin	Williams
Johnson, Colo.	Mundt	Young

#### NAYS—55

Aiken	Hoey	Morse
Anderson	Holland	Murray
Baldwin	Hunt	Myers
Bricker	Ives	Neely
Cain	Johnson, Tex.	O'Connor
Chapman	Kefauver	O'Mahoney
Chavez	Kerr	Pepper
Connally	Kilgore	Robertson
Douglas	Knowland	Saltonstall
Eastland	Lodge	Smith, Maine
Eaton	Lucas	Sparkman
Flanders	McCarran	Thomas, Utah
Fulbright	McFarland	Thye
George	McGrath	Tydings
Green	McKellar	Vandenberg
Gurney	McMahon	Wiley
Hayden	Magnuson	Withers
Hendrickson	Maybank	
Hill	Miller	

#### NOT VOTING—14

Brewster	Gillette	Russell
Bridges	Graham	Smith, N. J.
Byrd	Humphrey	Thomas, Okla.
Capehart	Martin	Wagner
Downey	Reed	

So Mr. ELLENDER's amendment "E" as modified, was rejected.

Mr. JENNER. Mr. President, I call up my amendment "B," dated March 9, 1949. I offer it, and ask that it be stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 22, it is proposed to insert the following:

(b) So much of section 112 (d) of such act as precedes paragraph (1) thereof is amended to read as follows:

"(d) The term 'surplus agricultural commodity' as used in this section is defined as any agricultural commodity, or product thereof, produced in the United States which is in excess of domestic requirements. Any agricultural commodity, or product thereof, shall be deemed to be in excess of domestic requirements (A) if so determined by the Secretary of Agriculture, or (B) if, in the case of an agricultural commodity, such commodity is selling at less than its parity or comparable price, or (C) if, in the case of a product of an agricultural commodity, such product is selling at less than a price sufficient to reflect to producers of such commodity the parity or comparable price of such commodity. The comparable price for any agricultural commodity shall be determined by the Secretary of Agriculture and used in lieu of its parity price for the purposes of this subsection if the production or consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for the basic commodities cotton, wheat, corn, tobacco, rice, and peanuts. In providing for the procurement of any such surplus agricultural commodity for transfer to any participating country in accordance with the requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this title, give effect to the following:."



On page 4, in line 23, it is proposed to strike out "(b)" and insert in lieu thereof "(c)."

Mr. JENNER. Mr. President, the necessity for such an amendment as this is demonstrated by the fact that ECA, during the last year, spent \$618,000,000 for food purchases abroad, at a time when our own country was producing huge surpluses of grain and cotton, and at a time when the Federal Government was allocating hundreds of millions of dollars to support farm prices domestically. Of course, not all the \$618,000,000 total was expended on foods which are grown in the United States.

My amendment would not affect future purchases of such commodities by ECA. It would, however, present repetition of the vast wheat-buying program which ECA financed in Canada last year.

Testimony before the Senate Agriculture Committee in February revealed that ECA spent \$354,000,000 for Canadian wheat and flour last year, a year in which the United States produced the second largest wheat crop in its history, and at a time when this commodity had been declared surplus by the Secretary of Agriculture.

The last Congress apparently thought it had written into ECA legislation safeguards against transactions of this nature. It specifically prohibited offshore purchases of commodities which had been declared surplus by the Secretary of Agriculture. Administrators of ECA discovered a loophole, however. They decided that United States transportation and loading facilities were overtaxed, and that it would have been impossible to ship from this country what they had already programed in the way of wheat, plus the equivalent of what was later shipped from Canada. They decided that, although wheat was in surplus here, it was not available. The testimony of Secretary Brannan and Dr. Fitzgerald, of ECA, revealed that both Agriculture and ECA took this attitude. Both of these gentlemen admitted that no actual survey had been undertaken to determine whether additional United States wheat might not have been shipped. Both asserted that no investigation had been made to determine whether Canadian ports and loading facilities might not have been used to handle United States wheat.

Frankly, I am very skeptical of the contention that more United States wheat could not have been shipped. Certainly such a finding should never have been made without a more extensive study of the problem than either the Department of Agriculture or ECA undertook.

Today wheat is selling in the United States below the so-called parity price. More than 360,000,000 bushels of this commodity are under Federal loans and purchase agreements. I do not believe there can be any question that had ECA done all its wheat buying in the domestic market wheat would today be selling at least at parity levels, and there would have been no necessity to place such huge quantities under loan. How much the Government will eventually lose on the 360,000,000 bushels which it now seems

certain to acquire under the loan program only time will tell.

But in the face of a declining market and in the face of another huge domestic wheat crop, the loss could well mount to \$100,000,000 or more.

Mr. McCARTHY. Mr. President, will the Senator yield for a question?

Mr. JENNER. Just a moment. I have but a very short statement. When I have completed my presentation of it, I shall be glad to yield.

It must be remembered that the dollars which we appropriate for ECA and for the Department of Agriculture's price-support program come from the same source—the pockets of American taxpayers. Certainly it is poor economy to permit ECA to expend its funds in such a way as to increase the need for additional price-support operations in our domestic market. The Canadian wheat deal, while it ostensibly saved ECA a few million dollars, may cost American taxpayers \$100,000,000 or more in farm price-support operations.

With mountainous surpluses of American grains glutting the markets today and with another huge crop in prospect, farm price-support losses during the next year or two may well mount into billions of dollars if we give ECA a free hand to buy offshore those commodities which we have in abundance in the American market.

The evasion of the spirit, and I believe the letter of the law, by ECA in the Canadian wheat deal places upon us an obligation to write into new ECA legislation language which will be plain enough for bureaucrats to understand. We must spell out what they may do and what they may not do in matters which vitally affect the welfare of this Nation and which involve expenditures of such vast sums of money.

The amendment which I have offered has just one purpose—to prevent ECA from making further costly mistakes such as the Canadian wheat deal.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks an editorial from the Indianapolis Star on this subject.

The PRESIDING OFFICER (Mr. MAGNUSON in the chair). Is there objection?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### A NEEDED ECA AMENDMENT

Senator WILLIAM E. JENNER, of Indiana, is absolutely right in one thing regarding the Economic Cooperation Administration. American money should not be used to purchase ECA goods off the shores of the United States when the commodities are surplus in this country. That simply is putting a double burden on the American people.

The present ECA law provides there shall be no offshore purchases of commodities declared surplus in the United States by the Department of Agriculture. But to date the Department has made no such declarations. Mr. JENNER feels the spirit of the law has been violated by recent ECA wheat purchases in Canada in the face of a declining United States wheat market. This proposed amendment to the law would specifically require that the ECA use its American money to buy needed farm goods in the U. S. A. which are priced below parity.

The ECA is paying off in the struggle against the inroads of communism. The American people are behind it. But it is crazy to add the cost of Government support of below-parity farm commodities to the burden ECA puts on the American taxpayer when it is unnecessary to do so. In helping Europe to its feet let's not deliberately beat ourselves over the head.

To use the ECA as a dumping ground for unneeded American industrial and agricultural surpluses would violate the purposes of the program and confirm Communist charges. But that is not what Mr. JENNER proposes. He simply contends that when there is surplus wheat in this country and American money is being used to buy wheat for Europe, the ECA should buy our surplus wheat, not Canada's or Argentina's. Congress should swiftly enact this safeguard against the stupidity of some of our bureaucrats.

Mr. JENNER. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. McCARTHY and Mr. ANDERSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana still has the floor. Does the Senator yield, and if so, to whom?

Mr. JENNER. I yield first to the Senator from Wisconsin.

Mr. McCARTHY. Mr. President, I have two questions. First, I should like to ask the Senator, in what way would his amendment affect the right of ECA to purchase, for example, foreign wheat or rye after it has been imported into this country?

Mr. JENNER. The amendment would simply say to ECA, using the Senator's example, that so long as wheat and rye are in surplus in this country, and so long as they are selling below parity, the ECA must purchase those crops in America and must not buy the Canadian crops.

Mr. McCARTHY. I am afraid the Senator did not understand my question. What about the Canadian crop which has been previously imported into this country? Let us say we have imported three or four or five million bushels of rye. In what way will the amendment offered by the Senator from Indiana affect the right of ECA to purchase that rye?

Mr. JENNER. I do not think anything that has been done will be affected by my amendment. It spells out the policy which I have just stated, and it prohibits the purchase of agricultural commodities or their products so long as they are in surplus in this country and so long as they are selling below parity. The Senator refers to rye which has been brought into this country and intermingled with American rye. Was that the Senator's question?

Mr. McCARTHY. I hope the Senator will pay very close attention, and I also hope that the Senator from New Mexico [Mr. ANDERSON] will pay close attention. I wonder in what way the amendment offered by the Senator from Indiana will affect the situation in which we allowed the importation of 4,000,000 bushels of Canadian rye during the past year. Another two or three million bushels will be coming in shortly. This rye has been intermingled with five or six or seven



million bushels of American rye. At this time the farmers have in their bins approximately 10,000,000 bushels of rye. That is particularly important to my State of Wisconsin, in that we have approximately 5,000 or 6,000 farmers who raise rye as a cash crop. ECA has been boycotting a total of approximately 10,000,000 bushels of rye which is presently in this country. The Commodity Credit Corporation has been boycotting that rye. It is said that because it is in part Canadian rye and in part American rye they will not buy it. The Commodity Credit Corporation is the purchasing agent for the Army. Because of the situation existing, the Army has purchased in Argentina four or five cargoes of rye, which is a tremendous amount. Because of this boycott on the part of CCC the farmers in Wisconsin and in Indiana, if they want to sell that commodity, must sell it far below parity. Moreover, because of the boycott, the Army is purchasing rye outside this country.

I am wondering if the Senator's amendment will not merely aggravate the situation and make it worse. If the Senator can show me how the amendment will actually cure the situation and will prevent a boycott of the huge amount of rye which is causing a depression of the market, I should like to support his amendment. But frankly, I think it will not cure the situation.

I should like to ask the Senator this question: In view of the fact that the farmers of Indiana and the farmers of Wisconsin raise a good grade of hard rye, which is peculiarly adapted for the milling of flour, and that the price is far below parity, and the taxpayers will pay a great deal of money to purchase the rye, I am curious to know in what conceivable way the Senator's amendment can cure the situation.

Have I made myself clear?

Mr. JENNER. I think the Senator has made himself clear. The situation will be cured by my amendment in this respect: If rye is in surplus in this country and is also selling below parity, then ECA cannot purchase Canadian rye and bring it into this country.

Mr. McCARTHY. Let me interrupt the Senator at that point. In view of the fact that the Department of Agriculture, which has the authority to determine whether a certain commodity is in surplus, has not declared rye in surplus, but has allowed the huge importation to which I have referred, which has resulted in depressing the price of rye for our farmers, and since the ECA must maintain its contracts, in what way can the amendment correct that situation?

Mr. JENNER. Of course my amendment cannot tell the Secretary of Agriculture anything. I have to rely upon the honesty and integrity of the Department fairly to ascertain the facts. If there is a surplus of rye, and the Department says there is no surplus, my amendment would not correct it at all. But I assume a department of the Government will act honestly and fairly, and if wheat or cotton or rye or corn or any other crop is in surplus, the ECA Administrator cannot go to some other country and spend \$340,000,000 of the American tax-

payers' money, as was done last year in the wheat deal. The excuse which was offered was that wheat was in surplus. All I am doing in my amendment is to spell out the procedure when a commodity is in surplus. It was said they did not have the facilities to ship the grain, but no study was made to ascertain whether there were any facilities to ship through Canadian ports.

Mr. McCARTHY. Will the Senator yield for a further question?

Mr. JENNER. I yield.

Mr. McCARTHY. Would the Senator consider an amendment to his amendment, which would provide that once the Agricultural Department allows—of course the President works through the Agricultural Department—once the Agricultural Department allows the importation of wheat, rye, corn, and so forth, and once the grain is in this country depressing the local market, then ECA would treat it the same as local grain?

Mr. JENNER. I think the Senator is dealing with an entirely different problem. I would not want my amendment to have added to it the amendment suggested by the Senator from Wisconsin, because I am dealing with a situation which involves a surplus of grain which is selling below parity, and the taxpayers have to support the price. It prohibits the ECA Administrator from taking the taxpayers' dollars and purchasing the commodity in Canada, Australia, or South America, to ship to the ECA countries. I think the Senator has a different problem, and I would not want to consider his amendment in connection with my amendment. My amendment has been lying on the desk for almost 2 or 3 weeks. I shall be glad to support an amendment offered by the Senator from Wisconsin, but I would not want my amendment amended in the respect he suggests.

Mr. McCARTHY. Mr. President, will the Senator yield further?

Mr. JENNER. I yield for a question.

Mr. McCARTHY. Is not the Senator confusing an actual surplus with a declared surplus? In the rye situation we have an actual physical surplus, to the extent that the farmers of Indiana and the farmers of Wisconsin are taking a financial beating. The taxpayers' money is being spent to bring the price of rye up to the support level. There is no declared surplus. If the Senator's amendment would take care of a situation in which there was an actual surplus as contrasted with a declared surplus, I would be glad to support it. If the Senator's amendment were to legitimize the present boycott of 6,000,000 or 8,000,000 bushels—

Mr. JENNER. I do not think it does that.

Mr. YOUNG. Mr. President, will the Senator yield for a question?

Mr. JENNER. I yield.

Mr. YOUNG. Is it not true that under section 22 of the Aiken-Hope Act the Secretary of Agriculture can stop the importation of rye or of any other farm commodity which is interfering with the price-support program, and the Secretary can either increase ad valorem taxes or

place quantitative limitations on the amount of farm commodities which are imported? The Secretary of Agriculture failed to act on this question, and we now have several million bushels of Canadian rye in the United States, together with a larger carry-over than we had either last year or the year before which has caused a depressed rye market. The Government is spending millions of dollars in supporting rye when it is selling at about 15 cents a bushel below support prices and more than 30 cents a bushel below parity.

Mr. JENNER. I think the Senator has answered his own question. I think that situation can be cured. As a matter of fact, I do not believe my amendment actually does anything which is not already in the ECA law, except that I am definitely spelling out the fact that the Secretary of Agriculture and the ECA Administrator cannot purchase abroad while there is a surplus in this country, and we do not have the facilities with which to ship the grain to the ports from which it is to be sent to European countries.

In other words, where there is a surplus they must find ways and means to take that surplus crop of the United States and use it under the ECA program—if that crop is in surplus and if it is selling at below parity.

I might further say that already under the law the Secretary of Agriculture has authority to prevent the very situation the Senator has been discussing, and I do not think that problem applies. I cannot speak for the Secretary of Agriculture; he will have to perform his duty under the law. What the amendment does is simply this: Whenever there is a crop in surplus in this country and that crop is selling for below parity, the ECA Administrator is prohibited from making off-shore purchases. The Secretary of Agriculture already has the law, and if he wishes to enforce it he can. As a matter of fact, the Secretary of Agriculture declared wheat in surplus last year, and then said the farmers did not have to sell wheat in order to get it transported. I am just spelling out by letter that the ECA Administrator and the Department of Agriculture must comply with the law.

Mr. McCARTHY. Mr. President, will the Senator yield for a further question?

Mr. JENNER. I yield for a question.

Mr. McCARTHY. The Senator says he is spelling this out so that it will provide that when a grain is below support level there will be no off-shore purchases. If he will do that, I shall be happy to support it.

Mr. ANDERSON. Mr. President, I am very much interested in the amendment, which is suggested in an effort to accomplish something in connection with the problem we are discussing, but I think it will not do that, and I think that can easily be proved by anyone who understands the situation.

We are dealing with a situation which does not suggest to us that the present regulation shall be continued; we are dealing with a transportation problem. The question has been raised as to buying



wheat in Canada. There is no loophole in the law. The Secretary of Agriculture always planned to export as much American wheat as could be exported from the record crop in this country. When the facilities of transportation were fully utilized, it was planned to go to Canada and take a part of the surplus Canadian wheat off the market, and to prevent that wheat doing the very thing the Senator from Wisconsin is worrying about rye having done.

There was set up in the United States not many years ago a special coordinator in order to move the wheat, possibly to countries outside the United States, where hunger existed and where aid was being given. There was brought down from New York the president of a steamship company, Captain Conway, who had had a most distinguished record during the war in the transportation of commodities. He was given wide powers by the President to move all the wheat he could move from this country, and yet he did not succeed in moving more wheat in those years than was contemplated would be exported this crop year from the huge supply in this country. So there was not a loophole. This country was trying to move all it possibly could move, and its current goal is 500,000,000 bushels of wheat plus 200,000,000 bushels of coarse grains.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. ANDERSON. I yield.

Mr. WHERRY. I am intensely interested in the statement of the Senator from New Mexico, because, if I remember correctly, during the last year I was with a group of Senators who attempted to ease the situation, and the United States bought in Canada approximately 55,000,000 bushels or \$55,000,000 worth of wheat, I have forgotten whether it was dollars or bushels. The question I wish to ask is, Was it because we did not have enough bottoms to take the wheat across the water, or was it because there were not a sufficient number of boxcars to take the wheat from the interior to the seaboard?

Mr. ANDERSON. It happened to be a combination. There was a failure to have the boxcars at the right place when the harvest was ready in the particular locality. There was a clogging of facilities around a terminal elevator in Kansas City. Suddenly, the next day, there came a clogging in Omaha, and it was impossible to move wheat. So the difficulty coincides with the harvest in every part of the country.

With the best possible brains and with the finest planning, and with powers which the Department of Agriculture does not now possess, it was not able to move more grain to the port and actually load the grain than was contemplated in this year's delivery. The shipping schedules are behind already.

Mr. WHERRY. Mr. President, I realize that the difficulty the Senator mentions, which is also experienced when the shipment of grain is the heaviest, when the grain is being harvested. But this question arose primarily in the last quarter of last year, did it not?

Mr. ANDERSON. No. The contract for the purchase of the grain in Canada

was made in the last quarter of 1948, the last quarter of the fiscal year, not the calendar year. It was started during May, June, and July 1948.

The point I was making was that the matter came up in the Senate Committee on Agriculture not too long ago, in an attempt to check on the powers of the Commodity Credit Corporation. At that time the representative of the European Recovery Administration, Dr. Fitzgerald, presented a complete story as to why it was necessary from his standpoint. The Department of Agriculture also made its explanation. The only controversy we had was as to whether or not there had been a special survey made from day to day. The only answer that could be given was that the Department of Agriculture has long had, since the first crisis developed in the shipment of grain, specialists who follow it from day to day and who are in steady contact with the shipping facilities and with the markets, and their statement was that it had been impossible to ship more grain from this country. In fact, right now shipments are behind schedule. I say now that while we would all have liked to see more grain shipped, and while it is desirable now to ship all the grain it is possible to ship and not dip into the Canadian market, there are physical limitations as to how much grain we can get to the seaboard, and we have found that out many times during the last year.

Mr. THYE. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. THYE. Is there provision in the ECA Act under which we are now operating, and as written without this amendment, that covers the question?

Mr. ANDERSON. Yes, it covers it; but I want to point out the difference, and I should be glad to do so in just a minute. There is a difference between what is now in the act and what is being proposed by the Senator from Indiana. There is a prohibition now against the Department of Agriculture buying grain in other places when there is a surplus above domestic needs in the United States. This amendment changes the definition of a surplus in what I think is a very serious fashion, and it is that with which I seek to deal.

Mr. THYE. Mr. President, I was present at the Senate Agricultural Committee hearings at the time this question was given a complete airing, and I was possibly one of the most critical of all critics because we had purchased 151,000,000 bushels of wheat in Canada when we were already supporting the prices of wheat, and putting a huge quantity of wheat into storage here under the support-price program. The explanation which was given us at that particular time, of course, was the transportation problem, and that seems to have been answered completely.

The other question was: What would they do in the future? Would they ever in the future go to sources off-shore and buy a quantity of a product of which we had a surplus and which was in a sense softening our own markets and constituting a problem which it was beyond the possibility of our economy to solve

or our administrators to solve. That is the question we must clear up here. The amendment of the junior Senator from Indiana is a proper amendment, unless we can clarify the question definitely as to the future conduct of the administrators of the ECA program.

Mr. ANDERSON. I only want to say that what the Senator from Minnesota has said about his interest in this matter and about the vigor with which he went after these figures is entirely correct. He was joined by the Senator from North Dakota [Mr. Young] and other Senators who were very anxious to question the Department of Agriculture officials and the officials of ECA, and I think they did develop, as far as was humanly possible, the true facts in connection with this matter. The Senator from Minnesota, as always, was defending his people as vigorously as he knew how, but I think he reached the point, with the rest of us, when he felt that the question of shipping more American wheat was a matter of transportation.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. McCARTHY. The Army has actually been begging for rye to be used in the occupied area of Germany. As the Senator and I know, many people in that area prefer rye to wheat, so the Army, in Austria and in Germany, has, as I said, been literally begging for rye. The Commodity Credit Corporation is the purchasing agent for the Army and has in effect said, "There is plenty of rye in this country, but it is a mixture of Canadian rye and American rye." It amounts to, roughly, eight or nine million bushels; I do not recall the exact figure. The Corporation says, therefore, that the rye is here, that it is available, it is depressing the market, and it is costing the farmers money, "but we will not purchase the rye for you." That has forced the Army to go to the Argentine, and up to this time buy either four or five cargoes of rye.

In view of the fact that as of today the price of rye to the farmer is far below parity, in view of the fact that the contracts with the farmer which the Commodity Credit Corporation must fulfill will soon become due; in other words, the Corporation will have to take the rye off the farmer's hands at prices far above today's prices, will the Senator agree with me that there is something radically wrong somewhere in the situation, either because of ECA's rules or the Commodity Credit Corporation's rules, something which is costing us a tremendous amount of money?

Mr. ANDERSON. I am glad the Senator has raised that point. I agree with him that there is something radically wrong. I am glad to say that I have joined the movement he and other Senators have promoted and have tried to get purchase of this rye made by the Commodity Credit Corporation and the ECA, and my information is that they are proceeding to the purchase of some of rye, which I think we should have done some time ago.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.



Mr. JENNER. But the point of the Senator from Wisconsin is not well taken when he refers to my amendment, because it deals with an entirely different situation. Does not the Senator from New Mexico agree with me that all my amendment does is to provide for action to spell out what is already implied in the present ECA law?

Mr. ANDERSON. No, I do not, and I will try to explain why I do not. I admit it spells out, but I want him to know what it spells. The amendment, in line 10 as it is printed, provides:

If, in the case of an agricultural commodity, such commodity is selling at less than its parity or comparable price—

I will drop the question of comparable price for the moment.

If \* \* \* such commodity is selling at less than \* \* \* parity.

Now it so happens that in 1950, unless there is a change by the Congress, the parity definition carried in the Hope-Aiken bill will become operative. I am not criticizing the Hope-Aiken bill or the provisions of it, because I suggested to the Congress the desirability of a sliding scale when I was in a different position. I am not going to shift my ground in the slightest. But we now recognize that unless there is affirmative action taken by the Congress prior to July 1 next, let us say, that agricultural supports will be dropped. Support prices will then range from 60 percent to 90 percent of parity. This amendment does not require such products to be carried in surplus when it is necessary to support them. It declares them in surplus any time they are below parity, and parity is 100 percent. But remember that the support price does not come in until the price ranges from 60 percent to 90 percent of parity.

I will say to the Senator in all seriousness that those of us who have struggled a long time with the agricultural problem are bound to feel it is going to be dangerous to introduce a new concept of supporting prices into the present already troubled situation. There are men on this floor who are not happy over the change from 90 percent of parity—92½ percent in the case of cotton—to a sliding scale that now is from 60 percent to 90 percent, and it is likely to involve, for cotton, next year in the neighborhood of 75 percent. But to say that a product is in surplus the minute it falls below 100 percent is a concept that I think is very bad for the whole agricultural picture.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. JENNER. Of course, this program comes up each year, and all I am trying to do by my amendment is to spell out and prohibit the Government from spending \$354,000,000 for Canadian wheat and flour at a time when the American farmer has a bumper crop, and when we have granted him less support prices on his crop.

So far as the Aiken-Hope measure is concerned, I voted for the Aiken-Hope measure, but I have been giving it considerable thought. I do not believe we can maintain the American standard of life and American economy on a 60-per-

cent-to-90-percent sliding scale. So I think it will have to be increased before that measure comes into effect, because, after all, 60 percent of parity on some agricultural commodity is only a few cents more a bushel than the present price.

Mr. ANDERSON. Mr. President, I do not wish to start into a debate of that measure, because I am sure the distinguished Senator from Vermont [Mr. AIKEN] and I will be most happy to participate in it when the time comes.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. AIKEN. Will the Senator from New Mexico please tell the Senator from Indiana that the 60 percent simply cannot apply, and that 72 percent is the minimum which can be applied when quotas are in effect, and that the highest support ever given wheat before the war was 57 percent.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. ANDERSON. Mr. President, I wish to—

The PRESIDING OFFICER (Mr. MAYBANK in the chair). The Senator from New Mexico has the floor.

Mr. ANDERSON. It may satisfy the situation for the present to say that the schedule of support prices in the Hope-Aiken bill represents the highest support prices ever given to the American farmer in time of peace. Before we abandon that program, we had better bear that fact in mind.

Mr. THYE. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. THYE. In order to keep the RECORD perfectly clear and not confuse what is before the Senate at this particular time, let us avoid discussing the long-range agricultural program, because we do an injustice not only to the farm population, but to the legislation itself if we pick it up here and involve it in the world problem of recovery. There is much about the sliding-scale provision in the long-range farm program which must not now become confused in the public mind while we are discussing European recovery. The only question we must clarify here is the provision of the amendment offered by the junior Senator from Indiana. The question is, Will the administrators of the ECA go offshore to buy commodities or products to supply the European recovery program if we are confronted with a surplus at home with which we do not know what to do? If we have such a surplus as we had last year, and the ECA goes offshore to buy commodities and products, it will find me criticizing it, as I did last fall, and as the majority of members of the Senate Committee on Agriculture and Forestry criticized it.

I venture to make the prediction that the ECA officials will not go offshore again to buy wheat when we have here 300,000,000 bushels of surplus wheat. So I again say to the Senator from Indiana that I believe the act covers specifically what his amendment proposes to do. I think the question was given a sufficient airing before the Senate Com-

mittee on Agriculture and Forestry this winter, in February, so that the ECA officials, including Dr. FitzGerald, will never make the same mistake again. He was told in no uncertain terms that it was the United States taxpayers' dollars which purchased the wheat from Canada. When he talked about a saving to the ECA being involved, it did not set well with us, because it was the taxpayers' money which was supporting the price under our surplus wheat, as well as financing ECA in its operations.

I am sure that in the future ECA will function without the amendment, for the benefit of the welfare of the agricultural producers of America.

Mr. ANDERSON. Mr. President, I think that with that very fine statement by the Senator from Minnesota I could well rest my case, because he has stated my position very well. The present law provides that the definition of a surplus agricultural commodity, as used in this section, is—

any agricultural commodity or product thereof produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements.

I think we are safest if we leave it with that definition, as the Senator from Minnesota has so well stated.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. WHERRY. I wish to return to the first question I asked the distinguished Senator from New Mexico. Granting that the authority exists, and that there has been a sufficient airing of the question, and that from now on the program will be handled satisfactorily to all concerned, do we not again get back to the transportation problem? Are we not still confronted with the transportation problem?

Mr. ANDERSON. Precisely; and my only suggestion to the distinguished Senator is this: I believe that next year, as the work of procuring grain progresses, both the ECA and the Department of Agriculture will make such a careful study of how much grain is to be shipped and what the maximum transportation limits are that the question will not arise again.

Mr. WHERRY. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER (Mr. JOHNSON of Texas in the chair). Does the Senator from New Mexico yield to the Senator from Nebraska?

Mr. ANDERSON. I yield.

Mr. WHERRY. If it is a question of boxcars, cannot the supply of boxcars be controlled by the Office of Defense Transportation, or whatever agency has supervision of that matter? I cannot see how the rye was ever imported into the United States in the first place, if there was a question of shortage of transportation, and if the Administrator seriously wanted to carry out the provisions of the act. So I suggest to the distinguished Senator from New Mexico that if it is a question of boxcars, before grain is ever shipped in boxcars from Canada to the United States we should give consideration to the question of



transportation of our own grain to the seaboard, and then across the water.

Mr. ANDERSON. I quite agree with the Senator from Nebraska.

Mr. YOUNG. Mr. President, I rise to support the amendment offered by the distinguished Senator from Indiana [Mr. JENNER] which provides that ECA funds cannot be used to purchase agricultural commodities when the same is selling for less than parity in the United States of America. It is not very often that I disagree with my good friend from New Mexico [Mr. ANDERSON] on any agricultural matter, but I do so in this instance.

The Agricultural Department and the ECA, at long last, in hearings before the Committee on Agriculture and Forestry, as well as before the Committee on Foreign Relations, have finally alleged a shortage of boxcars and shipping facilities in the United States as their reason for buying \$354,000,000 worth of wheat in Canada. This was not the real reason.

First, I wish to say a word about the availability of shipping. There have been empty boxcars sitting on the sidings of every railroad in the wheat-raising section of the country since last fall. True, there was a small strike on the west coast last fall, which was referred to in the hearing before the Foreign Relations Committee, but most of the wheat does not go in that direction. There have been boxcars available. There were shipping facilities available to take Canadian wheat to Europe. Surely those shipping facilities could and should have been made available for American wheat.

The real reason why Canadian wheat was purchased was set forth in a letter from Mr. Paul G. Hoffman to me, dated February 1, 1949. I ask unanimous consent that the letter be printed in the RECORD at the conclusion of my statement, as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

ECONOMIC COOPERATION  
ADMINISTRATION,

Washington, D. C., February 1, 1949.

HON. MILTON R. YOUNG,  
United States Senate,

Washington, D. C.

DEAR SENATOR YOUNG: This is in reply to your letter of January 25, expressing concern about the purchase by the United Kingdom of \$55,000,000 worth of Canadian wheat with funds made available to the United Kingdom by ECA.

From April 3 through December 31, 1948, ECA has authorized the purchase of food and agricultural commodities valued at \$1,799,000,000. Of this total, \$1,184,400,000 have been authorized for purchases in the United States, \$354,200,000 for purchases in Canada and Newfoundland, \$164,800,000 for purchases in Latin America, and \$95,700,000 for purchases in other parts of the world. Total authorizations for this period amounted to \$4,044,800,000, including \$336,700,000 for ocean freight. Of the authorizations for purchase of food and agriculture products in Canada and Newfoundland, \$256,400,000 have been for purchase of bread-grains.

During the earlier part of the 9 months ending December 31, 1948, purchases of bread grains in Canada were necessitated by the lack of availabilities from the United States. More recently, authorizations for

purchase in Canada have been limited to purchases by the United Kingdom where, because of the existence of an agreement between these two countries, prices paid have been \$2 a bushel, in store, Fort William. Currently, participating countries are paying about \$2.43 a bushel for hard red winter wheat at the Gulf and higher prices for spring wheat at Atlantic ports. Prior to August 1, 1948, the price United Kingdom had been paying for Canadian wheat was \$1.55 a bushel, in store, Fort William, whereas hard wheat at the Gulf was costing from \$2.50 to \$2.75 a bushel. During the 9 months ending December 31, the wheat purchased by United Kingdom from Canada and paid for with ECA funds, has cost at least \$50,000,000 less than it would have cost if purchased in the United States.

However, this saving has not been the sole, or even the main, reason for authorizing the use of ECA funds for these purchases; nor have these purchases been made in disregard of the provisions of the Economic Cooperation Act. The act provides that the Administrator shall not authorize the use of ECA funds for offshore procurement for commodities for which supplies available in the United States are sufficient to meet the requirements of the participating countries. To date, we have not felt that the supplies of wheat available in the United States were sufficient to meet the requirements of the participating countries as well as all of the requirements of nonparticipating countries. As a consequence, it appeared to us to be most desirable to authorize the use of ECA funds for the purchase of low-priced wheat under the Canadian-United Kingdom Wheat Agreement, thus saving the American taxpayers' money, rather than to require all purchases of wheat for the participating countries to be made from the United States when prices are uniformly substantially above \$2 a bushel and thus forcing the nonparticipating countries to shift at least a major portion of their purchases to Canada.

The assistance which Canada has obtained under the Marshall plan is, as I am sure you realize, wholly indirect. This indirect assistance has been, I believe, considered to be a major incidental advantage of the entire program. ECA's responsibility is to furnish recovery assistance to the United Kingdom. This assistance is given when it allots funds for the purchase of the wheat needed to maintain bread distribution in that country. When these funds are spent in a country other than the United States, as for example, Canada, that country is thereby benefited. It should be pointed out, however, that the American dollars which the United Kingdom pays to Canada are in turn spent by Canada in the United States so that the United States ultimately gets the benefit of the increased production and employment of labor that grows out of the expenditure of funds authorized by Congress for European recovery even though some of the dollars thus expended return to the United States via a third country. Incidentally, the expenditure by the participating countries with ECA funds in Canada has sufficiently improved the dollar position of that country to permit it to relax many of its restrictions on imports from the United States. These restrictions formerly applied to a long list of agricultural commodities.

I am enclosing a copy of a letter that the Director of our Food and Agriculture Division recently wrote to Mr. Charles Dewey on this same subject which contains additional information thereon. We recognize that a potential development of agricultural surpluses in the United States may create many problems for all of us and we shall, of course, want to do everything possible to contribute to a solution of these problems, consistent with the specific responsibilities assigned to

us by Congress of encouraging and assisting European economic recovery. Perhaps you would like to discuss this matter, particularly as it affects wheat, with Dr. FitzGerald. If so, he will be delighted to make himself available at your convenience.

Sincerely yours,

PAUL G. HOFFMAN, Administrator.

Mr. YOUNG. The first reason given by Mr. Hoffman for the purchase of \$354,000,000 worth of wheat in Canada was that they made a saving of approximately \$50,000,000. That is quite true. But while they were making that saving in Canada we were spending millions of dollars in support of wheat prices here. At the present time the Commodity Credit Corporation has more than \$500,000,000 committed to the support of wheat prices alone. It is estimated by the Comptroller of the Commodity Credit Corporation that by July 1 this year they will have committed \$2,500,000,000 in support of farm commodity prices. Secretary Brannan's statement later was to the effect that if this crop comes through, we may have the total amount made available for price supports committed in support of the 1949 crop. That amount is \$4,750,000,000.

Nowhere in the letter does Mr. Hoffman mention lack of available shipping facilities. He states in his letter with reference to purchases in Canada:

However, this saving has not been the sole or even the main reason for authorizing the use of ECA funds for these purchases; nor have these purchases been made in disregard of the provisions of the Economic Cooperation Act. The act provides that the Administrator shall not authorize the use of ECA funds for offshore procurement for commodities for which supplies available in the United States are sufficient to meet the requirements of the participating countries. To date, we have not felt that the supplies of wheat available in the United States were sufficient to meet the requirements of the participating countries as well as all of the requirements of nonparticipating countries.

That statement was made by Mr. Paul G. Hoffman on February 1.

Today we have a carry-over which threatens the entire price structure of wheat. It threatens to cost the Government many millions in support of wheat prices alone. Yet, on February 1 Mr. Hoffman states that there is not enough wheat to go around. On the other hand, the Department of Agriculture had declared wheat to be surplus. There will be a carry-over of at least 300,000,000 bushels. In my judgment the Secretary of Agriculture was not properly exercising the functions of his Department when he made no objection to those purchases in Canada.

As I have stated, Mr. Hoffman nowhere in the letter mentions the lack of availability of shipping. He mentions the need of supplying Canada with dollars. He points out how that would help the economy of the United States. If Canada were an ECA country, it might be a different story; but I do not believe she is. She has recently reduced her excise taxes, and probably eliminated them completely. She has reduced income taxes. In my opinion Canada is a good neighbor, and if she were in need of help



we should help her; but our financial condition is worse than hers.

Mr. AIKEN. Mr. President, while I concur in the purpose of the amendment, I believe that what we need is not more amendments, but to keep watch of the Administrator to see that he carries out the intent of the Congress. All the amendments in the world would do us no good in regard to the disposal of surplus agricultural commodities if we simply adopted the amendments and let the Administrator go his own merry way and do as he pleased about observing the intent of the Congress. So it seems to me that this amendment is superfluous. It would perhaps only confuse the issue, and it is unnecessary.

But I shall be glad to join with its authors or with any other Members of the Senate in attempting to see to it that the Administrator carries out the congressional intent.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. AIKEN. I yield.

Mr. WHERRY. I should like to ask the Senator one or two questions. First of all, in what way would the amendment hurt the present authorization?

Mr. AIKEN. It is completely unnecessary.

Mr. WHERRY. Assume that it is; would it hurt in any way if it were adopted?

Mr. AIKEN. I would leave it to the Department of Agriculture to determine the surplus.

Mr. WHERRY. But if the amendment is adopted, will it hurt the present authorization?

Mr. AIKEN. I would regard the amendment as a gratuitous slap at the Administrator. Perhaps he needs a slap, but the Committee on Agriculture has given him one slap this winter.

Mr. WHERRY. Then the Senator from Vermont has answered the second question I had in mind.

Mr. AIKEN. I may say probably he needed it.

Mr. WHERRY. That is the point I was going to make. The Senator from Vermont suggests that it might confuse the Department, but it seems to me that the Department is already in a state of utter confusion; so perhaps this amendment might help clear up the situation or iron out the difficulties.

Mr. AIKEN. No; I do not think so.

Mr. THYE. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. THYE. It seems to me that at the hearings before the committee last winter there was no question in the mind of the Senator from Vermont or in the mind of any other Member of the committee that the ECA Administrator or Dr. Fitzgerald felt that they should be criticized by us for having made purchases offshore when we ourselves had surpluses of wheat. My question is this: Does the act spell it out now?

Mr. WHERRY. No.

Mr. THYE. If the act spells it out now, then if we adopt the amendment, will it cause confusion in our minds, as well as in the mind of the Administrator of ECA?

Mr. AIKEN. I do not have a copy of the act before me, but I believe the Senator from New Mexico [Mr. ANDERSON] has a copy of it in his hand. I ask him if he will read that provision of the law.

Mr. ANDERSON. It reads as follows:

The term "surplus agricultural commodity" as used in this section is defined as any agricultural commodity or product thereof produced in the United States which is determined by the Secretary of Agriculture to be in excess of domestic requirements.

Mr. THYE. That spells it out; but if there is any doubt in the mind of anyone, I shall address this question to the chairman of the Foreign Relations Committee, the Senator from Texas [Mr. CONNALLY]: Does the act give us any assurance; or is there any doubt in the mind of the Senator from Texas, as chairman of the committee, whether if we ever found the ECA making offshore purchases of any commodity which was at the time recognized as in surplus supply in the United States, he, as chairman of the committee, would criticize that functioning of ECA and the administrators of ECA, under such circumstances?

Mr. CONNALLY. Mr. President, will the Senator yield to me?

Mr. AIKEN. I yield, if there is no objection.

Mr. CONNALLY. I wish to make this general statement: Agricultural commodities have been given special consideration by the law and by the ECA, in that they are the only kind of commodities which the ECA itself undertakes to purchase. All other commodities are purchased by the participating countries through their agents here or through their purchasing commissions.

It is the earnest desire of the Committee on Foreign Relations, as I take it also to be the desire of Senators who have spoken on this matter, to see to it that agricultural products receive the highest and best consideration.

I say to the Senator from Minnesota that if in the course of events it comes to the attention of our committee, by the action of a Senator not on the committee or by the action of a member of the Foreign Relations Committee, that the law is not being carried out in its spirit, as well as in its letter, the Committee on Foreign Relations will not hesitate to bring the matter to the attention of the Administrator and the proper authorities, to see to it that such action is corrected, and that the act is administered in the way in which the Congress determined it should be administered, at the time when the act was enacted.

Mr. THYE. I thank the Senator.

Mr. CONNALLY. Does that clear up the situation?

Mr. THYE. It answers the question; and it clarifies it, I am certain, in the minds of everyone.

Mr. AIKEN. Mr. President, in conclusion let me say that after the Senate Committee on Agriculture had the ECA administrators, particularly Mr. Fitzgerald, before the committee and, as we might say, took them to task somewhat, conditions have improved. I know that to be a fact, because I received from the director, or whatever his title may be, in one of the ECA countries a cablegram in

which he stated that they were unable to buy the type of wheat they wanted to buy with ECA funds. I took up that matter with the Department of Agriculture. It seems that they wanted to buy Manitoba wheat, but that we had a surplus of wheat of exactly the same quality, grown either in Montana or in the Dakotas or in that general area, so that this country refused to let ECA money be used to buy the wheat from Manitoba, inasmuch as wheat of the same grade or quality, but grown in this country, was available. I know that the Department of Agriculture has been keeping a close watch on the situation.

I do not feel too keenly about this amendment, one way or the other. I simply say it is unnecessary. I do not think it is vital whether the amendment is adopted or rejected.

Mr. JENNER. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. JENNER. In other words, the intent is already specified in the law; is it?

Mr. AIKEN. Yes.

Mr. JENNER. But last year a \$354,000,000 mistake was made, apparently because the administrators did not follow the intent of the law.

All this amendment would do would be to make sure that that does not happen this year.

Mr. AIKEN. Unfortunately, when Congress passes laws, the Congress seems to have to follow them up in order to see that they are complied with, or else take the chance of having some evasions of the laws occur.

The PRESIDING OFFICER. The question is on agreeing to the amendment lettered "B" of the Senator from Indiana.

On this question the yeas and nays have been demanded and ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Wyoming [Mr. HUNT], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Oklahoma [Mr. THOMAS] are absent on official business.

The Senator from California [Mr. DOWNEY], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Iowa [Mr. GILLETTE], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Georgia [Mr. RUSSELL] are absent on public business.

The Senator from North Carolina [Mr. GRAHAM] is absent because of illness.

If present and voting, the Senator from Iowa [Mr. GILLETTE], the Senator from North Carolina [Mr. GRAHAM], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Alabama [Mr. SPARKMAN], the Senator from Oklahoma [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] would vote "nay" on this amendment.

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official State business, and is paired with the Senator from New Jersey [Mr. SMITH] who is absent because of illness. If present and voting,



the Senator from Maine would vote "yea," and the Senator from New Jersey would vote "nay."

The Senator from Indiana [Mr. CAPEHART] is absent on official business.

The Senator from Pennsylvania [Mr. MARTIN] is absent by leave of the Senate.

The Senate from New Hampshire [Mr. BRIDGES] is absent because of illness in his family.

The Senate from New Hampshire [Mr. TOBEY] is detained on official business.

The result was announced—yeas 32, nays 48, as follows:

## YEAS—32

Baldwin	Hickenlooper	Mundt
Bricker	Jenner	Reed
Butler	Johnson, Colo.	Schoeppel
Cain	Johnston, S. C.	Taft
Cordon	Kem	Taylor
Eastland	Knowland	Thye
Eaton	Langer	Watkins
Ellender	McCarthy	Wherry
Ferguson	Malone	Williams
Frear	Millikin	Young
Gurney	Morse	

## NAYS—48

Alken	Ives	Miller
Anderson	Johnson, Tex.	Murray
Chapman	Kefauver	Myers
Chavez	Kerr	Neely
Connally	Kilgore	O'Connor
Donnell	Lodge	O'Mahoney
Douglas	Long	Pepper
Flanders	Lucas	Robertson
Fulbright	McCarran	Saltonstall
George	McClellan	Smith, Maine
Green	McFarland	Stennis
Hayden	McGrath	Thomas, Utah
Hendrickson	McKellar	Tydings
Hill	McMahon	Vandenberg
Hoey	Magnuson	Wiley
Holland	Maybank	Withers

## NOT VOTING—18

Brewster	Graham	Sparkman
Bridges	Humphrey	Thomas, Okla.
Byrd	Hunt	Tobey
Capehart	Martin	Wagner
Downey	Russell	
Gillette	Smith, N. J.	

So Mr. JENNER's amendment was rejected.

## MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

- S. 26. An act for the relief of Jose Babace;
- S. 27. An act for the relief of certain Basque aliens;
- S. 208. An act for the relief of Ella L. Browning; and
- S. 748. An act for the relief of Charles L. Bishop.

## MEETING OF APPROPRIATIONS COMMITTEE OR SUBCOMMITTEES DURING SESSIONS OF THE SENATE

Mr. McKELLAR. Mr. President, on behalf of the Appropriations Committee, I ask unanimous consent that the committee or any subcommittee thereof may meet during the sessions of the Senate until further notice.

The PRESIDING OFFICER. Without objection—

Mr. DONNELL. Mr. President, will the Senator from Tennessee be kind enough to state his request again?

Mr. McKELLAR. I merely request that the Appropriations Committee or any subcommittee thereof may meet during the sessions of the Senate.

Mr. DONNELL. Let me ask whether that request means that there would be any counting as "present" in the Senate Chamber, in connection with a quorum call, any Senators who were in attendance at such committee meetings, unless they were actually physically here in the Senate Chamber.

Mr. McKELLAR. Oh, no; the request has nothing to do with that situation.

Mr. DONNELL. I thank the Senator. The PRESIDING OFFICER. Without objection, it is so ordered.

## EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. MAGNUSON. Mr. President, I have two amendments which I send to the desk. They involve the maritime provinces in connection with ECA policy. Both amendments have been discussed with the chairman of the committee and probably will be accepted by the committee. I ask that they be read.

The PRESIDING OFFICER. Which amendment does the Senator desire to have first stated?

Mr. MAGNUSON. My amendment A. I think we can save time if we can get them into the bill now.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Washington.

The LEGISLATIVE CLERK. It is proposed to insert at the end of the bill a new section, as follows:

The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, as far as is practicable, that at least 50 percent of the gross tonnage of commodities procured out of funds made available under this title and transported to or from the United States on ocean vessels, computed separately for dry-bulk carriers, dry-cargo liner and tanker services, is so transported on United States flag vessels to the extent such vessels are available at market rates for United States flag vessels; and, in the administration of this provision, the Administrator shall, insofar as practicable and consistent with the purposes of this title, endeavor to secure a fair and reasonable participation by United States flagships in cargoes by geographical area.

Mr. MAGNUSON. Mr. President, I wish to make a very brief explanation of the amendment. To the ECA bill last year there was submitted an amendment by former Senator White and myself which provided that 50 percent of the cargoes in control of the ECA Administrator should be shipped in American bottoms. The purpose of the amendment was, of course, very obvious to the Members of the Senate and of the House, because we were confronted with the same situation then, and are even at this time, as that which confronted us after World War I, namely, the prospect of the American flag disappearing from the seas. The possibility of keeping the American merchant marine alive revolves around the ECA program. The Administrator later placed a different interpretation upon the intent of Congress as expressed in that amendment, and decided, for reasons of his own, that he need not follow it. There were several

conferences between shippers, the Senate Commerce Committee, the House Committee on Merchant Marine and Fisheries, and many others, including the Maritime Commission. An understanding was evolved whereby Mr. Hoffman would agree—he first made such agreement informally—to make every attempt to see that at least 50 percent of the goods were shipped in American bottoms.

Some difficulty was encountered, so that the chairman of the House Merchant Marine and Fisheries Committee offered an amendment in the House, and I offered one in the Senate, which made it mandatory on the Administrator that he do this. I want it clearly understood that unless the flexible provisions of this amendment are carried out, we shall have to ask the Senate and the House to pass a mandatory bill requiring the Administrator to ship in American bottoms at least 50 percent of the goods over which the Administrator has control, in offshore trade, in coastwise trade, and in crosswise trade, on all categories of vessels.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. CONNALLY. Mr. President, as originally drawn, the committee did not agree to the amendment because it required percentages for each particular country. The ECA found it unworkable and impracticable. The committee has no objection to this new version, which simply makes a global computation and divides it only as to the kind of ships. It does not try to require that each country have a percentage separate and apart from the others. Is that correct?

Mr. MAGNUSON. That is correct, in part. Of course, the Administrator, under the provisions of the amendment, has flexible authority. The House bill and my bill made it a mandatory 50 percent, country by country. Many of us feel that this should be done. But the Administrator can do that, or he can make it an over-all 50 percent, under the amendment.

Mr. CONNALLY. It is not now compulsory, as it was under the provisions of the original amendment. Is that correct?

Mr. MAGNUSON. That is correct.

Mr. CONNALLY. Even under this amendment the Administrator is given certain discretion, because the language provides that the Administrator shall, insofar as practicable and consistent with the purpose of the title, endeavor to secure a fair and reasonable participation by United States-flag ships in cargoes by geographical areas. In other words, he is empowered to do it and, insofar as practicable, he is commanded to do it. So the committee has no objection to the adoption of the amendment offered by the Senator from Washington.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. MAGNUSON].

The amendment was agreed to.

Mr. MAGNUSON. Mr. President, I ask unanimous consent at this time to insert at this point in the RECORD the



ninth report for the Public Advisory Committee of ECA.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

The ninth report for the Public Advisory Committee (ECA) will be released tomorrow. It will show—

1. 47.2 percent United States participation: The trend has been (by reference to prior reports)—

	Percent
April through October.....	49.4
November.....	48.9
December.....	48.4
January.....	48.0
February.....	47.2

2. United States participation since November has been 43 percent.

3. Eliminate Bizone, Greece, Austria, and Trieste (where shipments are largely United States-controlled) and the April-February percentage is 41.8 percent.

4. Eliminate Bizone, Greece, Austria, and Trieste and the November-February percentage is 35.8 percent.

5. 1949 participation of France (the biggest recipient), 16.7 percent; United Kingdom, 10.9 percent.

6. Principal offenders, cumulative April to February:

United Kingdom.....	17.6
Denmark.....	17.7
Belgium (7.5 liner).....	38.7
Netherlands.....	29.8
Norway.....	30.7

The PRESIDING OFFICER. The clerk will state the next amendment offered by the Senator from Washington [Mr. MAGNUSON].

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert a new section, as follows:

(c) Section 112 of such act is hereby amended by adding at the end thereof the following new subsection:

"(j) No funds authorized for the purposes of this title shall be used for the payment of charges incurred after 60 days after the effective date of this amendment for charter hire, freight or passenger charges, or for any other purpose, to, on behalf of, or for the account of any vessel documented under the laws of any foreign country not a participating country unless, in the case of individuals the owner or owners of such vessel is a national of the country, and in the case of a corporation a majority of the voting power or controlling interest is vested in nationals of the country, under whose laws such vessel is documented. In administering this provision the Administrator may rely on the certificate of the owner of any vessel as to the nationality of such owner if an individual and as to the nationality of the controlling interest or majority stock ownership in the case of a corporation."

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. CONNALLY. Mr. President, the committee has no objection to this amendment. It is a modification of a former amendment.

The PRESIDING OFFICER (putting the question). The amendment is adopted.

Mr. DONNELL. Mr. President, I respectfully object to the action just taken, for the reason that no adequate opportunity was given any Senator to vote either for or against the amendment. The Chair put the question with such rapid fire action that it was impossible

for any Senator to vote. I realize that the printed RECORD will not show it, but that is the fact. While I am not going to vote against the amendment, I certainly protest against any action by the Chair by which Senators are precluded from voting. I respectfully request that the Members of the Senate be given an opportunity to vote, and I therefore move that the action just taken be set aside.

The PRESIDING OFFICER. The Chair certainly did not intend to preclude any Senators from voting.

As many as favor the adoption of the amendment offered by the Senator from Washington will say "Aye." Opposed "No." The ayes appear to have it; the ayes have it, and the amendment is agreed to.

Mr. MAGNUSON. Mr. President, I ask unanimous consent to have placed in the body of the RECORD an explanation of the amendment at this point.

There being no objection, the explanation was ordered to be printed in the RECORD, as follows:

Mr. President, the purpose of this amendment is to prohibit the use of Panamanian and Honduran vessels and other vessels being operated under "runaway" flags for the transportation of ECA commodities. The amendment is phrased so as not to discriminate against any legitimate maritime flag and would not discriminate against Panamanian flag vessels owned by Panamanian citizens. The amendment would however prohibit the use of some 2,500,000 tons of shipping placed under the Panamanian and Honduran flags by Greeks, Americans, British, Swedish, Norwegian, Portuguese, and Venezuelan citizens.

For the period April to November 1948, inclusive, there were 959 sailings in the movement of coal and grain in Italy and France from the United States. Forty-two of these voyages were made by Panamanian flag vessels and 28 were made by Honduran flag vessels. The payment of freight was made in dollars. The shipowners operating these vessels made no contribution to the economy of the United States or to the economy of the participating nations since they paid no taxes. The shipowners operating these vessels made no contribution in terms of making dollar exchange available to the participating nations. These shipowners threatened the economic revival of western Europe by undermining the stability of the maritime industry which is essential to the ERP nations. These vessels were deliberately registered under Panamanian and Honduran flags to evade minimum world-wide safety at sea standards, and to evade income taxes and currency exchange regulations prevalent under the legitimate maritime flags.

I am informed that the Economic Cooperation Administration at the present time prohibits the use of Panamanian and Honduran flag vessels for successive charters under the ECA program and insofar as is possible gives preference to United States flag vessels and to the vessels of the participating nations over those flying the Panamanian and Honduran flags. The ECA, however, does not have a legislative mandate to ban these vessels which drain dollars from the productive circle compassing the ECA program. During recent hearings before the House Merchant Marine and Fisheries Committee, Congressman HART, specifically inquired of Mr. Syran, Director of Transportation for ECA, whether ECA would have any objection "to a provision being written into the measure that Panamanian and Honduran vessels should be excluded

entirely from the operation of this program." Mr. Syran's answer was "I would not have any objection."

The American Federation of Labor and the Congress of Industrial Organizations are on record in favor of this amendment. The International Transport Workers Federation, an affiliated body of transport workers unions from virtually all of the participating countries recently held a special meeting in London to discuss the threat to maritime labor standards and to the stability of the maritime industry from these runaway flags and unanimously petitioned Administrator Paul Hoffman to ban the use of these vessels. Incidentally the ITF is one of the strongest supporters of the ECA among trade-union groups.

The amendment proposed will require no great administrative difficulties. The legitimate maritime nations of the world will gladly and can simply supply certificates to each of their vessels certifying the citizenship of the controlling interests.

This amendment would further the aims of the European recovery program by providing additional taxes and currency exchange for the participating nations, additional taxes for the United States, and by providing a healthier atmosphere for the important maritime industry.

Mr. MAGNUSON. Mr. President, I have a third amendment which will take only a few minutes of the time of the Senate—5 minutes, at the most. It relates to the same subject, the future of the American merchant marine, if any. The amendment has been printed and has been lying on the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 10, beginning with line 3 and ending with line 20, it is proposed to strike out section 11 (b).

Mr. MAGNUSON. Mr. President, the bill before the Senate provides for the transfer from the Maritime Commission to Italy of 10 passenger ships. These ships are owned by the United States Maritime Commission, and they are to be transferred to Italy without charge for a period up to 3 years.

As I understand, the purpose of that provision in the bill, and the purpose of the amendment, is to permit the Italian Government to transport immigrants from the mainland of Italy to Argentina, Australia and possibly north African colonies. I understand the final disposition of the colonies is subject to great dispute in the United Nations, as to whether they should go back to Italy, or Italy should have a trusteeship, or what should be done with them.

I have no objection to Italy transporting as many people as she wishes in order to develop a colonial empire or colonial economy which might help rehabilitate Italy herself. But I do have great objection to inclusion in the bill of a provision taking 10 passenger ships from the United States Maritime Commission and turning them over to the Italian Government for this purpose.

If we had a great many passenger ships that would be one story. If we had a surplus of passenger ships, that would be another story. The truth of the matter is that one of the most serious drawbacks in the American merchant marine today, one of the main reasons why we are unable to participate in world pas-



senger trade, is the fact that there are practically no passenger ships on the seas flying the United States flag.

Mr. President, I am about to leave the Chamber, when I conclude what I have to say, to go upstairs to a meeting of the Senate Committee on Interstate and Foreign Commerce. We are discussing a bill in that committee which will provide that if the Army has ships to be converted they may be used to transport back and forth in the student season students who may desire to go to Europe, in an exchange of students.

There is a complete lack of passenger ships on the Pacific under the American flag. Most Americans who travel by water today must attempt to secure passage on foreign lines. We have here another attempt to whittle away at the American merchant marine, a merchant marine which today is fast disappearing from the seas, a merchant marine which should be the strongest in passenger and cargo ships in the entire world, and the strongest operating merchant marine.

It seems to me that Italy herself, as part of her rehabilitation, could well find ways and means, which I am sure she can, to transport the number of people she wants to transport. I may be incorrect, and should like to be corrected if I am, but I understand the matter of whether or not Italy is to control these colonies is still in dispute, and has not yet been decided.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. VANDENBERG. I say most respectfully that the Senator is totally mistaken regarding the destination of this immigration movement. It has nothing to do with north Africa or Italian colonies whatever. This affects a removal of surplus population into areas particularly in South America and in Australia. It is a population movement, it is not a colony movement. It has nothing whatever to do with the Italian colony question.

Mr. MAGNUSON. I stand corrected about where these people are intended to go, but I think there is a great deal of question as to that, and the application will be made for the transfer of ships for use any place. Much has been said in Italy, and a great deal has been said by the Italian-speaking newspapers of the United States, to the effect that if Italy could get some ships, most of the movement might take place in the Mediterranean. There is no restriction in the provision as to where the ships are to go. But that is beside the point. My objection to the provision still stands; it is a movement of Italians out of Italy on American ships that will be given to Italy without charge, when there is a great dearth of passenger ships on the high seas flying the American flag. That is why I oppose this portion of the bill, and ask that it be stricken out.

Mr. VANDENBERG. Mr. President, I think the explanation of the provision in the bill is very simple, and to my way of thinking it is one of the highly constructive sections. One of Italy's fundamental economic problems is overpopulation, and any constructive answer to overpopulation in Italy is a fundamental

contribution toward putting Italy in a sound economic position.

The Senator from Washington need not worry about the destination of these ship movements, because he may refer to the committee report, and he can rely upon what the committee report says in this connection. The committee report points out that these vessels are to operate between Italy and South America and Australia.

Only 10 vessels are involved. My understanding is that they are Liberty ships. They are to be loaned to Italy for this purpose. They are to be operated by Italy, at their own expense, manned by Italians, and paid for out of Italian funds. The movement seems to have the complete and enthusiastic approval of all departments of the Government, and in the view of the Committee on Foreign Relations this is one of the completely constructive undertakings that is involved in the program.

Mr. IVES. Mr. President—

Mr. VANDENBERG. I yield to the Senator from New York.

Mr. IVES. I do not desire to ask a question of the Senator from Michigan; I wish to make a statement regarding the amendment.

Mr. CORDON. Mr. President, will the Senator from Michigan yield?

Mr. VANDENBERG. I yield to the Senator from Oregon.

Mr. CORDON. The Senator from Oregon is interested in ascertaining whether the committee had information from the Maritime Commission with reference to the availability of Liberty-type ships for passenger service, whether there is a requirement that they be available for passenger service, or whether they are to turn over the ships and have them remodeled.

Mr. MAGNUSON. There is no restriction in the amendment. I have been reading on many occasions that they intend to use them for any immigration purposes they wish. The feeling on the part of most of the newspapers which presume to speak for the Italian people is that a great many of the ships are to be used in the Mediterranean trade.

Mr. VANDENBERG. Mr. President, let me answer the Senator from Oregon first, although I wish to come back to the Senator from Washington, who seems to be relying upon something other than official information in connection with the programing of these ships.

Mr. MAGNUSON. That is correct.

Mr. VANDENBERG. If the Senator from Oregon will permit me, I shall conclude my comment to the Senator from Washington. I assert to the Senator from Washington that he may read in the committee report a definition of the objective of this portion of the bill. It is clearly and specifically asserted that this is a movement to South America and Australia, and the Senator from Washington can rely upon that.

Mr. MAGNUSON. I hope I can rely on it, but I still state that my objection, regardless of where the ships are going, is a basic one, due to the lack of American passenger ships flying our flag on the high seas, and the value of 10 of those ships to our Government.

Mr. VANDENBERG. Of course, this is only a temporary transfer.

Mr. MAGNUSON. For 3 years.

Mr. VANDENBERG. In answer to the Senator from Oregon, the Senator from Michigan is advised that the following information on this subject originates with the Maritime Commission:

The use of C-4's is contemplated under this provision insofar as they are available. The question of their availability, however, is not of material significance because there are 232 Victory ships in the stand-by fleet.

The ships here involved will be taken from the stand-by fleet.

Mr. CORDON. If that means a transfer of the laid-up, moth-balled Victory ships, as is, to Italy, I can see no objection whatever. If it means the very few which have been reconverted to passenger purposes, then I find myself in line with the Senator from Washington.

Mr. MAGNUSON. Mr. President—

Mr. VANDENBERG. The Senator from Michigan has the floor, Mr. President. If the Senator from Washington will permit him to reply.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. WITHERS in the chair). The Senator will state it.

Mr. MORSE. I ask, Who has the floor?

The PRESIDING OFFICER. The Senator from Michigan has the floor.

Mr. VANDENBERG. Mr. President, it does not make much difference. I shall be happy to conclude, or to yield to any Senator.

Mr. MORSE. Mr. President, it makes very much difference to the junior Senator from Oregon, if we are going to have rules in the Senate and operate under them. I rose to say that the Senator from Washington [Mr. MAGNUSON] has the floor and that he can yield only for questions.

Mr. VANDENBERG. The Senator from Michigan yields the floor.

Mr. CONNALLY. Mr. President, I rise to a point of privilege.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. Recognition is entirely in the hands of the Chair. The observations of the Senator from Oregon are beside the point. He cannot, for this body, determine who is recognized. That is up to the Chair. And when the Chair stated that the Senator from Michigan had the floor, the Senator from Michigan has the floor.

The PRESIDING OFFICER. That is the way the Chair ruled.

Mr. MORSE. That ruling is subject to appeal. I will say to the Senator from Texas that if that is the particular kind of contest he wants to indulge in this afternoon, so long as I am on the floor I am going to do what I can to protect the rights of Members who have the floor; and the Senator from Washington had the floor, and he did not yield the floor.

Mr. IVES. Mr. President—

The PRESIDING OFFICER. The Senator from New York.

Mr. IVES. Does the Senator from New York have the floor?



The PRESIDING OFFICER. The Senator from New York has the floor.

Mr. IVES. I do not want to spend much of the Senate's time this afternoon, because of the large number of amendments which are before us which will require action. But I do want to emphasize as emphatically as I can the forepart of the remarks made by the able Senator from Michigan when he referred to the economic plight of Italy and the need for action such as is contemplated through the use of these particular vessels. I think it is becoming more and more recognized that the Italian problem itself, from the standpoint of economics, is almost entirely a problem of overpopulation. At the present time there are something more than 10,000,000 people in Italy above and beyond the number of people who can be accommodated by the Italian economy, and unless and until this particular problem can be at least rationalized, the problem of Italy itself, so far as communism and the inroads of Soviet Russia in the direction of Italy are concerned, will not have been solved.

I think that what is asked for in the bill is a very slight matter, insofar as our American merchant marine is concerned, when we consider its over-all importance to the European recovery program, and to our efforts to combat the extension of Communist Russia in the world. I well recognize the point made by the Senator from Washington [Mr. MAGNUSON] regarding the American merchant marine, and I wholeheartedly concur in what he has had to say in connection with his previous amendment, but in spite of that, I hope the amendment offered by the Senator from Washington in the present instance will be defeated, because the importance of these vessels in helping to meet the particular problem involved, as I see it, far transcends any other consideration.

Mr. VANDENBERG. Mr. President, I should now like to conclude my response to the able Senator from Oregon [Mr. CORDON], because it seems to me that my answer to him throws light upon the problem as it seems to disturb the able Senator from Washington.

The Senator from Oregon wants to know whether these ships are available. I inadvertently referred to them in the first instance as Liberty ships. That was my error. I meant Victory ships. I repeat that the information received from the Maritime Commission—and I read literally—is as follows:

The use of C-4's is contemplated under this provision insofar as they are available. The question of their availability, however, is not of material significance because there are 232 Victory ships in the stand-by fleet.

In other words, the problem does not arise which disturbs the able Senator from Washington, that any of the converted ships are to be used. On the contrary, the only ships to be used are Victory ships which will be reconverted by the Italian Government itself in order to make them eligible for the 3 years of temporary loan. There need be none of the fears which the able Senator from Washington expresses either in respect to the character of the ships or the character of the journeys which they will

take. He need have no further anxiety about that.

I should like to yield to the Senator from Washington if there is anything he wants to ask me.

Mr. MAGNUSON. Of course, Mr. President, there are different types of Victory ships. We have a few in the stand-by fleet which can be readily converted to semipassenger ships for the passenger uses required by the Italian Government. Of course, the Italian Government, in asking for these ships, will ask the American merchant marine for the type of ships which are best able to be converted into passenger ships. My fears are based somewhat on experience. We have transferred other ships to European countries for similar purposes. We have transferred ships to Italy. The transfer to Italy was made on the basis of the broad request that she wanted to use them for dealing with her immigration problem, because of the overpopulation of her country. We have found those ships ending up in competition with American trade.

I shall not take the time of the Senate to recite the details, but I wish to place in the RECORD a statement dealing with the subject. We have found that there has been a shifting of the registers. We have found the Italian Government to acquiesce in the shifting of the registers. The Government must allow the ships to be registered. Such ships have wound up, not in carrying immigrants, but in competition with American steamship lines. It is fears of that kind that beset me.

Mr. President, I realize that the purpose sought to be attained is laudable, but what is now proposed is another thing that whittles away at the American merchant marine. We transferred a very famous ship to Italy on the same basis. We transferred the *Matsonia*, which is one of the best passenger liners we had prior to World War II, to the Pan American Line, and then it was transferred to Italy for immigration purposes. We find then the *Matsonia* plying into New York in direct competition with the American merchant marine. The transfer, for that purpose, was acquiesced in by the Italian Government, which had previously asked that the ship be given to it to be used only for passenger purposes. There are three or four other ships in the same category.

The experience of the operators of ships of the American merchant marine respecting the transfer of ships was that the transfer had gone to such an extent that we almost passed a bill providing for a firm policy in the American merchant marine. If I could rely upon the assurance that no transfer shall be made, even from our mothball fleet, then I would feel better satisfied. But I am fearful that we will again have a similar experience to that which we had before, and that these 10 ships will be used for other purposes.

Mr. President, I ask unanimous consent, without interrupting the Senator from Michigan, to place in the RECORD at this point the statement regarding some of the ships which have been transferred.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ELIMINATION OF PROPOSAL TO TRANSFER 10 PASSENGER SHIPS TO ITALY

Section 11 (b) (lines 3 through 20, p. 10) of S. 1209 would permit the transfer of 10 passenger vessels, owned by the United States Maritime Commission to Italy without charge for a period up to 3 years. Section 11 (b) of S. 1209 should be stricken from the bill for the following reasons:

1. The Congress, on two previous occasions, has considered the question of charter of United States tonnage to ERP nations and twice rejected it. This proposal is a revival of the ship-charter proposal contained in the original ECA bill, which after serious consideration by both the Senate and House was rejected. The large-scale launchings of ships in participating countries during the last year and the resulting rapid decline in the American merchant marine have reinforced the arguments against charter of American-owned tonnage to other nations.

2. No showing has been made for the need for such vessels or of the present availability of ships under the Italian flag, or of the present availability of ships to the International Refugee Organization under various flags. Senate Report 100 suggests that since the vessels presumably would be operated between Italy and South America and Australia they would offer no competition to the American merchant marine. However, the charter of these vessels to Italy without charge would permit the diversion of the existing Italian passenger fleet to the Atlantic passenger trade. The American merchant marine is already under a serious handicap in this trade. The United States Government has returned the two large passenger vessels, the *Vulcania* and the *Saturnia*, to the Italian Government, and these vessels are available for the Italian emigration program. The Italians, however, choose to run them in the Atlantic trade.

According to the British shipping journal, the *Shipping World*, of November 17, 1943, the Italian Minister of Merchant Marine on October 27 last stated that the last touches were being placed on plans which will result in the acquisition of 700,000 tons of new shipping for the Italian merchant marine in the course of the next 4 years. The magazine states "a large part of the Government shipbuilding scheme is to be devoted to the building of passenger vessels." The Italians should be expected to help themselves by utilizing their own tonnage in this program before coming to the United States for help.

The United States Government recently sold the large vessel, the *Matsonia*, to the Panamanian Lines, Inc. This line also owns the steamship *Argentina* (formerly the Norwegian liner *Bergensfjord*, with a passenger capacity of approximately 1,000) and the steamship *Protea* (formerly the American vessel *American Banker*, with accommodations for approximately 500 displaced persons). This line is controlled by a Greek citizen residing in Switzerland and two British citizens residing in Buenos Aires, but operates under the Panamanian flag from Italian ports and with Italian crews. The line is also connected with the Home Line, which now operates the *Italia* (formerly the American troop transport, the *John Ericson*) and the *Brasil* (formerly the *Drottningholm*). The Home Line is controlled by the Swedish American Line and by interlocking directorates tied up with the Panamanian Line. Although some of these vessels, and the *Matsonia* in particular, were sold by the United States Government in the belief that the vessels would be used primarily in the Italian emigration program, we now find that the bulk of these vessels will be operated in the trans-Atlantic trades to our shore. These vessels could and should be made available to the Italian emi-



gration program before any further ship transfers by the United States Government are requested.

4. Under the European recovery program the participating nations are committed to helping each other. Accordingly the Italian Government should first seek assistance from the other European participating nations. The British, in contrast to our situation, have made a magnificent recovery in regard to the availability of passenger vessels and are demobilizing large troop transports one after another. The French are putting the *Ile de France* back into trans-Atlantic service, and shortly they will have the former *Europa* in such service. The French have recently bought the American liner, the *George Washington*. Good recovery in passenger tonnage has also been made by the Low Countries and the Scandinavian countries. On the other hand, our passenger fleet is still seriously depleted even from its inadequate prewar level. Tonnage for the Italian emigration program should be made available by Italy herself and by other participating European nations.

Mr. VANDENBERG. Mr. President, I think I have concluded my statement. I suggest to the able Senator from Washington that all the precedents he recites are somewhat beside the point, because this operation is proceeding under the responsibility of the ECA. I think the Senator can rely upon the assurances which have been given him that these ships will be used exclusively for the indicated purposes, and that they will be returned when the indicated purposes are completed.

Mr. CORDON. Mr. President, will the Senator yield for a question?

Mr. VANDENBERG. I yield.

Mr. CORDON. Perhaps it might satisfy some who fear that the ships might be misused, if on page 10, line 13, at the end of the line, there be inserted between the word "the" and the "pur", the first syllable of the word "purpose", the word "sole" which would indicate that there was no other purpose or use for the ships excepting the handling of passengers.

Mr. VANDENBERG. The objection to that is that the movement of emigrants going to South America and Australia is a one-way traffic. If there is a standby cargo to help bring the vessel back other than in ballast, the committee feels that there should not be a complete prohibition against it.

Mr. CORDON. I am not offering the amendment. However, I indicate that there will be a competitive element.

Mr. MAGNUSON. If one of these ships does go to Australia, I hope it will not come back through the Panama Canal with a cargo which normally might be carried by an American ship. That is what will probably happen in the case of some of these ships.

Mr. VANDENBERG. I very much doubt it; and I share the Senator's hope that it will not happen.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. MAGNUSON].

The amendment was rejected.

Mr. McCARTHY. Mr. President, on behalf of the Senator from North Dakota [Mr. LANGER] and myself, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Wisconsin will be stated.

The LEGISLATIVE CLERK. On page 1, line 3, after the word "That" it is proposed to insert "(a)" and between lines 6 and 7, to insert a new subsection, as follows:

(b) The proviso in such section is amended to read as follows: "Provided, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States or the competitive position of American enterprise within such countries."

On page 10, line 4, it is proposed to strike out "a new subsection as follows" and insert in lieu thereof "the following new subsections."

On page 10, it is proposed to strike out the quotation marks at the end of line 20, and between lines 20 and 21, to insert the following:

(f) In order to prevent impairment of the competitive position of American enterprise in participating countries, the Administrator shall—

(1) appoint and assign to duty in each participating country and in each dependent area under its administration with respect to which at least \$5,000,000 per annum is expended in providing assistance under this title a liaison officer who shall have the duty of determining whether American enterprise in such country or area is being discriminated against in the provision of such assistance and of reporting any such discrimination to the Administrator;

(2) provide for the withholding of assistance under this title from any cartel, syndicate, organization, or group in any participating country if such cartel, syndicate, organization, or group has caused American enterprise in such country to be discriminated against in the provision of such assistance;

(3) provide for consultation with American business organizations or trade groups representing American enterprise in participating countries, prior to approval of programs or projects affecting such enterprise, in any case in which business organizations or trade groups representing nationals of such countries have been consulted in the planning of such programs or projects;

(g) Commodities and materials procured under this title in the United States for consumption or use in overseas dependent areas of participating countries shall to the greatest extent practicable be transported from the United States directly to such areas.

At the end of the bill it is proposed to add a new section, as follows:

SEC. 13. Section 118 is amended by inserting before the period at the end of the second sentence thereof the following: "or (3) such country, or a major political subdivision or dependent area thereof, is discriminating in the distribution of commodities or materials provided as assistance under this title on grounds of race or religion."

Mr. McCARTHY. Mr. President, this amendment had its inception when the commander of the American Legion post in French Morocco, a Mr. Rodes, a Reserve officer in the United States Corps of Engineers in business in French Morocco, contacted my office sometime ago. He is one of 34 or 35 World War II veterans doing business in French Morocco.

They called my attention to a very unusual situation, one which I frankly could not believe until I had checked it to some extent with ECA. I have not gone into the question in as much detail

as I should like to have done. It deals with what appears to be very deliberate discrimination against American businessmen in French Morocco, not discrimination in favor of the native Moors, but discrimination in favor of Europeans, principally the French, doing business in French Morocco.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. VANDENBERG. I should like to identify the amendment about which the Senator is speaking. Will he indicate to me whether or not it differs in any respect from the amendment submitted by the Senator from Connecticut [Mr. BALDWIN]?

Mr. McCARTHY. It differs very much.

Mr. VANDENBERG. May I ask the Senator whether it deals with the same general subject as that to which the amendment of the Senator from Connecticut is addressed?

Mr. McCARTHY. It is the same general subject, but I believe I have gone into it in more detail. One further feature is added.

If the Senator will refer to the bottom of page 3 of my amendment, to section 13, amending section 118, he will find that in that respect it differs from the amendment of the Senator from Connecticut in its purpose.

Senators will realize that in giving this information I have had to rely upon correspondence from veterans in French Morocco, and upon Mr. Rodes, who is here. It has been impossible for me to check the veracity of all the statements which have been made. However, I did call upon Mr. Wilson, of the Department of Commerce, who apparently had been in French Morocco for the purpose of investigating this particular situation. I shall try to quote him as nearly verbatim as I can.

I asked him whether there was any evidence of discrimination against Americans doing business in French Morocco. I am not referring to discrimination in favor of the natives of Morocco. I am referring to discrimination against Americans, in favor of European nationals. Mr. Wilson told me that he thought Mr. Rodes was stretching the point, and perhaps exaggerating, but he stated very definitely that there was discrimination against Americans doing business in French Morocco.

I asked him whether he had any evidence of discrimination in French Morocco because of race or religion. We had obtained a picture of very definite discrimination against the Moslems and the Jews in the rationing of ECA food and material. I asked Mr. Wilson if he had made any investigation of that subject. I gathered that he did not care to be quoted upon that particular subject.

Mr. President, my amendment would do a number of things. In the first place, it would provide that in any area receiving more than \$5,000,000 of ECA funds a year a representative of ECA should be present in the area as a liaison officer. Incidentally, the original program for French Morocco called for \$3,200,000 a month, or a little less than



\$40,000,000 a year. Presently there is no one in Morocco representing ECA.

Secondly, the amendment would provide that there should be no further discrimination against Americans doing business in French Morocco.

Third, section 118 of the act would be amended by the addition of the following new section:

SEC. 13. Section 118 is amended by inserting before the period at the end of the second sentence thereof the following: "or (3) such country, or a major political subdivision or dependent area thereof, is discriminating in the distribution of commodities or materials provided as assistance under this title on grounds of race or religion."

The purpose of this provision is to protect Jews and Moslems in French Morocco. Normally it might occur to us that we in the United States should not be too much concerned with what is being done in French Morocco by way of discrimination or lack of discrimination. However, all the evidence I have indicates that those who are responsible for this discrimination against Jews and Moslems have done everything possible to make it appear that this was a mandate of ECA. As I stated yesterday, this is obviously completely ridiculous. ECA has not issued any mandate to discriminate against anyone because of race or religion. But if the people in that area can convince the Jews and Moslems that they are being discriminated against because of a mandate from ECA, to all intents and purposes that is nearly as bad as though ECA had issued such a mandate.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. HICKENLOOPER. The Senator's amendment was placed on my desk only a short time ago, and I have read it only hurriedly.

I ask the Senator whether or not the provisions on page 2 of his amendment would apply to countries which have established quotas against the importation of American goods and services?

Mr. McCARTHY. It would apply to any country which is discriminating against American nationals. In view of the fact that it is American money and American goods which are used to promote this program, I feel very strongly that we should not, of course, use them to give Americans doing business in French Morocco or any other place an advantage; nor do I believe that they should be wrecked and run out of business by the use of American money.

Mr. HICKENLOOPER. At the moment I am not disputing with the Senator the merits of his amendment. I am sympathetic with the general principles which he expresses. Whether the Senator's purpose can properly be attained in this bill, I am not prepared to say; but I am concerned to know what his amendment is designed to reach.

Let me give an illustration. Country A has established a quota against the importation or purchase in that country of certain types of American goods or services. For example, take the motion-picture industry. There are some countries in Europe which have established quotas against the importation

of more than a certain percentage or a certain number of American motion pictures. Perhaps the same restriction applies to American magazines in certain countries. Such restrictions apply to other American services and goods. In the event a country does establish a rigid quota over which imports of American goods and services will not be permitted, does the Senator feel that his amendment touches that point?

Mr. McCARTHY. No. Unfortunately, my amendment does not go that far. I think the Senator has a very worthy thought in mind, but my amendment is not intended to cure that particular situation. I have gone over the amendment very carefully with the representatives of our drafting service. I have tried merely to provide that there shall be no discrimination against, and no favors given to, American nations doing business in foreign nations. There is an additional provision with respect to discrimination on grounds of race or religion.

Mr. HICKENLOOPER. I invite the attention of the Senator to the language on page 2 of his amendment, beginning in line 3:

(1) In order to prevent impairment of the competitive position of American enterprise in participating countries, the Administrator shall—

It seems to me that the language "in order to prevent impairment of the competitive position of American enterprise" goes directly to the heart of the provision in some countries of Europe against the importation of certain American goods and services over a stated amount, if we are prepared to sell and business wants to buy them.

Then, dropping down in the amendment to line 15, for instance, leaving out (1) and beginning with (2), in line 15:

(2) provide for the withholding of assistance under this title from any cartel, syndicate, organization, or group in any participating country if such cartel, syndicate, organization, or group has caused American enterprise in such country to be discriminated against in the provision of such assistance.

Mr. McCARTHY. That is to say, ECA assistance.

Mr. HICKENLOOPER. The Senator interprets that as applying only to the securing of ECA assistance, does he?

Mr. McCARTHY. I call attention to line 20, where the words "of such assistance" appear. They refer, of course, to ECA assistance.

Let me make myself clear, Mr. President. If the foreign nation wishes to discriminate against an American businessman on its own account, with its own money, my amendment would not touch that situation in any manner, at this time. My amendment merely refers to the use of ECA funds to put Americans out of business.

Mr. HICKENLOOPER. Then, as I understand the amendment, it does not apply to matters outside the economic activities of the country, except as ECA funds are used to stimulate the particular economic activity, and in that case American enterprise should not be discriminated against by the use of ECA funds; is that correct?

Mr. McCARTHY. That is the intent of the amendment.

Let me say now, in case the Senator from Iowa did not hear me relate this matter before, that Mr. Wilson, of the Department of Commerce, together with another gentleman was sent to French Morocco. Upon his return to this country he said, "Although Mr. Rodes may be exaggerating his story somewhat, there is discrimination."

Perhaps the Senator from Iowa recalls that story.

Mr. HICKENLOOPER. Yes; I do.

Mr. McCARTHY. In other words, the Department of Commerce sent two men to French Morocco to investigate the claim that American nationals were being discriminated against. Mr. Wilson, upon his return, said, "There definitely is discrimination against Americans."

Of course, Mr. President, I am not speaking of discrimination against Americans in favor of the natives of French Morocco, but I refer to discrimination against Americans in favor of European nationals, principally the French.

I am not sure that I have answered the Senator's question.

Mr. HICKENLOOPER. I think the Senator has answered it.

I was attempting to probe the meaning of the amendment, to see exactly to what it referred, and whether it would apply to the entire economic situation in those countries, private as well as public, or whether it merely would apply to the use of ECA funds in a discriminating way against Americans in the countries that are participating.

I should like to ask the Senator a further question.

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Iowa?

Mr. McCARTHY. I yield.

Mr. HICKENLOOPER. Does the Senator have evidence that such discrimination as he has been informed occurs in French Morocco exists in any of the other ECA countries?

Mr. McCARTHY. Mr. President, as perhaps the Senator from Iowa knows, I have not been taking as active a part in this matter as have many of the members of the Foreign Relations Committee. Frankly, I have not gone out of my way to make investigation in regard to discrimination in other nations. If there is such discrimination, of course, the amendment would apply equally to discrimination of that sort in any other nation.

Mr. HICKENLOOPER. I thank the Senator.

Mr. McCARTHY. I may say for the benefit of the Senator that this amendment is not identical to the one which was submitted and approved by the American Trade Association of Morocco and the American Legion. They submitted an amendment to me and asked that it be submitted to the Senate. I went over the amendment with a number of those who have been closer to this legislation than have I. I was convinced that the amendment as submitted by them was too restrictive and went too far. So I tried to make the amendment



as easy as possible from the standpoint of administration by the ECA, and at the same time have it accomplish the desired purpose.

At this point I should like to read a cablegram which was sent by Herbert Abrams, who is adjutant of the American Legion post in Morocco. He is a one-legged veteran of World War II. I think I should read this cablegram so as to round out the picture. It was sent on the 27th of March of this year:

Despite stiff consular protest, 500 pounds matzoth to be distributed gratis for imminent Jewish holidays refused release from port.

Yesterday I said that the material referred to in the cablegram, which is Jewish Passover bread, I believe, was purchased with ECA funds. However, I wish to correct that statement, for I find that it was not purchased with ECA funds, but was sent there absolutely gratis. It was a gift—from whom, I do not know, but apparently from some group in the United States—to be distributed to the Jewish people in that area absolutely free. But the French in that area say, "No; we are going to pile this up and let it spoil; we will not release it, or at least we will not release it until after the Jewish holidays."

Mr. HICKENLOOPER. Then, as I interpret the Senator's amendment, it would not reach that situation at all, because ECA funds did not participate in the purchase of that particular article.

Mr. McCARTHY. It would not touch that particular situation; but it would say to those who are administering these matters in French Morocco, "You shall no longer continue to discriminate, as you are today, against the Jews and the Moslems in that area."

Let me add that in that area the officials who now are in charge of allocating ECA funds are, in many cases, the Vichy officials who were in charge there prior to the American landings during the war. For example, one of the officials of the American Legion post was active in giving the Americans aid and in collecting information for them before our landings in Morocco. At the time of the landings by the Americans there, he was jailed. When the Americans took control, he was set free, of course. If the Americans had not been successful there, I assume he would have been executed. The Vichy official who apprehended him in and insisted that he be jailed is now passing upon his requests for ECA dollars.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a further question?

Mr. McCARTHY. I yield for a question.

Mr. HICKENLOOPER. I wonder whether the Senator has given consideration to this phase of his amendment: Generally speaking, throughout the co-operating countries there has been very little, if any, complaint of this kind. This is the first and only country as to which such discrimination has been suggested, and I have not heard of it with regard to this particular country until recently. I wonder whether the Senator from Wisconsin has considered that perhaps by the amendment he would be

setting up countless areas of irritation in the administration of this fund, and would be creating a forum where persons, either justifiedly or unjustifiedly, could raise numerous issues, perhaps petty, perhaps without grounds, perhaps with grounds, on occasion; in short, that the amendment would, as we sometimes say in the practice of law, set up an area for a multiplicity of lawsuits. Has the Senator considered that phase of the matter?

Mr. McCARTHY. Mr. President, in answer, I may say that no matter how hard it is to administer a law properly, no matter how hard it is to do right, I think we should attempt to do it. I agree heartily with the Senator that if we amend the act so as to say that Americans shall no longer be put out of business through the use of American money, I know it will create certain administrative difficulties; there can be no doubt about that; but the mere fact that it may be difficult to administer the law, in my opinion in no way justifies our simply relaxing and saying, "Well, we will not do right by these boys, because it would be a bit difficult." While it may be difficult, keep in mind that we are talking here about boys who were in the American service 4 or 5 years, who went to a foreign country to establish a business, as they were entitled to do, and who went over on the invitation of the nationals of the foreign country. Let me now cite an example. One boy, a veteran, has two busses. He organizes a bus line. Another boy organizes a truck line, a perfectly legitimate type of business. They have repairs shipped in from this country. What happens? The repairs are held at the port of entry. They beg the French officials to release them, but the officials say "No." They go to the American consular office. The consul makes a protest. The French say, "No, the remedy which we give you is to ship them back to the United States." The same thing is true with respect to gasoline. The French authorities put completely out of business a bus line a young American veteran has struggled for some time to organize and operate. They put it out of business by saying, "You will get no gasoline"—referring to ECA gasoline, of course. I say it is wrong. It is so completely wrong that when such things are going on we should to some extent try to remedy the situation.

Let me make my position clear. I am not one who would attempt to rise on the floor of the Senate and condemn Mr. Hoffman for the administration of ECA. I think Paul Hoffman, with the equipment which he has at hand, has done perhaps a better job than any other man I could conceivably suggest for that important office. I know he was loaded down with a great deal of debris in the matter of personnel when he took over. Some of them he could not get rid of. So I want to make it perfectly clear that while I am suggesting these amendments and pointing out what is wrong in certain areas, it is not intended as a criticism of Paul Hoffman. The program is vast—

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. McCARTHY. If I may finish this sentence. The program is vast and tremendous. No matter how good the administration is, there will be found some things to criticize. So again I wish to make it very clear, that I admire Mr. Hoffman tremendously. I think he has done a better job than any other man I can conceive of could have done.

Mr. HICKENLOOPER. Mr. President, may I ask just one more question, to complete what I was endeavoring to develop?

Mr. McCARTHY. Certainly.

Mr. HICKENLOOPER. Will the Senator tell me how his amendment is to reach the situation of the importation of automobile parts to the African port, when they were presumably purchased with the money of the American veterans to whom the Senator has referred, and when ECA money was not used in the purchase? How would the Senator's amendment ever apply to the use of ECA funds, and how would it touch for instance such transactions as the automobile parts importation?

Mr. McCARTHY. I shall try to explain it. Senators will understand I am not an authority on the administration of ECA; I do not claim to be; but as I understand the situation, it is roughly this: Assuming an American national living in French Morocco has in his possession local currency. He applies to the ECA, or to whoever is administering it. He says, "I want to buy \$1,000 worth of material, or \$5,000 worth." The only way in which he can obtain that material from the United States is to get American dollars from ECA in return for the local currency. Let us assume that he get it. With that money he orders repair parts for the bus line or the truck line.

By the time the parts arrive at the port, a European living in the locality who happens to have a bus line or a truck line contacts the proper people. He says, "Shut them off. Do not let that American get these repair parts for his trucks or for use in his business." The parts arrive, but the American veteran is told, "No, they will not be released to you." Let us understand that the material is in the port. It is American material. It is being obtained for the buses or trucks of the American boy, and he is told, "No, you cannot get it. Send it back to the United States."

The Senator inquires how my amendment would take care of such a situation as that. It provides that if discrimination is practiced against American nationals doing business ECA funds for that area shall be cut off. I may say to the Senator I think they should be cut off. I am not worried for fear they will ever have to be cut off.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. Mr. President, will the Senator yield for one more question on that point?

Mr. McCARTHY. I shall be glad to yield next to the Senator from Florida, but I may say I am not disturbed about the ECA funds ever being cut off, because if the French officials and the officials of



French Morocco know that unless discrimination is ended the funds will be cut off and they will get no more American dollars, then, so certainly as we stand here today, discrimination will be ended.

I have said, and I repeat, we should keep in mind that I am not referring to discriminations against Americans in favor of the nationals of French Morocco. I am referring to discriminations against Americans in favor of European nationals doing business with French Morocco.

I should like first to yield to the Senator from Florida. He has been asking me to yield for some time. After that, I shall be glad to yield further to the Senator from Iowa.

Mr. PEPPER. I thank the able Senator. I shall be off the floor in a few moments. I ask the Senator if he does not consider that, under the law as it went into effect in the first place, the Administrator has authority to cut off ECA funds whenever it may appear to be to the interest of this country to do so; or, to put it in another way, when it may appear contrary to the interests of this country to continue to make ECA funds available? I ask the Senator also whether he has overlooked the fact that Morocco is a dependency of the French Republic, and that we have in existence with the French Republic treaties of friendship and amity, under which our trade is conducted, and whether we do not have other agreements such as the reciprocal-trade agreement in effect with the French Republic?

Mr. McCARTHY. May I interrupt to answer that part of the Senator's question, upon that point?

Mr. PEPPER. If the Senator will let me finish the question, let me ask him further whether he is not also aware that there is in the bilateral agreement itself—that is, the ECA agreement between our Administrator and the representative of the French Republic—the following language, found at page 61 of a supplement to the first report to the Congress of the Economic Administration:

The Government of France will take the measures it deems appropriate, and will co-operate with other participating countries, to prevent, on the part of private or public commercial enterprises, business practices or business arrangements affecting international trade which restrain competition, limit access to markets or foster monopolistic control, whenever such practices or arrangements have the effect of interfering with the achievement of the joint program of European recovery.

Finally, I ask whether the Senator does not consider that any alleged discrimination against American nationals by the French Republic or its dependencies would be the appropriate subject of negotiation and friendly adjustment between the two countries, rather than for Congress to legislate that, upon a technical discrimination of the sort the Senator has in mind, or a relatively negligible one, the whole ECA program shall come to an end?

Mr. McCARTHY. If I may answer the Senator's last question first, the question whether the discrimination should not be brought to an end by means of

friendly negotiation rather than by legislation, let me say that our consul in French Morocco apparently has been trying to use his influence in order to bring discrimination to an end, in a friendly fashion. His efforts have not been successful. American nationals have been put out of business in French Morocco. My answer to the Senator's question is, Yes, we should definitely do it by legislation. We should say, "Starting tomorrow or the next day, you people in French Morocco will not be able to use American money to put American nationals out of business and to route all their business to European nationals."

Now, if I may answer the first part of the Senator's question, I shall be glad to do so.

Mr. PEPPER. Mr. President, will the Senator let me include a few words I neglected to include in the question?

In order that the Senator may have all the facts before him in answering the question, I shall be glad to add that, in addition to the section I read from the ECA agreement now in effect with the French Republic, I should have added that in an annex to the agreement there occurs the following:

Discriminating against particular enterprises.

That also is forbidden on the part of the beneficiary country. The other question I was going to ask the able Senator was, If we are going to legislate, who is to determine when the breach occurs?

Mr. McCARTHY. May I answer the first question first? The question was in regard to any treaties had with French Morocco—

Mr. BALDWIN. Mr. President, will the Senator yield at that point?

Mr. McCARTHY. I shall be glad to yield to the Senator from Connecticut.

Mr. BALDWIN. Has the Senator received a telegram similar to the one which I now read?

Despite strong demands by Platt 10 days ago, authorities refuse release merchandise. Air mailing written proof of threatened auctions. State intend enforce decisions. Answer.

I may say, in explanation of my question and of this telegram, that it concerns some goods shipped to Morocco by the persons about whom the distinguished Senator from Wisconsin is talking. The goods are being held by the Moroccan authorities in violation of our understanding with Morocco and with our understanding with France. The situation has existed for a great many years. Can the Senator think of any more specific cases in which there has been a direct violation and in which the Department has taken no action?

Mr. McCARTHY. The Senator's question is whether I have any other information such as is referred to in the telegram. My answer is "Yes." Keep in mind that I have been depending upon letters, telegrams, and contacts with the American Legion post, but so far I have not been able to get to the bottom and to check each one of these matters. According to the stories coming to me, the instance can be multiplied a hundredfold. In fact, the French officials go even further. An American boy, a veteran,

has material shipped to him which is piled on the dock. The Moroccan authorities will not release it. The American consul gets in touch with the French authorities and says, "Release these goods. You are violating treaty rights." But the French authorities say, "No; we will not." Then they go a step further and auction off the goods. I wish the Senator from Florida would listen to this, because it concerns him. The French officials go a step further and had the American material impounded. Then they say, "We will auction off these goods." Many times they conduct an auction without even notifying the young man who has paid for the materials which are to be auctioned.

If I may further answer the question of the Senator from Florida, who asked concerning dealings we have with French Morocco, I will say that at the time we recognized French Morocco as a protectorate of the French, it was done with the express provision that the recognition was only on condition that French nationals would under no circumstances be favored over American nationals in French Morocco. For some 35 years we have had absolutely free trade between French Morocco and the United States, to the benefit not only of this country, but also of French Morocco.

In 1944, because of the fact that the French had lost much control in French Morocco, which was, in effect, almost an enemy territory, that agreement was held in abeyance, and we very closely scrutinized any material being sent into French Morocco.

Early in 1948 free trade was again restored between the United States and French Morocco. However, it was found that some trade was being diverted from France to the United States. I should like to read from the testimony of the head of the American Legion, who testified before the House committee on that question:

An edict just published by the authorities of the French protectorate of Morocco has reinstituted a system of import licensing that was abandoned in March 1948, with additional provisions and drastic embargoes which will destroy most business between Morocco and the United States.

I call attention particularly to this:

In a report of interviews with French authorities, the local economic weekly states frankly that the decree was aimed against Americans.

Let me repeat that:

"In a report of interviews with French authorities, the local economic weekly states frankly that the decree was aimed against Americans." The editorial also states that the action was taken as a result of pressure by the United States in connection with the Marshall plan.

The new edict is for the purpose of discriminating against American nationals. Furthermore, they are using propaganda to show that all this discrimination against Americans, Jews, and Moslems is a result of the ECA mandate, which I think makes it doubly vicious.

Mr. BALDWIN. Mr. President, will the Senator yield further?

Mr. McCARTHY. I yield.



Mr. BALDWIN. I desire to ask the Senator a further question. Did I correctly understand him to say, in referring to one incident, that at least one of the officials with whom our own people had to deal was a former Vichyite official in Morocco?

Mr. McCARTHY. One of the young men who is presently being discriminated against and whose business is being ruined must go to the identical Vichyite official who caused him to be jailed because of aid he was giving to Americans. What success attends his efforts we can easily imagine. The result is that he is being forced out of business by the use of American money.

Mr. BALDWIN. I should like to ask the Senator whether, in his investigation of the matter, or from information which has been brought to him, there were claims that customs duties and taxes were required on imports at rates higher than those fixed by treaties and at rates far in excess of the rates charged to French nationals who were bringing imports into Morocco.

Mr. McCARTHY. In connection with that, let me go very briefly over the testimony of Robert Rodes, who is the commander of the American Legion and is also head of the American trade organization involved. He gave this testimony before the House committee:

Americans with their treaty rights always have been a hindrance to the aims of this clique whose resentful acts against us have caused hundreds of official protests.

Recent examples are: Requiring American importers to cede part of their imports, at a loss, to a Government agency so that the latter can turn it over to merchants of its choosing for prices that assure them successful competition with the original importers; giving regional monopolies to political favorites with whom Americans have competed for years; requiring Americans to pay customs charges that are as much as 500 percent in excess of legal rates. Repeated consular protests have failed to stop this or to obtain reimbursement of millions of francs paid under protest—

Mr. BALDWIN. Mr. President, will the Senator yield for a further question?

Mr. McCARTHY. I yield.

Mr. BALDWIN. When these goods are seized at the place of import and their passage into the hands of the importer has been denied to the importer, what happens to the goods?

Mr. McCARTHY. This is a phenomenal part of the picture. The goods are at some later date auctioned off, but one of the unusual things about these auctions is that in many instances, according to the information I receive, the young man, the American, who owns the goods, is never even notified that his own goods are to be auctioned. In other words, suppose a World War veteran in Morocco asks for ECA funds to get some materials such as tires. They are piled up on the dock, and a French official arbitrarily says, "We will not release them to you." The American consul goes to the French official and says, "You are violating treaty rights." He says, "All right. Do something about it. Your Army and your Navy are not here." So the young veteran does not get his material. Then at some subsequent date,

without notice, the goods are auctioned off to one of the local political favorites.

Mr. BALDWIN. So, would the Senator say that a local importer, such as the one the Senator has described, has the choice either of paying the exorbitant fees demanded, or having his goods shipped back to the United States at a great loss?

Mr. McCARTHY. That is true, and even the payment of the exorbitant fee at times will not bring about a release of the goods.

I should like to quote further from the testimony of Mr. Rodes before the House committee. He said:

Unfriendly acts too petty to provoke official complaints would fill volumes. Examples in the experience of this post follow.

I shall give two of those examples.

In October 1947 a shipment of American flags was arbitrarily and illegally held by customs authorities in the port for approximately 6 weeks. Authority to release it was given only in December 1947, preventing their appearance in the city on the fifth anniversary of the American landings the eighth of November.

I hope the Senators follow that. In other words, the local American Legion post was putting on a celebration commemorating the fifth anniversary of the landing at Casablanca. The local Vichy officials who were in charge of all imports said, "The American flags you are going to use in your celebration, in your parade, will not be released to you until after your celebration has ended."

Let me quote the second illustration.

When this post decided to have a Christmas party for inmates of three orphanages in Casablanca, the French authorities disparaged the idea stating that it was "just American propaganda."

In other words, the French authorities say it is bad propaganda for the American Legion to feed the orphans in the orphanage. I continue reading:

When we went ahead with our plans they forbade the orphanages to permit their charges to attend.

Mr. President, I do not desire to take the time of the Senate further, as we have very important legislation before us, which I hope will finally be passed upon today, but let me say that I feel there should be an end to the two types of discrimination being carried on in French Morocco, with the use of American dollars and, in the eyes of the local people, with American support, first, the discrimination against American nationals, and, second, what is equally and perhaps doubly vicious, the discrimination against the Jewish and Moslem people in the rationing of American food and materials.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. HICKENLOOPER. Does the Senator feel that the ECA officials now have any authority to act with respect to ECA funds in these circumstances?

Mr. McCARTHY. If they have not now any authority they will have such authority after this amendment is agreed to. They now have authority, for example, to send an American to French

Morocco to administer the disbursement of ECA funds. The original program was for \$3,200,000 of ECA funds a month, about \$36,000,000 a year. I believe that would justify sending one man over there at a salary of three or four or five hundred dollars a month to make sure that the funds were properly administered.

To answer the Senator's question further, the ECA does have the authority to send a liaison officer to French Morocco to make sure that the funds are being properly administered. That they have not done, and in view of the fact that they have not done it, I think we should make them do it, as we would under this amendment.

Mr. HICKENLOOPER. Does the Senator believe that the ECA authorities have the right now to give or withhold ECA aid in French Morocco?

Mr. McCARTHY. If ECA does not have the right today to deny funds to an area, or territory, or protectorate, or nation, that is badly misusing the funds to the detriment not only of American prestige but also to the detriment of the nation itself, from the economic standpoint—if ECA does not have that power, we should give it to them, and they would be given the power under this amendment.

Mr. HICKENLOOPER. I think I am in agreement with the spirit of the Senator's statement, but I am of opinion that the ECA authorities have the right—

The PRESIDING OFFICER. Does the Senator from Wisconsin yield for more than a question?

Mr. McCARTHY. I understand the Senator is asking a question.

Mr. HICKENLOOPER. I am attempting to ask a question of the Senator. I have to make a statement in order to preface my question. I shall try to ask a question.

Mr. McCARTHY. I understand the Senator is asking me a question.

Mr. HICKENLOOPER. In order to preface the question I am expected to ask the Senator, and which I intend to ask, I will suggest to him that it is my impression that the ECA authorities have the right to allocate funds to the countries and determine how much they will allocate to various countries.

Now my question: Does not the Senator believe that if the ECA has the right to grant or withhold funds to French Morocco, and if the ECA has been granting funds in French Morocco with an awareness of the discrimination to which the Senator has referred, should not someone check up on ECA, or the administration that is permitting such things under the ECA in French Morocco? Cannot the matter be reached through ECA; and if it is not reached by them, should we not see what changes in ECA would be indicated?

Mr. McCARTHY. In fairness to ECA, I believe the funds are allocated on the basis of whether the economy of the country will be benefited by the funds. I doubt very much that Mr. Hoffman, under the authority we have given him, has a right to cut the funds if, for example, there is discrimination because of race or religion, or if there is discrim-



ination against American nationals. I may be wrong; as I have said, I am not an authority on the ECA workings; but as I understand the law passed last year, it in effect said to Mr. Hoffman, "You shall determine how much money is to be used to bolster the economy of this area." So long as the funds are bolstering the economy, even though they may completely wreck certain nationals, even though they may discriminate against people because of race or religion, I doubt very much, without my amendment, that he does have authority, in effect, to use a big club. What I want to give him is a club which he can use and say, "No more shall there be discrimination, or your funds will be cut off." As I have said, I do not think he would have to cut the funds off. The mere threat would be sufficient.

Mr. BALDWIN. Mr. President, will the Senator yield for a question?

Mr. McCARTHY. I yield.

Mr. BALDWIN. Is it in the Senator's knowledge of this situation that protest after protest after protest has been made by our State Department representatives in Morocco to the French protectorate authorities, and without result?

Mr. McCARTHY. All the information I have indicates that the local consular office has protested time after time, and I call attention again to the testimony of Mr. Rodes, in whom I have a great deal of confidence. He is a reserve officer in the Corps of Engineers and a very high type of individual. I hope the Senator from Iowa will remain in the Chamber, as this partially answers his question. Mr. Rodes tells me that when the local consul protests this unfair treatment, or when the members of the American Legion protest, then the local officials—the Vichy officials, and I use the term advisedly—say, "What are you going to do? Your Army is not here, your Navy is not here." So they continue to use American funds to continue this unfair discrimination. In effect they say, "We are boss now, because you have no force here."

Mr. BALDWIN. Mr. President, will the Senator yield for a further question?

Mr. McCARTHY. I yield.

Mr. BALDWIN. Is it the Senator's purpose, by his amendment, to arm our people with plain but additional authority to bring home to the French officials, whomever we might have to deal with in the future, when a similar situation may arise, that it is the intention of the Congress, as expressed in the legislation, that ECA funds shall not be continued to a country which persists in that type of discriminatory activity?

Mr. McCARTHY. Yes. In effect, that is what we will be doing. We will say to our consular or ECA official, if we put one there—and I think we should—that when he goes to the local French port authority and says, "I want you to release this material to these American businessmen, these veterans," and the local Vichy officials says, "No, I will not; your Army and your Navy are not here; try to make me do it," then our representative can say, "All right, we will make you do it. Unless you release them,

all the ECA funds which you are using to perpetuate yourselves in power will be shut off." He will then change his tune quite quickly.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CORDON. Does the Senator expect to offer his amendment immediately?

Mr. McCARTHY. I have already offered it, and hope to have a vote on it. However, if any Senators desire to give the matter further thought or discuss the matter with ECA or the Department of Commerce, or the State Department, I shall be glad to withhold my amendment so far as an immediate vote on it is concerned, keeping in mind, of course, that I shall be forced to call it up for a vote before final action on the bill.

Mr. CORDON. If the Senator feels like giving us a little time to study the amendment, I should appreciate it. There is a portion of the amendment that is very valuable, and should be retained. I should like to have an opportunity to discuss the matter with the Senator from Wisconsin, and perhaps he will agree that certain portions might be deleted and others retained.

Mr. McCARTHY. That might be well. I think the Senator from Connecticut [Mr. BALDWIN] has an excellent amendment designed to accomplish the same purpose; but I do not think his amendment goes quite far enough. He does not cover race and religion. The Senator from North Dakota [Mr. LANGER] has a very fine amendment. In view of the fact that the Senator from Oregon wishes to discuss the matter further, I shall be glad to refrain from calling up my amendment for a vote at this time, if I may do so.

The PRESIDING OFFICER. Without objection, the amendment will be temporarily withdrawn.

Mr. BALDWIN. Mr. President, at this time I call up an amendment submitted by the junior Senator from Connecticut, which is lettered "A." I ask that the amendment may be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, between lines 19 and 20, it is proposed to insert the following:

(c) Section 111 of such act is further amended by adding at the end thereof a new subsection as follows:

"(d) No assistance shall be furnished under this act to a participating country during any period with respect to which the Secretary of State determines that such country is violating any treaty with the United States."

Mr. BALDWIN. Mr. President, the junior Senator from Connecticut yesterday discussed this amendment at some length. The junior Senator from Connecticut would like very much to ask unanimous consent to make a correction in the RECORD containing his remarks. On page 3858 of the CONGRESSIONAL RECORD of April 4, in the second column, the middle column of that page, strike out the words "If any nation which has a treaty" and so forth, to the end of the

first paragraph in the third column, and substitute for that paragraph as follows:

If any nation which has a treaty with the United States, or any nation which has a treaty with any other nation to which the United States is a party, is in violation of such treaty, as determined by the Secretary of State, ECA funds to that nation which is in violation can be withheld so long as the violation continues.

The PRESIDING OFFICER. The correction will be made.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. BALDWIN. I yield.

Mr. McCARTHY. Do I understand the Senator is now calling up his amendment for action?

Mr. BALDWIN. Yes; the junior Senator from Connecticut is calling up his amendment for action.

Mr. McCARTHY. May I ask the Senator if he would consider the proposal I shall make? I think very much of the Senator's amendment. I intend to support it. However, some Senators have indicated that they would like to have time to study my amendment, the amendment of the Senator from Connecticut, and an amendment the Senator from North Dakota [Mr. LANGER] has against discrimination because of race or religion, and see if we cannot perhaps agree on a provision the committee might accept and that would perhaps meet with at least partial approval from ECA. I personally very much dislike adopting any amendment which may tie the hands of ECA officials unduly. I think our amendments are in perfect shape. I think they will accomplish what they are designed to accomplish. In view of the fact that some Members of the Senate want to study the amendments further and see if we cannot arrive at something acceptable to the committee, I should like to ask of the Senator to lay aside the amendment temporarily so we can discuss the matter.

Mr. BALDWIN. Mr. President, the Senator from Connecticut will say to the Senator from Wisconsin that he does not want to have the pressing of his amendment at this time interfere in any way with the amendment which the Senator from Wisconsin is offering. However, it seems to me it is perfectly proper to say at this time that the amendment offered by the Senator from Connecticut would accomplish almost the same thing that I believe would be accomplished by the amendment offered by the Senator from Wisconsin. The Senator from Connecticut is anxious to secure a vote upon his amendment, but would be glad to withhold requesting action on it until later, if that is desired by the Senator from Wisconsin, because it seems to me that in these two particular amendments there is much virtue, and that they deal with a problem which is a very real one and a very fundamental one.

I may say to my friend from Wisconsin that the Senator from Connecticut has made some effort, has tried to arrive at some change of language that would be acceptable to the committee. I may say, further, that the committee has it-



self been most cooperative. But it seems to me we have arrived at a point when it is a little bit difficult to go any further. I mean we have arrived at an issue that is fundamental to the whole problem. The Senator from Connecticut thinks that probably the only way to resolve the question is to have a vote on the subject, which will settle the matter.

The amendment offered by the Senator from Connecticut, he claims, does give wide discretion to the Secretary of State in determining whether or not any particular nation is in violation of any treaty, and leaves to the Secretary of State to determine that particular fact.

The Senator from Connecticut recognizes that in our governmental relations there are innumerable treaties with many nations across the face of the globe that might be directly or indirectly involved in this matter. It is his purpose that the Secretary of State need not be required to go over all those treaties to check each one, but is entitled to act in a situation when a protest is made for a plain violation of one of these treaties, and, then, under those circumstances he can determine whether or not the protest is made in good faith, whether or not it is of vital concern to the interests of the United States, or to any of her citizens, and whether or not the claimed violation does in fact constitute a violation of a treaty.

Mr. DONNELL. Mr. President, will the Senator yield for an inquiry?

Mr. BALDWIN. I am glad to yield to the Senator from Missouri.

Mr. DONNELL. I observe that the Senator's amendment uses this language:

No assistance shall be furnished under this act to a participating country during any period with respect to which the Secretary of State determine that such country is violating any treaty with the United States.

The question I ask the Senator is this: Is it his idea that the amendment refers only to continuing violations, or would it apply to a situation, for illustration, in which a gross violation of a treaty occurred, we will say, on January 1? Would it prevent the giving of assistance thereafter, because of that one violation?

Mr. BALDWIN. I will say to the distinguished Senator from Missouri that the purpose of the amendment is to require the withholding of funds from a participating country which is in violation of a treaty, until such time as the violation is remedied, or until such time as some reciprocal agreement or arrangement is made to take care of it.

Mr. DONNELL. Mr. President, will the Senator further yield?

Mr. BALDWIN. I yield.

Mr. DONNELL. The particular point I had in mind was this: The administrator, looking at this amendment—if the amendment should be adopted—and finding a situation in which, ten days before he looks at the amendment, a violation has occurred, may say to himself, "What is my duty? There is no continuing violation. There was a gross violation 10 days ago, after this amendment went into effect, but there is no continuing violation." Would it be his duty to refrain from furnishing assist-

ance thereafter, or, by the reason of the fact that only one violation had occurred, would he be not prohibited from giving assistance thereafter?

Mr. BALDWIN. In view of the fact that only one violation had occurred, he would be in a position to say, "There has been a violation. Apparently there has been no complaint. No protest has been made to me. The situation is apparently being remedied. Our own people are satisfied. I will not withhold the funds." I have tried to use language which applies to withholding only so long as a violation continues to exist. The language is—

determines that such country is violating any treaty with the United States.

The language is not "has violated" or "proposes to violate," but "is violating"—is in the process of violating a treaty with the United States.

The purpose of that particular type of language is to make it possible for the ECA Administrator or his representative, whoever may be in charge, to deal with a present situation, and not be required to go into the past and dig up past violations, or anticipate some which may occur in the future. The purpose is to enable him to say to those people, "We have looked into the situation as a result of the protest of our own people. We have determined that there is a violation. Unless you remedy the violation or come to some satisfactory agreement about it, we shall have to ask that ECA funds be withheld." That is the modus operandi of the amendment.

Mr. DONNELL. Mr. President, will the Senator further yield?

Mr. BALDWIN. I yield.

Mr. DONNELL. I was wondering whether the language would possibly permit something which the Senator would not want to permit. Would it free the Administrator from the obligation to cease to furnish assistance after the act had been committed? The Senator would probably want to make it obligatory upon the Administrator to cancel further assistance.

Let me illustrate. Suppose this amendment goes into effect on the 15th day of April of this year. Then let us say that one of the participating countries, on the 1st day of July of this year, after the act has gone into effect, and with the full knowledge of the Administrator, the public, and the press, commits some gross, egregious act of violation of an existing treaty between the United States and that country, but it does not continue. It simply commits that one gross act, which may injure this country to the extent of millions of dollars, to take an extreme case. What would be the duty of the Administrator thereafter under this language? Would he be permitted to continue to furnish assistance, or would he be precluded from doing so? Would he not be faced by a very difficult alternative, as to whether he should cease further assistance, or whether he should continue it after that one gross violation, known to him, known to the public, and known to the press, had occurred? I should like to have the Senator's opinion in regard to that illustration.

Mr. BALDWIN. The opinion of the Senator from Connecticut is that his amendment is not sufficiently broad to take care of that particular situation—and I think purposely so, because it seems to me that that type of thing would happen only rarely, and that if it did happen, there certainly would be other provisions in the treaty which would adequately deal with the situation.

The purpose of this amendment is to give to the Department of State and the ECA a working arrangement, a working tool. I cannot conceive of a violation of a treaty such as was suggested by the Senator from Missouri, which would not have a continuing effect. The ECA Administrator and the Secretary of State would be in a position to say, "You have violated the treaty. It has had the following effect. Until you make recompense or cure the situation in some way, we shall withhold ECA funds."

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. BALDWIN. I yield.

Mr. DONNELL. Take as an illustration the case I am about to cite. I am not criticizing the amendment. I am wondering if it goes as far as the Senator would logically desire it to go.

Suppose there were a treaty between this country and one of the participating countries, country A, under which it was provided that every ship bearing the American flag should be permitted to dock at a certain particular port in country A. Suppose a ship goes to country A, to that particular port, on the first day of August of this year, after this amendment shall have gone into effect; and suppose that the customs officials and the port authorities refuse permission for that ship to dock at that particular port. Suppose the ship goes on its way and no further attempt is made to dock. It goes to some other country and then returns to America. The Administrator of ECA says to himself, "What is my duty? There has been a gross violation of a treaty, in a specific case involving grave injury to shippers, but it is not continuing. Is it my duty to cut off further participation, or is it my duty to permit further participation?" I should like to ask the Senator, without any criticism of his amendment, whether he thinks possibly that case ought to be covered, rather than merely the case of a continuing series of violations?

Mr. BALDWIN. I may say to the Senator from Missouri that that violation in itself has a continuing nature, so long as the particular nation which has prevented the entry and docking of the ship continues in that frame of mind to the point where the ship goes on. There is a continuing violation of the treaty then and there, because it could always be anticipated that the ship might come back with the same cargo, or with a different cargo. As I previously stated to the Senator, it is difficult to conceive any violation of a treaty or agreement which is not in and of itself a continuing one, or which does not carry with it consequences of the violation which are continuing. It seems to the Senator from Connecticut that his amendment is broad enough to cover that particular situation.



Mr. DONNELL. Mr. President, will the Senator yield for a final question?

Mr. BALDWIN. I yield.

Mr. DONNELL. It seems to me that in the case which I have cited there was only one actual violation of the treaty, namely, when the ship sailed away. But since the Senator seems to think there would be a continuing violation, I ask the Senator whether, in the case which I have cited, in which the ship comes to the dock and is refused permission to dock, and goes on its way, never to return, the Senator thinks that under the terms of his amendment the Administrator would be required to refuse further assistance, or whether it would be the duty of the Administrator to grant further assistance to country A.

Mr. BALDWIN. The amendment says "with respect to which the Secretary of State determines that such country is violating any treaty with the United States."

It seems to me that under those circumstances it would be up to the Secretary of State to decide whether or not that violation constituted a continuing violation in contravention of this provision of the law, or whether the situation was sufficiently serious, under all the circumstances which the Senator details, to warrant his shutting off ECA funds.

The Senator from Connecticut realizes that great discretion and wide latitude must be left in the hands of the ECA authorities and in the hands of the Secretary of State, and that is the purpose of this particular language. It does not seem to me that we should draw up language detailing the circumstances and conditions under which the funds would have to be withheld. We must leave considerable discretion in the Secretary of State and the Department of State and the ECA. It seems to me that this particular amendment does exactly that, and that it meets almost every particular situation which could be conceived of. I am willing to concede that it does not, perhaps, fully meet the situation the Senator from Wisconsin has presented; but if it does not, experience will demonstrate that, and then we can amend the provision.

Mr. DONNELL. One final question, if the Senator please: In the case I have cited, the Secretary of State would have the legal right to determine that a continuing violation of the treaty is occurring, even though there has been only one incident, namely, the one I recited; is that correct?

Mr. BALDWIN. It seems to me that he would, because the effect of the violation would be continuing. In other words, the damage the shipper would sustain under those circumstances would be damage which would accrue the moment the ship turned her prow around and started back to the United States or went to another port, at which there would be a transshipment, or something of the sort. The effect of that violation would be a continuing one; and it seems to me that the Secretary of State could then say, "You violated the treaty. Here are the damages that are entailed; and until such time as recompense is made by some agreement with this individual,

working through the Department of State, we are going to withhold the ECA funds"—or he would take some other action in connection therewith which would not be altogether agreeable to the participating country. It seems to me that such authority must be granted, in order to protect our own interests and really to accomplish the effective working of this entire program.

Mr. DONNELL. I thank the Senator from Connecticut for his courtesy.

Mr. McCARTHY. Mr. President, will the Senator yield for a question in regard to the interpretation of subsection (d)?

Mr. BALDWIN. I yield.

Mr. McCARTHY. I also call the attention of the senior Senator from Missouri to this matter, in view of the fact that I consider him to be one of the most competent lawyers in the Senate, as well as one of the most detailed, at times.

Mr. DONNELL. I thank the Senator for both remarks. [Laughter.]

Mr. McCARTHY. In line 4, in connection with the phrase "participating country," the question which interests me is whether that phrase would include a protectorate. In that connection, I wish the Senator would keep in mind that the French officials in Morocco, theoretically at least, obtain their power only from the Sultan of Morocco; they are working as the agents of the Sultan of Morocco, not as agents of the French Government.

Would the Senator from Connecticut consider that a protectorate would come under the phrase "participating country"?

Mr. BALDWIN. It is my understanding that the situation in Morocco is essentially this: Our people are relying upon a series of treaties which we have made with Morocco over the years, going back a long time; and when the French Government took over the protectorate of Morocco—I think it was in 1912—the French Government recognized those treaties, and the agreement or protectorate is such that it constitutes a ratification by the French Government of those treaties. In other words, the French Government moved into a status quo which it recognized and agreed to be bound by.

So although this treaty is one directly between the United States and Morocco, nevertheless, as the Senator from Connecticut understands, it is one to which the French Government is bound by virtue of the provisions of the protectorate.

Mr. McCARTHY. Let me ask whether I am correct in saying that from 1912 until 1944 we had free trade with Morocco, which was the result of a treaty which we made at the time when we recognized the French protectorate. In fact, I understand that one of the conditions of our so recognizing French Morocco as a protectorate of the French was that in French Morocco, American nationals would be treated as nationals in the same way French nationals were treated. The current discrimination against American nationals in French Morocco is not the result of any action on the part of the French Government, but it is the result of the French administrators in French Morocco, who are

working in French Morocco under the Sultan.

A short time ago they issued a new edict providing for some unusual and tremendously high import duties which they apply only against Americans. If that discrimination is continued, under the terms of the Senator's amendment—and I ask this question of him particularly because as I understand the situation, his interpretation of his own amendment is more or less binding on the Administrator in connection with the application of the law, if anyone questions it—would such a discrimination be considered a violation on the part of French Morocco, so that ECA aid to it would be cut off; or would the Senator consider it a violation by the French, so that ECA aid to France would be cut off?

Mr. BALDWIN. It seems to me that those French officials are serving two sovereignties. First of all, they are French officials of the French Government, and are residing in Morocco and are exercising the authority of the Protectorate which France has over Morocco. So in that respect they are representatives of the French Government. But, in addition, they are serving under the Protectorate, by virtue of which they can exercise such power as the Moroccan Government could exercise in respect to these treaties. In other words, France by taking over this Protectorate subscribed to and is bound by the treaty which Morocco has with the United States. Consequently, when her officials, representing her, in the exercise of whatever authority they have in connection with the carrying on of the Protectorate, violate this treaty, it seems to me that they are in violation of a treaty which is adequately covered under the terms of this amendment.

Mr. McCARTHY. Mr. President, will the Senator yield for a further question?

Mr. BALDWIN. I yield.

Mr. McCARTHY. Would the Senator from Connecticut consider adding in line 4, after the word "country", the words "or protectorate"? I make that suggestion for the reason that I personally do not think the French Government in France has any more control over the officials administering this law in French Morocco than we have. Our consular officials have repeatedly protested to these Vichy officials. I have had no indication whatsoever that the French Government in France could be any more effective in protesting than we have been. So I would question the wisdom of interpreting the amendment as meaning that we should cut off aid to France if French Morocco continued to violate her treaties with us.

Whether the addition I have suggested to the amendment would cure the defect, I do not know. But, in view of the fact that we have a great constitutional lawyer here at our right, in the person of the distinguished senior Senator from Missouri [Mr. DONNELL], if we can have him express an opinion on that matter, without causing the Senator from Connecticut to lose the floor, I should like to have that done; and I ask unanimous consent for that purpose.

The PRESIDING OFFICER. Is there objection? The Chair hears none.



Mr. BALDWIN. Mr. President, who is to propound the question?

Mr. McCARTHY. It has already been propounded.

Mr. DONNELL. Mr. President, without the Senator losing the floor, I may say I do not desire at this time, if I may exercise that option, to undertake to answer the question which has been presented. I am not familiar with the legal situation as between Morocco and France, and I have made no study of it. It would be thoroughly an offhand opinion, and I do not feel that I should answer it. I should, however, like to call attention to the fact that section 103 (a) of the Economic Cooperation Act of 1948 defines the term participating country. I do not know whether that would enter at all into the discussion between the Senator from Wisconsin and the Senator from Connecticut, but I should like to ask the Senator from Connecticut whether I may read that definition into the RECORD at this point.

Mr. BALDWIN. I shall be very glad to have the Senator do so.

Mr. DONNELL. It reads as follows:

SEC. 103. (a) As used in this title, the term "participating country" means—

(1) any country, together with dependent areas under its administration, which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947; and

(2) any other country (including any of the zones of occupation of Germany, any areas under international administration or control, and the Free Territory of Trieste or either of its zones) wholly or partly in Europe, together with dependent areas under its administration;

provided such country adheres to, and for so long as it remains an adherent to, a joint program for European recovery designed to accomplish the purposes of this title.

Mr. BALDWIN. The Senator from Connecticut would say that in his humble judgment, that description of "participating country" is sufficiently broad to cover the Moroccan situation, because under the protectorate the French are administering Morocco. It is a zone over which they have the power of administration. It certainly was the intention in drafting the amendment to cover that particular situation. I may say for the benefit of the record and for the benefit of the Senator from Wisconsin that the particular situation which inspired the amendment is the Moroccan situation, although it was the purpose of the Senator from Connecticut to draft an amendment which would be sufficiently broad under the ECA Act itself and the definitions contained therein, to cover other subjects of like kind that might arise anywhere.

Mr. McCARTHY. Just one final question, if the Senator will yield again. Would the Senator have any serious objection, I wonder, to having added after the word "country" in line 4, the words "or protectorate"? I may say the reason I ask the question of the Senator from Connecticut is that in drafting my amendment I went into the situation in very great detail, with whatever legal authorities were available. We felt that merely naming a participating country

was insufficient. So my amendment reads as follows:

Each participating country, and in each dependent area—

I fear that if the amendment of the Senator from Connecticut were to be adopted in its present form it would require that the ECA Administrator cut off all aid to the protecting country if he found that a protectorate was violating a treaty. If the Senator would add the words "or protectorate" between the words "country" and "during," that would cure that which otherwise might be a fatal defect in his amendment.

Mr. BALDWIN. Mr. President, I modify my amendment by inserting as suggested by the Senator from Wisconsin, in line 4, after the words "participating country", the words "or protectorate", and likewise, in line 5, after the word "country", at the end of the line, by inserting the words "or protectorate."

The PRESIDING OFFICER. The amendment will be modified as indicated.

Mr. BALDWIN. I thank the Senator from Wisconsin for his suggestion. Mr. President, in closing my remarks on this question, I may say again it does seem to me that in this particular situation, regarding the material—

Mr. CONNALLY. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Texas for a question?

Mr. BALDWIN. I am glad to yield for a question.

Mr. CONNALLY. Is the Senator aware of the fact that the regular old-line firms doing business in Morocco, who have been there for a long time, living under these conditions—for instance, the Socony Vacuum Oil Co., the Armstrong Cork Co., the Coca-Cola Export Co., the International Business Machines Corp., the Newmont Mining Co., and a long list of others—are making no complaints that they are being discriminated against although they are American concerns that have been doing business there for a long while? I wonder whether the Senator can tell me why it is that such companies are not complaining, whereas the people of whom the Senator is speaking are complaining.

Mr. BALDWIN. Mr. President, I may answer that question by saying it is a very pertinent one and a very good one. I am glad the distinguished chairman of the Foreign Relations Committee asked it, because it is the very question, I might say to my distinguished friend, that I myself asked of the persons who were making the complaint. To one of them I said, "There must be other business interests in Morocco who are equally concerned about this situation. Does this apply to everybody?" He replied "No, it does not. These other concerns have no trouble." I said, "Why is that so?" He said, "The reason is that the other concerns are all represented by French citizens, so that French citizens in Morocco dealing with French administrators in Morocco and with French nationals in France, are able to obviate the difficulty." Those whom we want to

protect by this amendment are the small-business men. They are just starting their enterprises. They realized from their experiences during the war the great responsibilities there are in that part of Africa, and so they have gone there personally to try to engage in business. They have no French representatives. They are trying to conduct the business themselves. That accounts, I think, for the fact that the older concerns have no difficulty, because of their French representation, and that the new concerns do have difficulty because they are still American citizens trying to make a livelihood and bring a new service and a new product to a new land.

#### MEETING OF COMMITTEE DURING SENATE SESSION

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BALDWIN. I am glad to yield.

Mr. O'MAHONEY. The committee on Interior and Insular Affairs has been finding it extremely difficult to transact business, owing to the long hours during which the Senate has held its sessions. We have a very important subject involving the waters of the Colorado River, affecting a great many States in the West. I ask unanimous consent that during the sessions of the Senate, at least tomorrow, the committee may be permitted to continue its hearings.

The PRESIDING OFFICER (Mr. WITHERS in the chair). Is there objection?

Mr. CONNALLY. Mr. President, reserving the right to object, I shall not object to the Senator's request, but I wish to say there is no more important bill pending before the Senate than the one now under consideration. It is impossible to get Senators to remain in the Senate Chamber long enough to attend to the business of this particular bill. I have difficulty, I may say, getting a Democratic Senator now and then into the Senate Chamber to take my place for a little while. Senators on the other side do not seem to have quite so much difficulty in that regard. But I beg Senators to wait. Let us pass the pending bill. We can get through tonight, if Senators will stay here and attend to this business. If they do not, we shall have to meet again tomorrow and probably tomorrow night. I certainly hope Senators will realize that the meetings of the Senate are just as important as the meetings of a committee. A committee is only a part of the Senate; it is only an agency of the Senate. I hope Senators will stay here on the floor until we can pass this important bill. When we get it out of the way, there will be more opportunity for Senators to indulge their hobbies, their desires, and to hold hearings before committees. I shall not object, but I hope the Senator will understand our position.

Mr. O'MAHONEY. I will say to the Senator that I understand the position of the chairman of the Foreign Relations Committee, and I sympathize with him, I assure him.

Mr. CONNALLY. The Senator cannot sympathize with me by walking off the Senate floor and leaving us.



Mr. O'MAHONEY. I assure the Senator that I shall be within easy call. When there is a signal for a vote, the members of the committee will be present.

Mr. CONNALLY. Can the Senator from Wyoming give assurance that when the Senators vote they will vote right?

Mr. O'MAHONEY. I can speak only for myself, not for the other members of the committee.

The PRESIDING OFFICER. Without objection, the request of the Senator from Wyoming is granted.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. BALDWIN. Mr. President, I should like to say, in conclusion, that I hope these amendment will prevail.

I ask for the yeas and nays on my amendment, and suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hoey	Mundt
Anderson	Holland	Murray
Baldwin	Hunt	Myers
Bricker	Ives	Neely
Butler	Jenner	O'Connor
Cain	Johnston, S. C.	O'Mahoney
Chapman	Kefauver	Robertson
Chavez	Kem	Saltonstall
Connally	Kerr	Schoeppel
Cordon	Kilgore	Smith, Maine
Donnell	Knowland	Sparkman
Douglas	Langer	Stennis
Eaton	Long	Taft
Ellender	Lucas	Taylor
Ferguson	McCarran	Thomas, Okla.
Flanders	McCarthy	Thomas, Utah
Frear	McClellan	Thye
Fulbright	McGrath	Tobey
George	McKellar	Vandenberg
Green	Magnuson	Watkins
Gurney	Malone	Wherry
Hayden	Maybank	Wiley
Hendrickson	Miller	Williams
Hickenlooper	Millikin	Withers
Hill	Morse	Young

The PRESIDING OFFICER. Seventy-five Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment of the Senator from Connecticut [Mr. BALDWIN].

Mr. BALDWIN. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CONNALLY. Mr. President, I hope the Senate will not adopt the amendment. The ECA has been giving attention to this matter of so-called complaints. They have had many complaints, but only one complaint as to which any basis of fact or proof was submitted. That was on the part of a small group of so-called importers in Morocco. The ECA will correct that situation.

Mr. President, we have been in touch with our representative in Paris, who is sending an agent to Morocco now to go into all the details respecting this matter.

This amendment is a radical one. It provides that we shall cut off all aid, all help, to Morocco, provided someone has violated some one little clause of some

obscure treaty that has been in existence 100 years, but has become obsolete, and no one is paying any attention to it. The State Department has power and authority to handle all the matters in violation of any treaty, an old one or a new one.

I wish to call attention to one significant thing about this situation. The complainants in this case are not the only Americans in Morocco doing business. Some of the complainants were soldiers who remained in Morocco after World War II. They took a fancy to the country, or the country took a fancy to them, I do not know which, but some of them remained there and went into business.

It is a significant fact that, although many old American interests are there, and have been there for many years, they are not complaining. No one is complaining on behalf of the regularly organized American merchants and importers who have been in Morocco for many years.

The ECA is prepared to handle this matter in a sensible and logical way. But the language of this amendment is very broad. It reads:

No assistance shall be furnished under this act—

None whatever—

to a participating country or protectorate during any period with respect to which the Secretary of State determines that such country or protectorate is violating any treaty with the United States.

Mr. President, as I stated a moment ago, we are sending a top man from Paris to Morocco, who is on his way now, to investigate all these cases, and if there is any discrimination, or any violation of the fundamental rights of Americans, they will be corrected, and corrected promptly. But under the proposed amendment it would not be very practical in all cases for the ECA to send out inspectors, GI men, and the like, to try to regulate every transaction in Morocco.

The ECA has asked for details in this particular case so that an investigation can be made. In only one case have they been furnished any proof or data. That will be investigated, and any other case like it will be investigated.

Mr. President, I hope very much that the Senate will vote the amendment down.

Mr. BALDWIN. Mr. President, let me read the amendment again and then discuss it, only briefly. It is not my purpose to prolong the discussion. The amendment merely provides:

No assistance shall be furnished under this act—

That is, the ECA Act—

to a participating country or protectorate during any period in respect to which the Secretary of State determines that such country is violating any treaty with the United States.

I think the point made by the distinguished Senator from Texas, the chairman of the Committee on Foreign Relations, is a good one, that the United States has treaties with many other foreign powers, and we do not want to im-

pose upon the Secretary of State of the United States the necessity of examining all those treaties.

The only thing the amendment does is to provide that where there is a treaty, if one of our own citizens who is trying to do business in a country under the terms of the treaty finds that he is discriminated against, and that the treaty is violated, he can make a protest to the Secretary of State, and then the Secretary of State can determine whether there is a violation of the treaty, and, I submit, incidental to that, whether the violation is of sufficient consequence to warrant him in shutting off ECA funds. This amendment, Mr. President, simply provides a working tool in the hands of our own people to see to it that there is not any discrimination against our own nationals, to see to it that our commitments with foreign powers and their commitments with us are respected.

Now as to the point that there are other companies doing business in Morocco which are finding no fault with the situation there. That is true, Mr. President. But in every single instance—and I have taken occasion to look into this particular point—in every single instance, with one exception, those companies are represented in Morocco by Frenchmen, by French nationals, by French citizens. They are companies which are long established and consequently the French representatives of those companies know how to deal with the French officials there, and know how to deal with their own countrymen who come to Morocco from France. The persons in Morocco we are seeking to protect by my amendment—and incidentally other persons might need the same protection all around the world as our business expands with the ending of the war and with a reasonable degree of peace—are small-business men. They are veterans in this particular case who have gone over there to establish a small export or import business, to operate a truck line, or a bus line, because they seemed to think that there was a possibility for them to find employment there after the war was over.

Mr. President, it seems to me that those persons are entitled to the protection of the State Department. They are entitled to be certain that the State Department has in its hands a better weapon than it apparently now has, because protest after protest after protest has received attention, and courteous attention, and earnest attention, and sympathetic attention, but such attention as the protests have received has not been successful in protecting the interests of these particular individuals.

Mr. MCCARTHY. Mr. President, will the Senator yield?

Mr. BALDWIN. I yield.

Mr. MCCARTHY. I wish to ask the Senator a question, in view of the statement made by the Senator from Texas [Mr. CONNALLY] that there had been only one complaint. Have there not been an unlimited number of complaints to the effect that when material has been shipped to French Morocco, material bought with ECA funds, of course, repeatedly, the material has been piled up



on the dock and that the local Vichy officials have refused to release it to the American veterans who have bought it; that even after the local consular officer has filed protest they have refused to release it, and then in many cases have proceeded to auction off the material belonging to American veterans, without even notifying the veterans that the material belonging to them would be auctioned off?

Mr. BALDWIN. I will say that that has happened. I am glad the Senator has asked the question, because I should like to detail briefly the type of infringement these people have been up against.

Customs duties and taxes on imports, when applied to Americans, are many times the rates fixed by treaties. Oftentimes they are many times those charged to French nationals bringing in the same goods.

American importers are often required to turn over 40 or 50 percent of their cargoes, at a substantial loss, to government agencies who in turn sell it to local merchants of their own choosing at prices which give the latter a competitive advantage over our own people.

American trucking firms who have licenses for country-wide operation have been informed that exclusive regional monopolies have been given for about half the area of Morocco, and that these territories may no longer be served by others.

At the same time, Mr. President, an embargo, in effect, was placed upon all American goods shipped in by members of this importing association, which is made up of some 37 different individual American citizens, most of them veterans.

Mr. MCCARTHY. Mr. President, will the Senator yield further?

Mr. BALDWIN. I yield.

Mr. MCCARTHY. Is it not true that the veterans of this Legion Post in Morocco who are urging the adoption of such an amendment are largely men who served very effectively, many of them in the Corps of Army Engineers, in preparing for the landing at Casablanca? Is it not also true that at least one of these veterans is a young man who was jailed by the local Vichy official because of the help he gave to the American forces in preparing the landing? Of course, he was freed when the American landing was successful. Is it not also true that today this young man who was jailed because of the help he gave the Americans must go to the identical Vichy official who had him jailed, in order to request ECA funds? And is it not true that that young man, among many others, is being put out of business?

Mr. BALDWIN. I understand that to be the fact. It has been so represented to me, and I have no reason to doubt it.

Mr. DONNELL. Mr. President, will the Senator yield for an inquiry?

Mr. BALDWIN. I yield.

Mr. DONNELL. The Senator from Connecticut, due to the suggestion made by the Senator from Wisconsin, inserted in two places in the proposed amendment the word "protectorate." I want to ask the Senator from Connecticut, if I may, in what sense he uses the word

"protectorate." I call his attention in that connection to this fact. Webster's Dictionary, in defining the word "protectorate", defines it only as a government or as a nation. It defines it as—

1. Government by a protector; also, the rank or office of a protector, or the period of his rule.

In the second place it defines the term "protectorate" as—

2. A relation of superior authority assumed by one power or state over an inferior or a dependent one, whereby the former protects the latter from domestic or foreign disturbance or dictation (usually having exclusive control of its foreign relations) and shares in the management of its affairs; also the authority so assumed, or the period of its exercise—

And I had overlooked this, but I find it in here—

or the country so protected.

I observe, Mr. President, that in the Funk and Wagnall's College Dictionary the term "protectorate" is defined in three ways, one of which is—

A country or region under the protection of another.

I assume, Mr. President, and I ask the Senator if I am correct in understanding, that the sense in which he uses the word "protectorate" as it has been inserted in the amendment, is the latter, namely, "a country or region under the protection of another."

Am I correct?

Mr. BALDWIN. I will say to the Senator from Missouri that that is the meaning I understand the term has in connection with the use of the term in this particular amendment.

Mr. DONNELL. I thank the Senator.

Mr. BALDWIN. In other words, the Moroccans asked the French to come in, and surrendered to them a part of their sovereignty, and the French now have a protectorate over them. It certainly is the intention of the Senator from Connecticut in drafting the amendment and inserting this language, to leave no doubt of the fact that not only is a country as such France for example, being included, but also a protectorate which that country is exercising in another country is likewise to be included.

Mr. DONNELL. Mr. President, will the Senator again yield?

Mr. BALDWIN. I yield.

Mr. DONNELL. I take it by the last portion of the Senator's statement that he means that the word "protectorate" as used by him is in the sense of a country or region under the protection of another?

Mr. BALDWIN. That is correct.

Mr. CONNALLY. Mr. President, I should like to take about 2 minutes of the Senator's time. I have a list of the old companies that have been in Morocco doing business for years, who are not complaining about this matter at all. The list is as follows:

Socony-Vacuum Oil Co., Armstrong Cork Co., Coca Cola Export Co., International Business Machines Corp., Newmont Mining Co., St. Joseph Lead Co., Atlantic Refining Co., Singer Sewing Machine Co., Compagnie Continentale du

Maroc, International Harvester Co., Republic Enterprises, Inc., and Standard Oil Company of New Jersey.

These are well established companies that have been doing business there for years. They are not making any complaint of discrimination.

Mr. BALDWIN. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I yield.

Mr. BALDWIN. Do I understand from the Senator's statement and from the list he has read of these big companies, that the ECA is willing to protect the big interests that are doing business in Morocco, but is unwilling to do anything for the little, ordinary individual who wants the protection of his Government and is not able to employ French representation?

Mr. CONNALLY. Mr. President, I am surprised that a man of the dignity, learning, and stature of the former Governor of Connecticut should make such an appeal to the Senator from Texas. Of course we want to give every American the right to protection. But what does the Senator propose to do? Here is his amendment:

No assistance shall be furnished under this act to a participating country or protectorate during any period with respect to which the Secretary of State determines that such country is violating any treaty with the United States.

That is the function of the State Department. We want the State Department to handle those matters. We have offered to investigate this case. There are many complaints, but there has been only one case in which any proof was offered. Now on the way to Morocco from the Paris office is a special representative who is going there to investigate this situation.

Do Senators think it is just that all assistance to the entire country of Morocco should be cut off because on some insignificant occasion some discrimination in one particular may have been found? Shall we cut off the entire country? The theory is, if a man has the toothache, we should pull out all his teeth, and not merely the one which is aching. If he has an injury to his foot, cut his whole leg off. Do not amputate one or two toes. Cut his leg off so that he will not be troubled again.

Mr. President, this is not the way to reach or solve this problem.

Mr. BALDWIN. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. In a moment. We are undertaking to use sanctions under the ECA, with regard to questions within the jurisdiction of the State Department. The State Department has many methods of providing sanctions and putting pressure on the offenders, if there be any offenders. But let us not interrupt the work of the ECA simply because some individual may find a single complaint involving one little incident. The chief difficulty complained of is in connection with the sale of automobile tires. I do not know the details, but apparently the complaint is that the agents for some of the automobile manufacturers cannot



sell as many tires as they would like to sell.

I now yield to the Senator from Connecticut.

Mr. BALDWIN. Mr. President, we are a long way past the remark of the Senator from Texas concerning teeth. The question I want to ask my distinguished friend from Texas, for whom I have the highest admiration, is this: Does he not believe that turn-about is fair play? The reason for the amendment is that the Moroccan and French officials have been pulling the teeth of our people long enough, and we want to put a pair of tweezers in the hands of the Department of State, so that there can be some tooth pulling in the other direction.

Mr. CONNALLY. A pair of tweezers cannot pull anything but a hair. The Senator is adopting a clumsy method. We are trying to do what he wants done. The ECA is investigating. It will continue to investigate, and the Secretary of State will investigate. He will continue to investigate. But let us not throw road blocks in front of the ECA and the State Department. Give them a chance. Because of one or two little incidents in North Africa the Senator from Connecticut would cut off all aid to Morocco. We do not execute a man for shooting crap. We simply fine him. But the Senator would cut the head off Morocco if there were found one case of a man being unable to buy an automobile tire on terms which he thought were just and proper.

Mr. President, I hope the Senate will reject this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Connecticut [Mr. BALDWIN], as modified. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HAYDEN. I announce that my colleague the junior Senator from Arizona [Mr. MCFARLAND] is attending a meeting of the House Committee on the Judiciary by invitation, and is therefore necessarily absent. If present and voting he would vote "nay."

Mr. MYERS. I announce that the Senator from Virginia [Mr. BYRD] is absent on official business.

The Senator from California [Mr. DOWNEY], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Iowa [Mr. GILLETTE], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Georgia [Mr. RUSSELL] are absent on public business.

The Senator from North Carolina [Mr. GRAHAM] is absent because of illness.

The Senator from Connecticut [Mr. McMAHON] is absent on official business fulfilling an important engagement of long standing at the Department of National Defense.

I announce further that if present and voting, the Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Con-

necticut [Mr. McMAHON], and the Senator from New York [Mr. WAGNER] would vote "nay" on this amendment.

Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official State business, and is paired with the Senator from New Jersey [Mr. SMITH] who is absent because of illness. If present and voting, the Senator from Maine would vote "yea," and the Senator from New Jersey would vote "nay."

The Senator from Indiana [Mr. CAPEHART] is absent on official business.

The Senator from Pennsylvania [Mr. MARTIN] is absent by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES] is absent because of illness in his family.

The Senator from Kansas [Mr. REED] is detained on official committee business.

The result was announced—yeas 22, nays 59, as follows:

#### YEAS—22

Baldwin	Hendrickson	Schoeppel
Bricker	Ives	Taylor
Butler	Kem	Watkins
Cain	Knowland	Wherry
Donnell	Langer	Wiley
Eaton	McCarthy	Williams
Ferguson	Malone	
Flanders	Mundt	

#### NAYS—59

Alken	Jenner	Myers
Anderson	Johnson, Colo.	Neely
Chapman	Johnson, Tex.	O'Connor
Chavez	Johnston, S. C.	O'Mahoney
Connally	Kefauver	Pepper
Cordon	Kerr	Robertson
Douglas	Kilgore	Saltonstall
Eastland	Lodge	Smith, Maine
Ellender	Long	Sparkman
Frear	Lucas	Stennis
Fulbright	McCarran	Taft
George	McClellan	Thomas, Okla.
Green	McGrath	Thomas, Utah
Gurney	McKellar	Thye
Hayden	Magnuson	Tobey
Hickenlooper	Maybank	Tydings
Hill	Miller	Vandenberg
Hoeey	Millikin	Withers
Holland	Morse	Young
Hunt	Murray	

#### NOT VOTING—15

Brewster	Gillette	Martin
Bridges	Graham	Reed
Byrd	Humphrey	Russell
Capehart	McFarland	Smith, N. J.
Downey	McMahon	Wagner

So Mr. BALDWIN's amendment, as modified, was rejected.

Mr. McCARTHY. Mr. President, I desire to call up the amendment which we have previously been discussing. At that time, I was asked to lay it aside temporarily, so that some Senators might have time to study it. That has been done. Some suggestions which I believe to be well taken have been made. I understand that some Senators wished to contact the ECA, to find out what their attitude is. My understanding is that the ECA takes a rather dim view of this amendment.

However, I believe that some of the suggestions which have been made in regard to the amendment have considerable merit. In line with those suggestions, I am now striking out a substantial part of the amendment. I ask all Senators who have copies of the amendment before them to strike out the portions I shall now indicate:

Beginning in line 1, on page 1, strike out everything from line 1 to line 8, inclusive.

On page 2, beginning in line 21, strike out the balance of that page.

On page 3, beginning in line 1, strike out everything to and including line 8.

Those changes make the amendment much simpler and much less inclusive; and as thus modified, the amendment now provides merely, first, that the ECA Administrator shall assign to any country or subdivision thereof which is receiving more than \$5,000,000 a year in ECA funds, a liaison officer to report to ECA, in connection with the administration in that area, any discrimination against American nationals, and so forth.

In the second place, the amendment as now modified provides that ECA funds shall be withheld from any cartel, syndicate, organization, or group in any participating country if such cartel, syndicate, organization, or group is causing American enterprise in such country to be discriminated against.

Mr. President, I have overlooked another change in the amendment, namely, on page 2 in line 18, strike out the words "has caused," and insert "is causing."

As thus changed or modified, the amendment still includes a provision which I consider of the utmost importance, namely, one for the withholding of ECA funds from any country or major political subdivision or dependent area thereof if it is found that such country or subdivision or area is discriminating because of race or religion in meting out ECA food or material. I have particularly in mind the extreme racial and religious discrimination currently being carried on in French Morocco.

At first glance, as I have said before, it might seem that perhaps we here in the Senate of the United States should not be too much concerned with racial discrimination in a place so far away as French Morocco. However, the people of French Morocco who are responsible for such racial discrimination are doing an outstanding job of convincing the Jews and Moors that that discrimination is the result of an ECA mandate. In other words, when they ration their food—for there is strict rationing in French Morocco, as perhaps all of us realize—and when they thus discriminate against the Jews and Moslems, they say they do so because of a mandate by the ECA.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. McCARTHY. Certainly.

Mr. DONNELL. As a matter of administering this amendment, if it be adopted, let me refer to the language on page 2, in line 5 and following:

The Administrator shall—

(1) appoint and assign to duty in each participating country and in each dependent area under its administration with respect to which at least \$5,000,000 per annum is expended—

And so forth. Does the Senator from Wisconsin mean by that language that it will be necessary for the Administrator to wait until \$5,000,000 has been expended in 1 year, before he shall determine whether he is to appoint such a liaison officer; or is he to estimate in advance whether \$5,000,000 or more will be expended in that country or dependent area per annum?



I am sure the Senator from Wisconsin appreciates the problem with which the Administrator would be confronted in connection with determining whether to appoint such an officer.

Mr. McCARTHY. I understand the question. In connection with the allocation of ECA funds to a certain nation or a certain area, this amendment assumes that if the ECA Administrator decides that more than \$5,000,000 will be spent in 1 year in any protectorate or in any country, he will assign a liaison officer to the protectorate or country. For instance, the original program was for \$3,200,000 a month in French Morocco, or roughly \$36,000,000 a year. This amendment means that when the Administrator makes that allocation, if he decides that more than \$5,000,000 will be spent there in a year, he will say, "This is important enough so I will have one of my own men in that spot, to take care of the administration."

Two things concern me very greatly in the matter of discrimination. The first is the use of American funds to put American boys out of business. The Senator from Texas, in questioning the Senator from Connecticut, brought out the point that the owners of monopolies now in existence are not complaining. The syndicates and monopolies are perfectly satisfied with the way the plan is being administered. It is the little fellow, the small-business man, who cannot pay off by hiring a Vichy official, and making him the president or vice president of his organization. They are the ones who are dissatisfied. I wonder whether the Senate realizes that as of today we are spending roughly \$36,000,000 a year in French Morocco. We do not have a single representative there supervising the disbursement of funds for ECA. Who is handling ECA funds in French Morocco? The men in charge are the old Vichy officials who opposed the American landing at Casablanca. They today are doling out the funds.

I shall run the risk of boring Senators who were here a short time ago, by repeating very briefly an illustration of what happened. A young man who served in the Corps of Engineers, as I recall, at least, in the American Army—most of the Americans there were in the Army Corps of Engineers—was very active in helping plan the landings in Africa; so much so, that the local Vichy official, when the landings started, arrested him and put him in jail. Of course, had we been unsuccessful, the young man would undoubtedly have been shot. He was a member of the American Army. What happened? Our landings were, of course, successful. The young man was released. To whom does he have to go now in order to make application for ECA dollars? None other than the identical Vichy official, who said, "Let us jail this man, and, if the landings do not become successful, we will shoot him." The young man must go to the same Vichy official, for he is the man who is handling the ECA money. The result, of course, has been that there has been not merely one complaint, as the Senator from Texas suggests, but an unlimited chain of complaints.

I have before me two letters on the letterhead of the Foreign Service of the United States of America. One is signed by Mr. Paul Fletcher, American consul general in French Morocco. It was written to Mr. Robert E. Rodes, Reserve officer in the American Army engineers, a man who served under the Office of Strategic Services in French Morocco for a year and a half, and a man who is obviously very much disliked by the Vichy officials who were opposing him at that time and who today can pass upon his requests for ECA funds.

The first letter is addressed to Mr. Rodes by our own consul general. I shall not take the time of the Senate to read the entire letter. It is available, if Senators care to have it. I read from the letter as follows:

As you are already fully aware, this office fully reports such matters to the Department of State, and, when pertinent, makes recommendations regarding possible action which the Department may desire to take. These problems have not only been under continued study, but most of them, notably the question of import duties, import licenses, and discrimination against American business interests, have given rise to representations to the protectorate authorities by this office and by the American Legation in Tangier, the result of which has been a partial, if not complete, improvement of the situation.

Regarding the question of import duties, you undoubtedly know that this office, the Legation in Tangier, and the consul at Rabat, have made the most energetic representations to the protectorate authorities. The whole matter is now before the Department of State.

This is not the picture of an individual or isolated complaint, but of a whole chain of complaints, which the local consul general has found it impossible to remedy. Mr. Rodes, a commander of the legion, is in town. I have tried to check his background. So far as I know he is a very truthful and a very honest individual. He tells me—and this is an unusual picture, which I want particularly to call to the attention of Senators—when an American veteran has material shipped into the area—material, it will be understood, purchased with ECA funds—the material is piled on the dock and the local Vichy official—in this particular case, the same individual who was energetic in getting the young men jailed when they were helping during the landings—the Vichy official says, "No, sir. The material will not be released to you. It will be piled here on the dock." When the local consul protests, when he goes to the official and says, "You are violating all the treaty rights of these American boys," what do Senators think the answer of the local port authority is, the answer that is, of the Vichy official? He says, "Protest as much as you want to. We are running the show now. Your Army and your Navy are not here."

All we propose to do in this instance is to give ECA a power which they do not now have. We propose to give to ECA a big club which they can use, so when the American consul goes to the port and says, "Will you release this material?" and the port authority replies, "No, we won't; your Army is not here; your Navy is not here; we are running the show," then the consul can say, "Yes, you are

running it. But unless you release this material, then you are running it without American funds."

I should like to read very briefly from another letter from the consul general, Mr. Fletcher. I think I shall merely read a portion of it:

With reference to the numbered list of alleged "illegal or unfair actions by officials of the French Protectorate at Morocco, or actions contrary to United States policy," that you enclose in your letter of January 10, 1949, you will recall that you have been informed on several occasions that actions of the protectorate government which infringe upon American treaty rights, or which discriminate against Americans, have been protested, in some cases repeatedly, by this office.

If I may repeat, I am reading from a letter written by Mr. Fletcher, the Consul General. He says:

Such actions have been protested, in some cases repeatedly, by this office. Needless to say, all such matters are reported to the Department of State.

I am going to again run the risk of repeating something which I said several hours ago when some of the Senators who are now on the floor were not present. Here is a picture which I do not think it is conceivable that any Member of the Senate can stomach.

A veteran, we will say John Jones, who has been in the American service for 3, 4, or 5 years, has material which he purchased with money he had saved over a period of years. He is using ECA funds. The material is piled up on the dock. He is told, "We will not release this to you." There is nothing he can do. The consul protests. He inquires, "Will you release the material?" The reply is, "No. Your Army and Navy are not here." Then what happens? They proceed to auction off the material, and in most cases at a private auction without even notice being sent to the young man whose material is being sold.

As I have said, the amendment does not tie the hands of the ECA in the slightest degree. It merely gives ECA a power which it does not have today, and, furthermore, it provides that a representative shall be sent to the locality to keep track of this situation. It seems to me that if we are spending \$3,200,000 in French Morocco, then we should add so much, perhaps another \$300, \$350, or \$400 a month, to send an American there to report back to Paul Hoffman as to what is being done.

There is another phase of the situation which I consider to be quite important, namely, the religious and racial discrimination which has reached a new high, under the guise of American approval. It is a discrimination against the Moslems and Jews.

I have before me a cablegram which I have read before, sent by Herbert Abrams, a crippled World War II veteran, adjutant of the local Legion post:

Despite stiff consular protest, 500 pounds matzoth to be distributed gratis for imminent Jewish holidays refused release from port.

As I understand, matzoth is the so-called Passover bread which the Jewish people eat during that holiday. It was sent to Morocco free to be distributed



gratis to the Jewish people, but the local authority says, "No; it must be piled up until it spoils, or at least until after the Jewish holiday is over."

Perhaps we should not be disturbed with religious discrimination which occurs so far away. We have some in this country which should be taken care of; but if this religious and racial discrimination is being indulged in with American approval, I see no reason why we should not say that it shall be stopped.

In closing, Mr. President, I desire to refer very briefly to testimony given before the House committee. I do not have it before me at the moment, but it disclosed a long chain of petty abuses and violations of the rights of Americans. I am speaking of discrimination against American nationals. I should like to give a few examples from a long list of discriminations against American nationals.

The American Legion post in Morocco planned a celebration in connection with the fifth anniversary of our landings at Casablanca. A number of sizable American flags had been ordered for the occasion. Those flags reached the port. The port-control officer who was in charge was one of the Vichy officials who fought our landings, and, naturally, he said, "They shall not be released until after your celebration is over." The man handling American money said, "You shall not have these American flags with which to celebrate the American landings."

The American Legion post decided to have a party for orphans in French Morocco, to give them some of the food which they needed. The local officers said, "Oh, no; you cannot do it, because it is American propaganda."

In other words, if the American Legion Post should attempt to feed the starving children of French Morocco they would be prevented from doing it, because it was American propaganda and might make the local residents feel a little more kindly toward the American people.

In view of the complete picture, Mr. President, this illegal discrimination against American nationals in French Morocco, against young men there who were largely responsible for the success of our landings in north Africa; in view of the fact that ECA funds are being distributed by men who were our enemies, and, seemingly, are still our enemies—I am speaking only of the local officials—in view of the unwarranted discrimination against Jews and Moslems, claiming that it is the result of a mandate of the ECA, I very seriously urge that the Senate agree to my amendment, which will give ECA the club necessary to use to correct the situation in Morocco.

I ask for the yeas and nays on my amendment.

Mr. CONNALLY. Mr. President, I do not want to debate the issue. It is the same issue which was voted down a while ago, except that it is worse. So I am asking for a negative vote with reference to this amendment.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield to the Senator from Wisconsin.

Mr. McCARTHY. Does the Senator think it is bad to protect the young men who fought the war in north Africa? Does the Senator think it is bad to protect them against the Vichy officials who are using American money to ruin the business of those young men in French Morocco? Does the Senator think it is bad to say that in French Morocco there shall be no more racial and religious discrimination?

Mr. CONNALLY. The Senator's question is so involved and drags in so many issues that, in order to answer it, we would have to go over to Morocco and investigate the Jews, the Moslems, and, perhaps, Hottentots who might come up to Morocco from farther south. We have an Administrator in charge of the work, and he is a good one. We have a man in Paris who supervises it, and he is a good man. The charges which have been brought here are infinitesimal, but the Senator from Wisconsin would cut off all aid to Morocco and north Africa if one person is found who the Senator says has violated some provision of the act.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. CONNALLY. The Senator's question is a multilateral question; it is not a unilateral question. It is a whole flock of questions thrown into one question which asks whether I want to protect American citizens.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. CONNALLY. Wait a moment. I have not yet yielded. When I yield, you can interrupt.

The VICE PRESIDENT. Senators will observe the rule not to address other Senators in debate in the second person.

Mr. CONNALLY. Mr. President, so far as I have violated the rule, I apologize.

The VICE PRESIDENT. Both Senators have violated it.

Mr. CONNALLY. I apologize for my violation. When I yield, I shall yield to the distinguished Senator from Wisconsin.

Mr. President, the Senator propounds to me a question which asks whether I think it is wrong to protect American citizens. No; I do not. Then he says: "Do you think it is wrong to try to see that religious minorities are properly looked after?" I am very busy at home looking after racial minorities, whom my opponents on this floor are constantly trying to gather to their bosoms.

Mr. President, the Senator's amendment is merely another fly in the ointment, another little pin-prick of the administration of the ECA. The ECA is doing a grand job, and, if it is let alone, it will do what we intend it to do, namely, to try to help broken economies and shattered business enterprises and enable them to stand on their own feet. But they cannot do it if there are to be all these complaints about some official over there. The money is turned over to the governments of the recipient countries. We can not administer it with the many appointees the Senator wants. He wants a whole flock of officials of the United States to go smelling around,

peeking behind the door, and looking through the keyhole. The Senator has been asking me questions. Let me ask him a question. Does he want to cut off all aid to Morocco?

Mr. McCARTHY. Will the Senator yield so that I may answer his question?

Mr. CONNALLY. I yield.

Mr. McCARTHY. The Senator has not read my amendment, or he would not have made the statement that it provides for cutting off all aid to Morocco.

Mr. CONNALLY. I did not say the Senator's amendment did that. I asked the Senator if that is what he wants. I have read his amendment half a dozen times. He offered an amendment, withdrew it, a similar amendment was voted down awhile ago, and now he offers still another amendment. If the Senator has in mind what he intends to do, maybe the Senator from Texas might understand; I do not know.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. McCARTHY. I call the Senator's attention to the fact that nothing in my amendment provides that all aid be cut off over the area, but only in cases in which it is found that there is discrimination against an American national.

If the Senator will turn to page 2, he will find that there are two principal provisions. One says that the ECA Administrator shall appoint a man to represent him. Mr. Hoffman will send a man to Morocco. If we are spending over \$5,000,000 a year in French Morocco—in other words, if we are spending it on the Hottentots—we will send a man over to see how it is being spent.

Second, the Administrator shall "provide for the withholding of assistance under this title from any cartel, syndicate, organization," and so forth.

In other words, that refers to the type of monopoly we are preventing from receiving our money in north Africa—to see that no ECA funds will go to such a monopoly if it is found they are causing American enterprise there to be discriminated against.

The amendment does not tie the hands of ECA. It says to Mr. Hoffman, "We are giving you a good-sized club without which you cannot administer funds under ECA."

On page 2 of the amendment it is provided that if it is found, in the distribution of assistance, that there is discrimination on the ground of race or religion the assistance shall be cut off.

In answer to the Senator's question as to whether I would cut off all aid to French Morocco, my answer is, yes; if Vichy officials there are to administer it, and wreck American business in French Morocco. If we see that they are discriminating against Jews and Moslems, then I say we should cut off the assistance.

The VICE PRESIDENT. The Senator is not asking a question of the Senator from Texas.

Mr. McCARTHY. The Senator from Texas asked me a question.

The VICE PRESIDENT. That does not authorize the Senator to violate the



rule. Does the Senator from Texas yield for a question?

Mr. CONNALLY. No; I did not yield. The Senator is through, and has sat down.

The Senator's amendment is very simple. It is a perfectly little, simple, harmless, dovelike amendment. He is going over into Morocco to tell them how to run their church and their religious affairs. He will put on the high cap of a religious functionary, and pass on all questions of religion.

Away with it. That is not the business of ECA. The Senator wants to have a job holder appointed in every locality to investigate the companies and their books. He wants to provide for withholding assistance from any "cartel, syndicate, organization, or group"—any group. He goes forth and sees a group standing on the street, and he says, "Wait a minute. Are you Jews, or Arabs, or what are you? We want to know. ECA wants to know. We are going to regulate you. We are going to make you live up to the catechism and the doctrines of some particular religion or church."

He wants to regulate every "cartel, syndicate, organization, or group"—everybody. He wants to regulate everybody in North Africa under this little amendment, holding out or withdrawing their funds if they do not do as the Senator from Wisconsin thinks they should do.

If this amendment shall be agreed to, I hope the ECA will ask the Senator from Wisconsin to go over and be the head man. I should like to see his examination of these religious groups. I should like to see him prying into these cartels. Of course, he would have to have an assistant, a good one, if he was able to do anything along those lines.

Mr. President, I hope the amendment will be rejected.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. McCARTHY. I wish to ask the Senator whether he realizes that this amendment does not suggest that we regulate any group? It merely says that where American money is being used to finance these cartels, these organizations—of which the Senator is aware, I am sure—the assistance shall cease, if it is found that American nationals are being discriminated against.

Mr. CONNALLY. I have read the amendment half a dozen times.

Mr. McCARTHY. The amendment does not suggest that we regulate anyone or anything. It suggests that where American funds are being used, they shall not be used to wreck American business, and that American funds shall not be used to promote religious and racial discrimination.

Mr. BALDWIN. Mr. President, a point of order.

The VICE PRESIDENT. The Senator cannot make a point of order unless the Senator who has the floor is violating a rule.

Mr. BALDWIN. Mr. President, will the Senator yield?

Mr. McCARTHY. I yield.

Mr. CONNALLY. The Senator cannot yield, because he has not the floor.

The VICE PRESIDENT. The Senator from Texas has the floor. He yielded to the Senator from Wisconsin for a question.

Mr. CONNALLY. Mr. President, I think I have been pretty patient with the Senator from Wisconsin. I have answered many of his questions which have no really vital relation to the amendment.

Mr. FLANDERS. Mr. President—

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Vermont for a question?

Mr. CONNALLY. I yield for a question.

Mr. FLANDERS. I should like to ask the Senator from Texas this question: Has the Senator from Texas studied the amendment, or has he read it? It seems to me the Senator has either completely misunderstood it or has given a false impression of it, and I do not care to accuse him of the latter.

Mr. CONNALLY. Mr. President, the keen mind of the Senator from Vermont never overlooks anything, either in the motives of other Senators, or information of other Senators. I will not argue with him. He can draw his own conclusions. I have not been biased. I doubt if the Senator ever read this amendment until a few minutes ago. We have read it in the committee, and I have read it here on the floor, and read the changes in it, new amendments, and substitutes.

Mr. President, I will state what amendment would do—at least it would have that tendency, though I cannot say it would do it—under the sponsorship of the Senator from Wisconsin and the Senator from Vermont. Russia is making a campaign, a propaganda campaign, all over the world, that the ECA and our Marshall plan, and our sponsorship of these measures, are intended to go inside the countries of Europe, and, wherever possible, use the power of the ECA to influence those countries in their domestic affairs. Does anyone doubt that? It is carried in the newspapers every day from Moscow that the United States is undertaking to use this great contribution to the welfare of broken and shattered countries to enforce the American will. That is what the Senator's amendment would do; it would affect the most sensitive thing in the lives of the people, their religious questions. It would touch their business organizations.

Mr. President, the objective of the Marshall plan was the opposite of that, the objective was to let every country handle the funds, let every country regulate its own economy, and let every country pursue its own way of life. So, Mr. President, I urge that we let this amendment die, and let the ECA go on with the great work it is doing under the able management of men who know what they are talking about.

As I have said before, there has already been sent to Morocco from the Paris office a man to investigate these matters. Do not my colleagues think he will be met with concern? I hope he will be met with concern by the officials of those governments.

If we let the ECA alone it will work these questions out. If we interfere with it, disturb it, annoy and badger it, and punch it around by amendments of this character, we will destroy its good influence, and will hamper its operations.

Mr. President, I ask the Senate to vote the amendment down.

Mr. BALDWIN. Mr. President, I do not wish to detain the Senate long, because I have already expressed my own views with reference to the amendment which was offered by the junior Senator from Connecticut, but I should like to say a word about the amendment offered by the Senator from Wisconsin.

The Chairman of the Committee on Foreign Relations, who is an able and sincere Senator, has made the claim that the violations of the rights of our people, which have been responsible for the amendments offered by the Senator from Connecticut and the Senator from Wisconsin, are of a very minor nature. I should like to address myself to that point.

It appears to be the fact that in Morocco local laws have been applied to Americans without State Department acceptance. That is a direct violation of a treaty of long standing between Morocco and the United States, to which the French Government agreed when it took over the protectorate.

One of the acts complained of, Mr. President, is a decree passed on the 30th of December 1948, which placed embargoes on merchandise coming into Morocco from all sources excepting France. This decree was not accepted by our State Department, but was immediately applied, nevertheless, resulting in the seizure in customs of everything that arrived subsequent to January 15, 1949.

As the Senator from Connecticut understands, as a result of this decree all the goods shipped into Morocco which the officials there claimed were in violation of the decree, were held and impounded, and whether they were of a perishable nature, or of whatever nature they were, and whatever effect the detention might have upon their value, was of no consequence to the French officials in Morocco whatsoever.

Protests about this were made on every diplomatic level, but to no avail, and the Governor General of Morocco himself informed the American Minister in Morocco, so I am given to understand, and reliably so, that the Governor General of Morocco had recommended to Paris that the goods be released, but that he, the Governor General of Morocco, was powerless to act without instructions from Paris.

Mr. President, the junior Senator from Connecticut can wax just as sentimental and just as earnest about the ECA program as can his distinguished friend, the Senator from Texas. The Senator from Connecticut may say, Mr. President, that he was one of the early Senators in this body to speak in behalf of this whole program, and that he has supported it vigorously throughout his career in the United States Senate. He does not say that in any boastful way. He merely says it to indicate that his early adherence to the principles of ECA, his early



belief in its efficacy, continues uninterrupted until now.

The junior Senator from Connecticut, however, is alive to the fact that millions upon millions of dollars taken out of the pockets of American taxpayers are going into this program, and it was anticipated by all of us who voted for it that such would be the case. But the junior Senator from Connecticut is also aware of the fact that these American dollars are being used all over the world to build up economies that eventually will be in competition with us. We know that is so. We anticipate that it will be so. We expect that it will be so.

All we ask, Mr. President, in return is that when the time comes that these nations are in direct and able and competent competition with us, our own people shall be able to meet them in a fair field and with no favor, and that all our trade routes, all our trade connections, all our business dealings throughout the world, built up over a long period of years shall not be torn down, but shall be continued.

Mr. President, it is conceivable that in this Moroccan situation the reason why these French officials are taking the position they do is to tear down the possibility of future American business in that part of the world.

What is true of Morocco, Mr. President, can be true as well of any other part of the world where American citizens for years have done business, and ask for the future only a fair and full and equal opportunity to continue doing business. They ask, Mr. President, only a fair and equal opportunity to compete with their own money against industries and businesses and economies which have been reestablished with their own money, too, as competent competitors.

Mr. President, I yield to no one in feeling most sincerely and deeply that the United States in this program is undertaking something that is new and novel in the entire world, something that is so generous in its concept that today there are millions of people in the world who suspect us of some improper, ulterior, unjust motive of future aggrandizement for ourselves which, Mr. President, certainly is not the case. But it seems to me that when we put into the hands of the men who have the difficult, the trying, and almost impossible task of administering this undertaking, the weapon which they need to deal with other people around the world, some of whom are extremely shrewd and extremely sharp, and who do not govern their conduct by the same rules of morality by which we have always governed ours—when we put into their hands, as this amendment does, Mr. President, an additional weapon to help them, then we are helping this program, we are making it more effective, since we are making its administrators more competent to do the vitally important job they have to do.

I may say, Mr. President, to the chairman of the committee, and the distinguished members of the Committee on Foreign Relations and to the staff, that the junior Senator from Connecticut is extremely grateful to the committee for the interest it has shown in this matter, in having sent special representatives to

Morocco and for showing a real, genuine interest in this whole situation, which is so important to these veterans who thought that they had, in Morocco, for days and years to come, the opportunity of reestablishing their businesses and their lives, of building their futures and of developing their opportunities which were denied to them or laid aside when many of them donned the uniform of the armed forces of the United States to fight in this very area.

Mr. President, it is not the purpose of the pending amendment, nor was it the purpose of the amendment offered by the junior Senator from Connecticut, to impede the administration of the program. What we are trying to do is to lend it help and assistance, and make it more effective than we think it otherwise can be.

Mr. President, I am not one who has found fault with the administration of ECA during the past year and a half. I think it has been most effective. I shall vote for the bill, without any hesitation. But it seems to me that when Senators who have interest in the effectiveness of the legislation offer suggestions as to making it stronger, they should not be charged with trying to undermine the whole program. They should be given some credit for their own thoughts and their own energy in trying to lend strength to it and to the machinery through which it must be accomplished.

Mr. McCARTHY. Mr. President, will the Senator yield for a question?

Mr. BALDWIN. I yield.

Mr. McCARTHY. In view of the statement made by the very able senior Senator from Texas to the effect that he did not believe we should worry about regulating "The Hottentots" in Africa, and in view of the fact that we are spending roughly \$3,200,000 a month on what he calls "The Hottentots" of Africa; in view of the fact that we are spending that many American dollars, it seems only logical and sensible that we should do a little regulation when it comes to the spending of that money.

Mr. BALDWIN. As I understand the Senator's question it is to the effect that what we are trying to do—

Mr. McCARTHY. If I may restate the question, the Senator from Texas made a very eloquent argument that we should not concern ourselves with regulating what he called "The Hottentots" to whom we are contributing this money. I do not think they are Hottentots. I believe they are normal people like you and me, Mr. President, though among them are Jews, Moslems, and Frenchmen. In view of the fact that we have already committed ourselves to spend roughly \$36,000,000 a year on what the able Senator from Texas refers to as "Hottentots," perhaps we should see to it that the money is properly spent, and that a dollar's worth of value is obtained for every dollar spent. Does the Senator agree with me in that?

Mr. BALDWIN. I agree heartily. In other words, if we do not attach to the administration of the fund and of the whole program conditions which make it effective, and which give our people power and authority to deal with its

disbursement, it seems to me we will be discredited in the eyes of many of these people. It must have a weakening effect on the whole program in some parts of the world to see American money thrown out willy-nilly, and to see the local people take advantage of it to the detriment of the citizens of the country which is furnishing the money in the first place. It seems to me it would lend great strength and additional prestige to the United States in Morocco, for example, or in any other place where a circumstance such as detailed here took place, if the administration were given wide, broad, effective powers to deal with the proper conduct of the program, and to see that the money goes to the right place, at the right time, and that there is no discrimination against the nationals of our own country.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. BALDWIN. I yield.

Mr. McCARTHY. Has the Senator seen a letter written to the able chairman of the Foreign Relations Committee on March 24, 1949, by a Mr. A. M. Vardas, who was a captain in the Corps of Engineers?

Mr. BALDWIN. I do not know.

Mr. McCARTHY. Captain Vardas calls the attention of the Senator from Texas to the fact that he was active with the Corps of Engineers in planning the invasion of North Africa; that he was imprisoned and, as he says, probably would have been shot if the invasion had not been successful. He states that the Deputy Prefect who ordered his arrest is still on the job and active in deciding whether he, an American veteran, or any other American veteran shall get American ECA funds, or whether they shall be diverted from them to wreck their business. If the Senator has not seen the letter, I should like to bring it to his attention.

Mr. BALDWIN. I may say to the Senator from Wisconsin that I had not seen the letter. I had heard some reference to it, but had not actually seen the letter.

Mr. McCARTHY. Mr. President, will the Senator yield for another question?

Mr. BALDWIN. I yield.

Mr. McCARTHY. Is the Senator aware of the fact that the port authorities in French Morocco impounded American flags and would not allow them to be released until after the celebration which the Legion was conducting to celebrate the fifth anniversary of our landing in French Morocco?

Mr. BALDWIN. That was detailed to me as one of a large number of incidents of a similar kind. Let me say that while I am primarily concerned with the situation in Morocco, and while it is the development of affairs there which has inspired the amendment which the Senator from Connecticut offered, the Senator from Connecticut also sees the possibility of a like thing happening in many other parts of the world. He is impelled to support this amendment in the vote to come, as he was impelled to offer an amendment on his own behalf, in order that the ECA Administration might have the proper authority, in black and white in the statutes of the Congress,



with which to deal with that particular situation.

Mr. McCARTHY. Mr. President, will the Senator yield for a final question?

Mr. BALDWIN. I yield for one more question.

Mr. McCARTHY. Does the Senator agree with me that the amendment which I am proposing would in no way weaken the hand of ECA, but on the contrary, would strengthen the hand of ECA, so that if the amendment were adopted, Paul Hoffman would have the power to see that the money is properly used, a power which he does not now have?

Mr. BALDWIN. That is my opinion. That was my purpose in offering the amendment in my own behalf, and is my purpose in supporting this amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wisconsin [Mr. McCARTHY], as modified.

Mr. CORDON. Mr. President, I rise in support of the amendment of the junior Senator from Wisconsin as he has now perfected it. The junior Senator from Wisconsin is, of course, very much interested in the situation to which he has called attention, and which has developed in Morocco. Until I heard the statements on the floor I knew nothing of that situation.

My interest in the amendment springs from its broad aspects, rather than its application to the Moroccan situation or any other specific situation. When we embarked upon the European recovery program and it was presented to us as a new and great adventure in European recovery, we had in mind that it was our duty, both from the standpoint of self-interest and from the standpoint of simple equity to those countries which had borne the physical burden of combat, to do what we could to recreate for them a self-sustaining economy.

It is heartening to note from the reports that ECA has made that our efforts have so far been successful, and that those countries, with the aid we have been able to furnish them, have gone far on the road to recovery. Mr. President, we want to do all we can not only to help them reach their prewar economic status, but to go beyond that point, in order that there may be something more of hope in the future than they had in the years before World War II.

If, however, we indulge ourselves with the hope that with our aid the thing we seek to accomplish can be accomplished, and that there can arise in the beneficiary countries a sound and productive economy on a higher level than those countries have heretofore known, then we must recognize that when that day comes there will be a greatly increased production in the world. There must of necessity be a greatly increased international trade.

The coming of an increased international trade will in the future, as it has in the past, cause trends toward monopolistic practices and toward trade agreements the sole purpose of which is to benefit those who make the specific and particular agreements. We have had those in the past. So long as human nature lives and men are selfish, the same

thing must be expected. I do not ascribe to the countries which we seek to put on their feet motives any different from the ones which subsist in this country today. We are all alike in that respect.

At the end of a year and a half we see production in the European countries, the beneficiary countries under ECA, now at a level substantially equal to the prewar level, with every hope of going above it. We must realize that on some tomorrow we shall be faced with competitive trade in all those countries. It seems to me that we should be realistic enough and practical enough at least to take a look at where our own foreign trade will be on that day.

Mr. President, we know that at least while we are furnishing the funds with which this recovery is going forward this country must of necessity be the importing recipient of most of the exports from other countries. They are getting dollars. They will spend those dollars where the dollars came from. That means that if trade is, as it must be, a two-way street, there must also be somewhere in the future an opportunity for our people, independent of ECA, to have their trade outlets.

Because purchases with ECA funds are limited in character, consisting chiefly of a few major staples in food a very few of the major raw products, and a very few of the major heavy industrial machinery items, they represent trade with only a handful of the producers of this country who historically had outlets in Europe for their surplus products. Unless that other great number of producers in the United States can at least maintain during the reconstruction and recovery period some contacts in the areas across the sea where, prior to the war, they had export outlets, so that the people in those areas will at least remember that there is such a thing as a producing America in other fields than this handful, then we shall be in a position, when recovery has been achieved, of having to start from scratch to create new markets, although we might have saved the ones we had yesterday by giving a little attention now to this matter of at least requiring that our competitive position be defended and saved in those areas.

That is what this amendment in its broad aspects seeks to do. It does not seek to give to any American producer any competitive advantage whatever. It seeks only to maintain for him a fair competitive position in those areas.

Mr. President, I do not agree that the inclusion of this amendment in the ECA Act will have the effects that are contended for, with reference to its being a new weapon for Russia in the propaganda battle with Russia. After all, Mr. President, Russia needs no weapon for her propaganda, for she creates her weapons as she goes along. She is in the position of not being bound either by truth or by fact. So the inclusion of this amendment will not change the Russian approach one iota; and certainly those with whom we deal, who surely by now can understand what we seek to do, cannot complain if we ask only that

a fair competitive position be maintained during the recovery period, so that in the minds of our former customers—when the time comes, if it ever comes, when we can have free bilateral trade throughout the world—there will at least be a memory that the United States can produce efficiently in many other fields.

Mr. President, because I believe that a fair evaluation of the amendment must convince us that it would do that, and only that, and because I believe that the administration of such provisions by the ECA Administrator, having in mind sound administrative practices, can be most helpful in maintaining for the United States only a fair chance in this new competitive world, I believe the amendment should be adopted.

I recognize that there will at least be temptations in the European countries who are the beneficiaries under the ECA Act to attempt, at least, to institute the constrictive and restrictive trade practices and agreements which we are told led in great part to World War II.

However, Mr. President, I believe that the very fact that the amendment is adopted will of itself in all probability go much further toward achieving the result we wish to have achieved than even the enforcement of the act without the amendment in wise hands could take it. I believe that if we adopt the amendment, we shall be saying to those with whom we deal, "We are going to do everything for you we can do in helping you move down the road to recovery. We only ask that you give us a fair 'break'; and because we believe we deserve it, we intend to insist upon it."

The VICE PRESIDENT. The question is on agreeing to the amendment lettered "B", as modified, offered by the Senator from Wisconsin [Mr. McCARTHY].

Mr. McCARTHY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Idaho [Mr. MILLER], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], the Senator from Mississippi [Mr. STENNIS], and the Senator from Oklahoma [Mr. THOMAS] are unavoidably detained.

The Senator from Virginia [Mr. BYRD] is absent on official business.

The Senator from California [Mr. DOWNEY] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Iowa [Mr. GILLETTE], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Georgia [Mr. RUSSELL] are absent on public business.

The Senator from North Carolina [Mr. GRAHAM] is absent because of illness.

I announce further that if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from Virginia [Mr. ROBERTSON], the Senator from Oklahoma [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] would vote "nay" on this amendment.



Mr. SALTONSTALL. I announce that the Senator from Maine [Mr. BREWSTER] is absent on official State business, and is paired with the Senator from New Jersey [Mr. SMITH], who is absent because of illness. If present and voting, the Senator from Maine would vote "yea," and the Senator from New Jersey would vote "nay."

The Senator from New Hampshire [Mr. BRIDGES] is absent because of illness in his family.

The Senator from Indiana [Mr. CAPEHART] is absent on official business.

The Senator from Pennsylvania [Mr. MARTIN] is absent by leave of the Senate.

The result was announced—yeas 33, nays 45, as follows:

\* YEAS—33

Baldwin	Hickenlooper	Malone
Bricker	Hunt	Millikin
Butler	Ives	Morse
Cain	Jenner	Mundt
Cordon	Johnson, Colo.	Schoeppel
Donnell	Kem	Taylor
Douglas	Knowland	Watkins
Eaton	Langer	Wherry
Ferguson	Lodge	Wiley
Flanders	McCarthy	Williams
Hendrickson	McClellan	Young

NAYS—45

Aiken	Johnson, Tex.	Myers
Chapman	Johnston, S. C.	Neely
Chavez	Kefauver	O'Connor
Connally	Kerr	Pepper
Eastland	Kilgore	Reed
Ellender	Long	Saltonstall
Frear	Lucas	Smith, Maine
Fulbright	McCarran	Sparkman
George	McFarland	Taft
Green	McGrath	Thomas, Utah
Gurney	McKellar	Thye
Hayden	McMahon	Tobey
Hill	Magnuson	Tydings
Hoe	Maybank	Vandenberg
Holland	Murray	Withers

NOT VOTING—18

Anderson	Gillette	Robertson
Brewster	Graham	Russell
Bridges	Humphrey	Smith, N. J.
Byrd	Martin	Stennis
Capehart	Miller	Thomas, Okla.
Downey	O'Mahoney	Wagner

So Mr. MCCARTHY's amendment, as modified, was rejected.

Mr. FULBRIGHT, Mr. MALONE, and Mr. MAGNUSON addressed the Chair.

The VICE PRESIDENT. The Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I desire to call up my amendment lettered "C", which I offered on March 25.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 6, between lines 13 and 14, it is proposed to insert a new subsection, as follows:

(c) Section 114 (c) is further amended by adding at the end thereof the following: "The Administrator is authorized and directed to set aside not less than 5 percent of the funds hereby authorized to be appropriated as a positive incentive fund, and to make additional allocations out of such fund to finance the transfer of commodities and services required to carry out specific measures of mutual assistance taken by two or more participating countries looking toward the union of such countries."

Mr. FULBRIGHT. Mr. President, as the senior Senator from Georgia, speaking on an earlier amendment, pointed out very forcefully, two of the purposes

set forth in title I of the original act were, as follows:

(2) furthering the restoration or maintenance of the soundness of European currencies, budgets, and finances; and

(3) facilitating and stimulating the growth of international trade of participating countries with one another and with other countries by appropriate measures including reduction of barriers which may hamper such trade.

This amendment is designed to further those two objectives.

What I have in mind specifically—and I think this will make it clearer than a general description at the moment—is that in a proposition such as has been made between Belgium and the Netherlands for bringing about the economic union of those countries it also includes Luxemburg; the primary problem is the unification, not the political union, but the economic union of those two countries.

They have already undertaken that project, but they have had considerable difficulty. Only a few days ago there was an announcement in the newspapers that because of those difficulties they have postponed for 6 months the projected convertibility of their currencies. In other words, they have announced that, whereas they intended to make their currencies convertible as of January 1950, they have postponed it until the 1st of July, which means a 6-month delay.

The purpose of my amendment is to authorize the ECA to assist in the specific project of bringing about a common currency between those two countries, or any other two countries. The Belgian and Netherlands Governments have already committed themselves on that subject. Within the past few days, according to the press, the Italian and French Governments have signed a treaty undertaking to do the same thing. That treaty has not been made public, but I think it is generally agreed that it involves very much the same thing between Italy and France that Belgium and the Netherlands are undertaking, namely, looking toward the elimination of all tariff barriers. I think the first step is to eliminate any tariffs between the two countries, later all quotas, and so forth. At a later stage they intend to remove all barriers, and within approximately 6 years they intend to have a complete union, which means, as I understand, freedom of movement of goods, persons, and capital. That will enable them to have a common currency and to conduct their economic system in a manner very similar to that which we employ in this country. I think that is the real purpose of the ECA and the one which has the greatest hope of enabling those nations to stand on their own feet.

In contrast to that, the present approach is largely to look at each country and see what the needs are, to help them pay deficits in their balance of trade, and then to help them build plants and, of course, supply raw materials, or whatever may be necessary. I discussed last week how they have built up and are in the process of building up largely increased

facilities in petroleum refining, in the textile business, and in other businesses, so that they are creating a condition which, in a sense, will make it more difficult, I think, to bring about economic union after this program has been more fully developed than it is today.

Taking as an example Italy and France, the kind of problem with which they are confronted and with which they will be confronted for the whole period of 6 years, is how to enable those two economies to get together without creating great difficulties and losses in some industries. It is much the same problem which we encounter in this country when we abolish tariffs. Someone will be injured. I think a good illustration of it would be to consider the two great motor manufacturers of those two countries.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield for a question.

Mr. DONNELL. The Senator refers to looking toward a union of such countries. Does the Senator refer solely to an economic union, or also to a political union?

Mr. FULBRIGHT. In this amendment I am talking about economic union. That is the sort of project that is visualized. But I would not want to exclude any kind of union. The Benelux countries have progressed further than has France and Italy. So I intentionally omitted the word "political" because that is not the primary purpose. The two will be closely interwoven, I think. When two or more countries have brought about an economic union, we hope it will later progress into a political union. I do not want to make it exclusive.

Mr. MILLIKIN. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. Will the Senator give us some examples of the use of the money in the manner contemplated?

Mr. FULBRIGHT. That is what I was hoping to do. Taking Italy and France as a good example, this amendment is not an effort to impose upon them and to say, "You must do it." They have already agreed to do it. It is simply designed to assist them in getting over the hump; so to speak. The Netherlands and Belgium have already agreed to do it. They have committed themselves in a treaty. I am reliably informed, and I am positive it is true, although the treaty has not yet been published, that the Italians and French have signed such a treaty. They stated some months ago that they were considering such a treaty. The exact terms of it have not been published, but will be within a very short time, I believe.

The kind of problem which arises is best illustrated, perhaps, by considering the two major companies, the two leading industrial enterprises, of Italy and France, the Citroen in France and the Fiat in Italy. They are competing firms. They manufacture very similar motor-cars.



Obviously, doing away with all barriers, including tariffs, will involve some dislocation of their trade. For purposes of illustration, I think probably what might happen is that the Citroen company, if the market in Italy is thrown open to it, might be able to undersell the Fiat Co. Either they should be merged or they should specialize. Let us say that the firms would make cars and the other manufacture trucks, perhaps. There is likely to be some unemployment and some financial loss.

I use that as an illustration of two companies which obviously compete.

The purpose of the fund is to enable the ECA to say to these countries, "In order to achieve this object and have you relax restrictions sooner than you otherwise would, we will establish an additional incentive fund for that purpose."

They have suggested 6 years, but perhaps it can be done in 2 or 3 years.

I am not proposing to increase the appropriation. It is to be done within the funds which will be appropriated. A certain amount of them can be used for this specific purpose, to further this specific undertaking, rather than to look at each country and say, "You need an oil refinery or a steel plant, and we will help you build it in order for you to build up your exports and, as an individual country, to balance your trade."

Mr. TAFT. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Ohio for a question.

Mr. TAFT. When the Senator speaks of a union of such countries, does he mean a political union, or is the phrase broad enough to cover an economic union?

Mr. FULBRIGHT. I intended economic unions. I just explained that to the Senator from Missouri [Mr. DONNELL]. I did not want to exclude in the future political unions in the Benelux countries. What I had in mind, in the first instance, was an economic union, because the purpose of the funds is to assist in this specific kind of an undertaking which I have mentioned. Two of them are already under way. Two of them have already been undertaken by the countries involved.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. TAFT. Do I understand this type of assistance is to be taken out of the authorization money, or taken away from the countries which were not looking toward union with other countries, and put in a special fund, to make additional payments to those looking toward a union?

Mr. FULBRIGHT. Exactly. That is what I mean by the word "incentive." That is an incentive, because it is additional funds to those who undertake it, as opposed to those who wish to build up their own individual nationalistic economies. I think the incentive is warranted to those who seek to undertake to bring their two countries into harmony, to adjust their fiscal policies. There will be involved, of course, in an

undertaking such as the Italian-French or the Belgian-Netherlands association, an adjustment of their domestic fiscal policies. They must be brought into line before their currencies can be made convertible, or a common currency adopted. I am not saying we should tell them they should do it. They have already undertaken it.

Mr. TAFT. If this 5 percent were set aside, and the Administrator could not find any project answering the conditions of this amendment, would we save the 5 percent?

Mr. FULBRIGHT. No; I did not anticipate that. Actually 5 percent would not go nearly far enough in the case of both the countries I have cited, namely, Italy and France.

I may say that the amendment, to my mind, would determine a policy for the Administrator to follow. I think he could probably do what is provided without the amendment. However, I think he is not doing it, so that the 5 percent, or not less than that, is rather a token amount. What I am trying to do is to impress upon the administration of the ECA that this is a very important objective, and that the final success of the whole ECA is in bringing about the economic union, if not of all, certainly of a major part of the countries. In the case of the four countries I have mentioned, which have already said they want to do it, we would save money in the long run if we hastened the process and made it easier for them, and helped them along the road, rather than looking at each one individually and saying, "What do you need? We will give it to you."

Mr. DONNELL and Mr. MILLIKIN addressed the Chair.

The VICE PRESIDENT. Does the Senator from Arkansas yield, and if so, to whom?

Mr. FULBRIGHT. I yield to the Senator from Missouri, who was on his feet first.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. As I understand, the Senator uses the term "positive incentive fund" as applicable to the further language of the amendment, "toward the union of such countries." In other words, this money is to be used as an incentive, or a sort of a premium to encourage these countries, either in the first instance to make an economic union, or ultimately a political union, toward which the Senator hopes their efforts will be directed. Am I correct in that?

Mr. FULBRIGHT. What I have in mind in this amendment is the economic union. As I have said, if that bothers any Senator, I have no objection to saying "economic union," but I thought it preferable to leave it as a union which they might choose.

Mr. DONNELL. I take it that the Senator by his answers indicates that this money is to be used as an incentive, or premium, toward encouraging these countries to the union, whatever the type may be, either economic or political. The question I wish to ask the Senator is this: Does he think it is wise or proper,

to any of the business of this country, to be using premiums or incentives, in the way of our money, to encourage other nations to be forming unions between themselves? Is not that a matter in which our country should not take any part whatsoever?

Mr. FULBRIGHT. I do not anticipate that we should direct them to do it, but in the case of these four very important countries, they have already undertaken, by treaties, to commit themselves to do it, and it seems to me very wise, under those circumstances, for us to help them achieve the purpose they have already accepted.

Mr. DONNELL. And to offer a premium to that effect?

Mr. FULBRIGHT. I am assuming that it is a proper and desirable objective. I realize there is a very strong sentiment in this country which does not want to see these countries get together for fear it will mean competition with us. We hear complaints of them going into markets which we have and taking them over. I have already been taxed with the fact that last year our trade with Egypt was down about 50 percent below what it was the year before, and that what we are doing is building up strong competitors. If that is the view to be accepted, we should not carry on ECA at all. It seemed to me a fundamental objective was to put these countries in such a condition that they could compete, and that is necessarily going to cause our business some difficulties. Otherwise, however, the whole objective of this matter seems to me negative. I have to make assumptions on the theory that, in spite of this possible competition, we have to try to make these countries self-sufficient.

Mr. DONNELL. Will the Senator yield for a final question along that line?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. I understand the Senator to indicate that he is personally hopeful that both an economic and political union will result.

Mr. FULBRIGHT. That is correct.

Mr. DONNELL. And I understand the purpose of the Senator's amendment is to provide an incentive or a premium to those countries to induce them to go forward in the effort to perfect such a union. The question I wish to ask the Senator is, Does he think that is a matter in which this country should take sides? Is it any business of our country to be offering premiums and incentives to other countries to join together, between themselves, in either a political or economic union?

Mr. FULBRIGHT. I have assumed that in appropriating and spending five or six billion dollars a year we had an objective, and that that objective was to make these countries sufficiently strong economically so that they could stand on their own feet, and could defend themselves physically. If economic union contributes to that, it seems to me we have a great interest in it. If they are to remain isolated, as they are now, and one believes that they will not be self-sufficient and able to defend themselves



at the end of 4 years, I see no reason for carrying on the ECA.

As I said, however, I do not anticipate and have never anticipated that we must make a condition precedent and say, "You will not get any money unless you do so and so," but when these countries have undertaken to do it, and are in the process of doing it, and we believe it would promote their ability, I think we should assist them. I call the Senator's attention to two objectives which are entirely in accord with this, that is, in the original law of last year, title 1, page 2 of the original law, not in anything that has been brought up in connection with the pending legislation. In the middle of the page I find this language: "facilitating and stimulating the growth of international trade of participating countries with one another and with other countries by appropriate measures including reduction of barriers which may hamper such trade."

To me that seems exactly what the amendment does.

Mr. DONNELL. May I ask the Senator another question?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. Does the Senator find anything in title 1 of the Economic Cooperation Act of 1948, in either section 102 (a) or section 102 (b), which state the "Findings and declaration of policy" and "Purposes of title"—does he find anything in that language, which covers possibly a printed page, which refers to the union of the countries, either political or economic?

Mr. FULBRIGHT. I do not know what "union" means to the Senator. An economic union to me means an absence of barriers to trade. I put it the other way. To me it means "free movement of goods, persons, and capital." That is what union is. If the Senator prefers to put it in the other terms, I have no objection. I have stated what I mean by union.

Mr. DONNELL. I ask the Senator again whether in any portion of the "Findings or declaration of policy," or the "Purposes of the Title," in the Economic Cooperation Act of 1948, he finds a declaration in favor of or specifying in terms that the act is for the purpose of favoring the union of any of the countries which are beneficiaries under the act.

Mr. FULBRIGHT. I would say that the greater part of section 102 (a), and specifically the part I have just read, is exactly that, that that is just what it means. I know of no other way to remove the barriers to trade except by union. There are two ways of saying the same thing. What does the Senator mean by "an economic union"?

Mr. DONNELL. I will answer that in a moment. I say that economic union might be occasioned by some sort of a treaty by which two countries were made into one economic entity. I think that might be an economic union. But the question I want the Senator to answer if he will—I am sure he is quite willing to do so—is, Does he find anywhere, either in section 102 (a) or in section 102 (b), any mention in terms of the union of the countries which are beneficiaries of the act?

Mr. FULBRIGHT. Yes. There is a good deal of language. I will read this

part, which has the same result as the other. I read from section 102 (a):

The accomplishment of these objectives calls for a plan of European recovery, open to all such nations which cooperate in such plan, based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability, and the development of economic cooperation, including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of trade barriers.

I say that the only purpose of the economic union, as I see it, is the elimination of all restraints on the free movement of persons, capital, and goods. That is another way, a short way, of saying "an economic union," as distinguished from a political union.

Mr. DONNELL. Finally, Mr. President—and I do not want to monopolize the time of the Senator from Arkansas or the other Senators—the Senator from Arkansas does not find, however, does he, in section 102 (a) or section 102 (b) from beginning to end the word "union" of the countries which are participants in the benefits of the act?

Mr. FULBRIGHT. No. If it really were significant I would have no objection to substituting in place of the word "union" the words "the free movement of goods, persons, and capital," which to me means exactly the same thing. But I used that kind of expression in the interest of economy of words and space. That is all it means.

Mr. DONNELL. I thank the Senator.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. VANDENBERG. I should like to submit a question to the Senator from Arkansas, sympathetically, because I think there is a fundamental idea which might be served by an amendment of this character. Inasmuch as the ECA plan as thus far authorized, deals usually with individual programs for individual countries, and does not deal with joint programs, although joint programs obviously are contemplated and encouraged, I wonder whether the Senator would remove from his amendment the things which I think make it objectionable, and yet leave that objective in it. I will make these suggestions to the Senator, without commitment, however.

First. The Senator's amendment says: "The Administrator is authorized and directed." I would suggest that "and directed" be eliminated, because it might prove that there is no feasibility for the program which the Senator contemplates, and if the direction were to remain, then, as the able Senator from Ohio indicates, there has been set aside a fund which would be sterile and the balances would be reduced by that amount.

Mr. FULBRIGHT. Why—

Mr. VANDENBERG. Let me finish, and then the Senator will see what I have in mind.

Then I would suggest the elimination of the phrase "not less than 5 percent," because I am sure neither the Senator nor anyone else can estimate at the moment what practical use and opportunity may evolve in respect to his suggestion.

Then to meet the viewpoint of the able Senator from Missouri [Mr. Don-

NELL], which I somewhat share, I suggest that it is unnecessary for the Senator to retain the phrase "as a positive incentive fund," so long as the remainder of the language describes the net result; and also that the phrase "economic cooperation" is the equivalent of the word "union" in the final line.

Now let me pull the whole suggestion together, which I am afraid has been rather incoherent, and to ask the Senator for his reaction to the amendment in the following language:

The Administrator is authorized to set aside any such portion of the funds hereby authorized to be appropriated, and to make allocations out of such fund when deemed practicable by the Administrator to finance the transfer of commodities and services required to carry out specific measures and mutual assistance taken by two or more participating countries looking toward the economic cooperation of such countries.

Mr. HOLLAND. Mr. President—

Mr. FULBRIGHT. Just a moment. I do not see any objection at all to most of that language suggested by the Senator from Michigan. The 5 percent, for example, I threw in on the thought that it is purely a token amount. If the Administrator undertakes the matter at all, it will require much more than 5 percent, so I see no objection to the Senator's suggestion.

I wonder what the Senator from Michigan would think about the words "economic union" in place of the words "economic cooperation" suggested by him. In both illustrations he gave he himself called it an economic union. The word "economic" would qualify the word "union," and it would, at least to some extent, meet the objection of the Senator from Missouri that it was not intended to suggest a political union.

Mr. VANDENBERG. If I may respond to the Senator, I would say that my own notion would be that the word "union" is a highly limiting word in respect to the type of relationship which is contemplated. I am sure I do not know what the word "union" means in all its implications. I do not believe we could call the customs arrangement contemplated between France and Italy a union, even though we find it in its own title.

Mr. FULBRIGHT. What would the Senator think of this phrase: "Looking toward the free movement of goods, persons and commodities among the aforesaid countries?"

Mr. VANDENBERG. I think that enters the area of controversy, and again is a definition of methods rather than objectives. It seems to me the words "economic cooperation," which are the first two words in the title of the act itself, are controlling words upon which the Senator might well rely.

Mr. FULBRIGHT. If this were the first time I was considering the matter I might, but it seems to me that that very element—although this is known as the Economic Cooperation Act—has not been a great and very important part of it. That is, we have looked entirely too much to the rehabilitation of each individual country. I admit I may be quibbling with words. "Economic cooperation" in a more definite sense at least than it has been incorporated in the first year's activity of the act, is what



I have in mind. It is a matter of degree only, at least in my mind, between what those words mean and what the word "union" means. I was trying to approach, or to express exactly, what I think Italy and France and Belgium and the Netherlands are seeking to undertake. It may be that those words mean that. To me they do not mean much of anything. I was seeking something a little more positive as a statement of policy to the administrator; that this kind of an undertaking in which these people have engaged is worthy of our special assistance. That is all I was trying to get at. It is more a statement of policy than anything else.

Mr. VANDENBERG. Mr. President, will the Senator yield for one further statement?

Mr. FULBRIGHT. Yes.

Mr. VANDENBERG. I want the Senator to understand that I am not pushing this language upon him at all. I was simply trying to see if it was possible to put what I believe to be a good idea in terms which, at least so far as the senior Senator from Michigan is concerned, I would not have too much objection to, although, of course, I would not undertake to speak for the committee.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. FULBRIGHT. The Senator from Colorado [Mr. MILLIKIN] has been on his feet for several minutes.

Before I yield, let me say that I appreciate very much the suggestions of the Senator from Michigan. I should like to think them over for a moment. I think the first two suggestions are entirely acceptable. The only comment about economic cooperation is that I have the feeling that it weakens the amendment so that it does not mean very much. If I could find a suitable word to give it a little more positive character, I am sure I would be willing to accept it.

Mr. MILLIKIN. Mr. President, a while ago I requested the Senator to give an example of the type of action which is contemplated, which is to receive the benefit of this incentive fund. The Senator from Arkansas mentioned that the Citroen Automobile Co. is in France, and another automobile company is in Italy, and that if there were a customs union or some kind of an economic union between those two countries one or the other of the plants might be in difficulties. What do we propose to do about that?

Mr. FULBRIGHT. There would be a period of adjustment.

Let me give one or two other aspects of the same problem. There is a surplus of population in Italy—

Mr. MILLIKIN. Will the Senator forgive me for pressing the question I have asked? This amendment seems entirely amorphous to me. I cannot picture the type of aid which the Senator has in mind. That is why I took the liberty of asking the Senator to give some specific examples.

Mr. FULBRIGHT. This would be an over-all aid to the countries which undertook it. I did not intend that this should be a specific payment to one or the other of the countries; but there would arise

problems of unemployment, transport of people, and probably problems in the marketing field. I would visualize like the Commodity Credit Corporation which might have to be resorted to to smooth out the situation with regard to agricultural products, although Italy and France are fairly complementary. What they could do would be to bring a number of Italians into southern France and increase the production of wheat and other agricultural commodities in France, which would immediately tend, I think, to lower the cost of production and balance their trade better than it is now being balanced. The Italians cannot come in freely now. For example, they are unable to remit their earnings back to Italy. They are unable to bring their families over there. If there were a free movement of persons and convertibility of currency, I am told that a great many more Italians would come in. It is in the financing of that kind of thing that a program would be established, and this money would be used for that purpose rather than for the erection of petroleum plants, refineries, textile factories, and all that sort of thing on a national scale.

Mr. MILLIKIN. Have any of those countries—Italy, France, or the Benelux countries—indicated any specific measures of mutual assistance as to which they would like help?

Mr. FULBRIGHT. As I have said, the Italian treaty has just been signed. Let us go to the Benelux countries. I am told that this is the situation as between the Netherlands and Belgium: At the moment the Netherlands is a country with great restrictions, heavy rationing and restrictions of all kinds, such as we had during the war. They have quotas for all kinds of consumer goods. In Belgium there is a very strong economy, with a strong core of hard currency—gold—in their reserves. They have an industrial productive capacity which is beyond their own needs. Unemployment is already appearing in Belgium. I was told that it was estimated that it would cost the Belgian economy approximately \$100,000,000 if next week, we will say, they undertook to make the currencies convertible between the two countries, for the reason that there is a great demand in the Netherlands for durable goods manufactured in Belgium which are not manufactured in Holland. Holland today does not have the Belgian currency to purchase such commodities, because she is not exporting enough. I was told that in that case it would cost the Belgian economy between \$75,000,000 and \$100,000,000 to enable the Belgians to absorb the immediate shock which would take place within a year or two, but mostly the first year, in order to supply the market in the Netherlands and have the currencies convertible.

What it amounts to is that Belgium is unable to make the currency of the Netherlands convertible today because of the extent of the demands upon her economy. I say that it would be much more beneficial in the long run if, instead of using the \$100,000,000 to build plants in each country, it were used to enable them to put their economies together, by aboli-

tion of restrictions and by making their currencies convertible. Then they could draw upon the plants already built in Belgium, which I think are probably more economical than the plants being built in the Netherlands.

Mr. MILLIKIN. Have any of those countries asked for this type of aid?

Mr. FULBRIGHT. I do not think the ECA has ever tried to give it, and I do not believe those countries would be recognized as being eligible for such aid. All this amendment would do would be to make them eligible for aid to accomplish that purpose.

The Belgian authorities have evidenced great interest in trying to bring about such a condition. The other day there was a delay of 6 months in the negotiations because of the difficulties which were encountered.

Mr. MILLIKIN. Does the Senator mean that Belgium has made some request to this country or to ECA to the effect that it would like to have the aid of an amendment of this character?

Mr. FULBRIGHT. I do not know whether it has made requests to ECA. Some very responsible persons have told me that they thought it would prove very beneficial in bringing about a union.

Mr. MILLIKIN. I see no standards in the amendment governing the expenditure of the money.

Mr. FULBRIGHT. Does the Senator see any standard in the act itself for spending any of this money?

Mr. MILLIKIN. That does not make this proposal smell any better.

Mr. FULBRIGHT. Does that mean that the Senator believes that the entire program should be thrown out?

Mr. MILLIKIN. I did not say that, and I would not say that. I am inviting the attention of the Senator to the fact that he is talking about 5 percent of more than \$5,000,000,000 to finance entirely amorphous and unspecified objectives.

Mr. FULBRIGHT. Does the Senator think that is any different from giving them complete discretion as to the \$5,000,000,000?

Mr. MILLIKIN. Let us assume it is no different. I am trying to find the content of this amendment. May I assume that there are no standards in it?

Mr. FULBRIGHT. I think the standards are quite as precise as the standards in the original act.

Mr. MILLIKIN. Let us assume that to be true. I ask if there are any standards in the amendment?

Mr. FULBRIGHT. The language is "specific measures of mutual assistance."

Mr. MILLIKIN. Which specific measures, and under what standards?

Mr. FULBRIGHT. I mentioned two specific measures.

Mr. MILLIKIN. Has Belgium, the Netherlands, Italy, or France made a request for help along the line of those measures, or are they measures which the Senator is suggesting?

Mr. FULBRIGHT. Belgium and the Netherlands have already announced that they are in the process, in a specific manner, of achieving this aim. What I should like to do would be to give authority to ECA to assist in the achieve-



ment of that aim, rather than build up their individual economies.

Mr. MILLIKIN. Mr. President, will the Senator yield for a further question?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. Does the Senator believe in the objective of our own State Department in trying to break down preferences?

Mr. FULBRIGHT. Does the Senator means under the reciprocal-trade agreements?

Mr. MILLIKIN. Yes.

Mr. FULBRIGHT. Yes; I think that is a very good policy.

Mr. MILLIKIN. Does not the Senator understand that a customs union is the imposition of a 100 percent preference?

Mr. FULBRIGHT. As between those two countries?

Mr. MILLIKIN. No; as between those countries and the rest of the world.

Mr. FULBRIGHT. Under an economic union we would treat those two countries as though they were one.

Mr. MILLIKIN. Mr. President, will the Senator further yield?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. Does not the Senator know that such a union would break down the barriers between those two countries and remove the tariffs as between those two countries?

Mr. FULBRIGHT. That is correct.

Mr. MILLIKIN. But it would retain tariffs against the rest of the world.

Mr. FULBRIGHT. That is correct.

Mr. MILLIKIN. That would have the effect of a new 100-percent preference in our world economy.

Mr. FULBRIGHT. I see what the Senator is driving at. As I stated a moment ago, there is a well-developed view that in permitting the unification of Europe we are building up a competitor and a situation which will be hard on our economy. I see no escape from that. That seems to me to be inherently involved in the entire program of getting Europe on her feet again. Let us assume, for illustration, that all 16 countries break down their barriers and enter into an economic union. Then, as between the United States and those 16 countries, the union of which we might call country X, we would have, of course, the relationship which exists between Great Britain and ourselves today. But they would have eliminated, as among themselves, all barriers. In that sense they would have achieved, I suppose, 100 percent discrimination; but they would then be regarded as one economic union.

Mr. MILLIKIN. Mr. President, will the Senator yield for a further question?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. The Senator is aware, is he not, that prior to the formation of a customs union an American exporter had to get over a tariff wall to get in to, let us say, one of the two countries which later made up the union. But so did the competing businessmen of one of the two countries which later made up that union. However, when the customs union is established that type of competition goes out of the picture, and the American exporter has to bear the tariff all by himself, without the equalizing effect of a tariff between the two countries.

Mr. FULBRIGHT. I do not deny at all that this amendment would cause a movement to make Europe—

Mr. MILLIKIN. I am not challenging the customs-union movement; I am merely trying to develop that it is serious business, and that perhaps we should go a little slowly and not try to deal with it "off the cuff."

Mr. FULBRIGHT. There is no doubt that the ECA program is creating competition for the United States. In other words, we are building tremendous textile plants, for instance, in many of these countries. There already have been complaints about that. We are giving these countries new modern machinery for such factories, and cloth will be made in them, and that cloth will compete with cloth manufactured in the United States. Even if it does not compete here in the United States, it will compete in South American markets and in other markets. There is no getting around that fact.

But otherwise Europe will not be able to balance its payments. So we are faced with the necessity of choosing between hitting the rock or hitting the reef.

In other words, the motive behind this program is not fundamentally an economic one, but is one based on stopping the spread of communism; for if communism spreads, we shall be in a much more difficult economic situation. There is no question about that. Accordingly, we shall be in a more difficult economic situation either if the people of Europe form a union or if they do not, because we are building up their economic strength. Today we already are becoming aware of some of the effects of such a program. I think the Senator is aware of it. We frequently see in the newspapers articles in reference to how the products of such foreign factories are capturing the trade in Egypt or in India, and that is being done with the products of foreign factories which we are building.

Some persons may say, "Let us be rid of the whole thing." The reason we do not do so is, fundamentally, for fear of the likelihood that those countries would be forced to become Communist countries, and then their economic power would be turned against us in a much more direct and effective way.

Mr. MILLIKIN. I understand, I believe, the theory of the approach here. My difficulty comes from the complete lack of any sort of standards to govern the Administrator, and from what I think are the rather indefinite notions of the distinguished Senator from Arkansas about it.

Mr. FULBRIGHT. I do not think they are any more indefinite than is the original act which states the purpose. I read to the Senator the purpose as stated there. I do not know how the language of the original act can be made any more specific. That act was passed last year, and I know it is not a whit more specific than is this amendment.

Of course, this entire matter gives very broad discretion to the ECA. There is practically no limitation on what the Administrator of the ECA may do in this matter. In fact, he already has done almost anything he has cared to do about

it; and we rely entirely upon the integrity and judgment of the Administrator.

In that regard, I do not wish to be in the position of criticizing the Administrator. He has a great reputation. He is a great businessman. However, I feel that the administration has leaned over backwards in trying to avoid bringing about economic cooperation or union, as well as political cooperation or union, of these countries. I think the Administrator follows the broad approach of a businessman who feels that the Government as a whole is rather a nuisance—as our own businessmen generally feel—and that the world in general and the United States in particular, would be much better off if there were no politicians and no laws bothering them all the time; that if these matters would only be left up to the businessmen, everything would be fine. I think that is the natural feeling of many successful businessmen. However, I do not think it is amiss for the Congress to suggest that in order to make this program more effective, these countries should abolish their tariffs and trade barriers, and should bring about a free movement of persons and goods and capital.

Mr. MILLIKIN. Mr. President, will the Senator yield for a further question?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. Does not the Senator think it would be sound for Congress, before adopting an amendment of this type, to determine exactly what type of unions it wishes to encourage? We have political unions, we have economic unions of the type the Senator from Arkansas has discussed, we have customs unions, and I do not know how many other kinds of unions. Before we put money into them, should not we know exactly what they are, so as to be able to determine whether we approve of the particular kind of union for which we are spending our money?

Mr. FULBRIGHT. I do not think at all that the Administrator or the Congress should say, "This is the kind of union we want, and you must follow that." My position is that when two countries undertake to bring about such a union—as has been done in the case of Belgium and the Netherlands—and when they are having difficulties, as they have been, it would be the better part of wisdom, and would save us money, and would make the whole operation more efficient, if we were to assist them in doing it. I would not approve of having the Congress say, "You must follow this kind of union, and no other kind." I think that certainly would be going beyond our proper function.

But when they are undertaking to do a good job and are struggling under great difficulties, if we try to help them, it seems to me that will be a very efficient and proper thing to do.

Mr. MILLIKIN. Mr. President, will the Senator yield further?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. Would not it be a sounder procedure if we had before us the terms of the union to which the Senator from Arkansas is referring?

Mr. FULBRIGHT. It did not occur to me to bring here the agreement of the Benelux countries. It was entered into



a year or so ago, as the Senator from Colorado knows. Those countries are making progress, but they are having a very difficult time because of the weakness of the economy in the Netherlands.

Does the Senator from Colorado mean that he would like to examine that agreement; and that if he does not approve of it, he would say, "That is not the kind we want to encourage"?

Mr. MILLIKIN. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. Does not the difficulty they are having suggest that perhaps the union is not as feasible as it seemed in the first instance? That is not my suggestion; I am wondering whether the difficulties to which the Senator from Arkansas refers carry that suggestion.

Would not the Senator from Arkansas agree with me that there is no magic in a customs union applied indiscriminately between groups of nations? It might be a fatal thing to combine some countries into an economic or customs union.

Mr. FULBRIGHT. Yes; I think that is true; but I doubt whether the Senate should undertake to make that judgment. I think the countries involved should make that judgment. It seems to me that in undertaking to judge whether those countries would benefit by a union, and should pursue it, the Senator is going much further than we seek to go in this amendment or in the amendment which I propose with regard to political union.

I do not think that is a proper function of the Senate at all. I may say we do not undertake to judge the validity of the economic undertakings under the bill, either. The Administrator does that. For example, a new steel plant is being built in Norway, an industry they did not have before. I personally have great doubt that that is an economic undertaking under normal circumstances, or they would have had one before the war. But since the war, given the money, they think they would like a steel plant, and they are having one built. That is the tendency of the program. Instead of bringing the countries together, the tendency is to build up their nationalism and their national self-sufficiency. As a result of the program, I think we shall have 16 countries much more nationalistic than they were before the war. Judging from the Senator's remarks, I think he approves of that, because they will be weak little countries who can present no strong competition to our business. The only trouble with that is, they are also weak with regard to Russia, and they also will continue to be as they were before the last war, a ready market for a new war, either among themselves or with regard to Russia.

Mr. MILLIKIN. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Colorado?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. Can the Senator point to anything in my remarks which would indicate that I am for or against nationalism, or that I am in any way discussing the basic reason for our ECA

organization? If the Senator cannot point to that, will he not concede that I have been driving to the single point, would it not be wise for us to know the particular kind of union we are talking about, before we commence to spend money on it?

Mr. FULBRIGHT. Before the Administrator—

Mr. MILLIKIN. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. If the Senator will permit me to answer the question, before the Administrator approves any project I am quite sure he will know what kind of union it is and what kind of project it is, in every respect, just as he does in the case of the projects he now finances. We do not know; the Congress does not know; and it seems very odd to me the Senator is so curious about that, when he has evinced no particular interest in the kind of projects we are financing, for example, in England now, with \$940,000,000. Nothing has been said in the debate about the specific programs, and we do not approve of them or disapprove of them.

Mr. MILLIKIN. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Colorado?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. Will the Senator point to anything in the RECORD that indicates I have shown no interest in what he is speaking of?

Mr. FULBRIGHT. No. In the absence of it, I had not heard the Senator—

Mr. MILLIKIN. Is it necessary to engage in unlimited garrulity in order to demonstrate that one is interested in something?

Mr. FULBRIGHT. I had assumed, because the Senator had not inquired about it, that he was not interested. That may be an improper assumption. If it is, I apologize to the Senator.

Mr. MILLIKIN. I ask the Senator whether he would not consider that to be an improper assumption?

Mr. FULBRIGHT. It is the same as with the assumption respecting the Senator's attitude about the effect of tariffs. The Senator did not in so many words, I am quite free to admit, say he would approve of that. But the implication, I thought, from the way the Senator posed the question, was that he thought that might be a very dangerous thing; and that being so, then he would oppose it as dangerous to our economy.

Mr. MILLIKIN. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Colorado?

Mr. FULBRIGHT. I yield.

Mr. MILLIKIN. Does not the distinguished Senator think the junior Senator from Colorado would put his point bluntly and straight without requiring the junior Senator from Arkansas to draw implications?

Mr. FULBRIGHT. The Senator is so much more versed in matters of this kind, and I thought perhaps he assumed I knew more than I do about it, and that

would be the implication, very clearly. To me it was fairly clear.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Missouri?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. Does not the Senator from Arkansas think it is a very long step from the objectives of the Economic Cooperation Act of 1948, which, as I understand, was for the rehabilitation of the European countries, and for the purposes set forth in the act itself? Does he not think it is a very long step from that to our country interfering, by giving premiums to countries in Europe to encourage them to form either political or economic unions among themselves? And does not the Senator think the United States might with perfect propriety decide that, instead of trying to offer premiums to other countries as to what kind of unions they should make one with another, we had better confine our efforts, after we rehabilitate these countries, to the development of our own Nation, rather than interpose in foreign countries?

Mr. FULBRIGHT. I think the answer to that question depends upon whether the Senator from Missouri or any other Senator, may think they can be rehabilitated and become self-sufficient, stand upon their own feet, and pay their bills, without some form of freedom of trade or economic union or economic cooperation. I happen to believe that these countries cannot, as I use the word become "rehabilitated" without some kind of union, for this reason: Before the war, even before the great destruction, these countries were not paying their way. There was an adverse balance of trade, in other words, a deficit in their international payments. There now is put on top of that, of course, the destruction resulting from the war, which has made conditions even worse. But it is my belief that after we have rehabilitated them physically—and that is what I think the Senator meant; I mean, rehabilitating their factories, giving them new factories, they are still going to have a deficit in their balances and they will still be in a position where either we must give them money or lend them money, or they are going to have to look to somebody else, if we do not do it; in which event, they will of course have to turn to the east—to prevent which is the whole objective of this program.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Missouri?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. The Senator agrees, does he not, that under the Marshall plan thus far, the nations have made an amazing recovery in many instances, and in some of them, their production is even greater than it was before the war? That is a fact, is it not?

Mr. FULBRIGHT. I may say to the Senator, there are some very significant facts in regard to that matter. Some of them have made a greater production of physical goods. On the other hand, a



very significant fact which is very little mentioned here, is that their trade among themselves is less than two-thirds of what it was before the war, in spite of the great increase in production. Of course we are still paying, as the Senator well knows; we are proposing to pay more than \$5,000,000,000 this year, to make up the deficit in their balances. Under their own estimates—and they, I think, would naturally be more optimistic probably than the facts warrant—they estimated in 1952 there would still be a deficit of \$3,000,000,000, which to me suggests that the deficit is permanent, unless something is done to change the nationalism of 16 separate entities, existing as they have for many years.

Mr. DONNELL. Mr. President, will the Senator yield for another question?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. Does not the Senator think the primary function of this Nation after we have assisted in rehabilitating the European countries and carried forward our program for 2 years more, is for our Nation to carry on its own development without undertaking to encourage particular types of economic union or political union in other nations than our own? Is not that the primary and proper purpose to which our national effort should be confined?

Mr. FULBRIGHT. No; it seems to me that our proper purpose is to see that the effort is successful. I could see no excuse, I may say to the Senator from Missouri, for the ECA, even today, if it did not look toward, and if there were not some possibility of, a situation being created there that will mean a substantial, economically prosperous, and self-sufficient area in the world. Otherwise, ECA would be merely a charitable undertaking. I could not even defend this year's appropriation, or last year's appropriation, if I assumed the Senator's conclusion that we are just to run off and leave it within 2 or 3 years, and that that is all there is to it. I do not think the countries can stand upon their own feet, individually, any more than they did before the war.

Mr. DONNELL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Does the Senator from Arkansas yield to the Senator from Missouri?

Mr. FULBRIGHT. I yield for a question.

Mr. DONNELL. Does the Senator think that if, in our judgment, it would be advisable for any one of the foreign countries involved to change its form of government, let us say, from that of a duchy or a kingdom, or whatever it might be, to some other form, it would be appropriate for our Government to give incentive gifts or premiums to enable that country to carry forward the project of changing its form of government?

Mr. FULBRIGHT. The Senator well knows that because a certain country does not have the kind of government of which we approve, we do not give it gifts. We have already exercised that kind of judgment. We have exercised it in the case of Spain because some of us do not like Spain. We have not only excluded

her from ECA aid, but from membership in the United Nations. In that sense we are already exercising our judgment. I have no doubt that if, tomorrow morning, we should wake up and find that the Communists had, in some manner, taken over the government of Italy, we would discontinue aid to Italy. All of the nations in the program are nations which we call democratic countries, western civilized countries. I think that what I have described is exactly what we are doing in approving this legislation.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. FULBRIGHT. I yield for a question.

Mr. DONNELL. If our country should deem that England would be better off as a republic than she is as a kingdom, at least in name, does the Senator think it would be appropriate or wise for our Government to appropriate money as a premium or incentive to be given to England to change her form of government from the constitutional monarchy it now is, without a written constitution, I agree, to a republic? Does the Senator think a gift of money by our Government to England to encourage her as an incentive or premium to make that change would be advisable or appropriate?

Mr. FULBRIGHT. I think it would be highly unwise, certainly.

Mr. DONNELL. Will the Senator yield for a further question?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. Does the Senator think it is appropriate or wise or proper for us to be giving premiums or incentive to countries to encourage them to join together into either political or economic unions?

Mr. FULBRIGHT. Yes, when they have undertaken to do it. We are not imposing it on them. They are already in the process of it, and we are helping them to do it.

Mr. DONNELL. Mr. President, will the Senator yield for a further inquiry?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. Is the amendment designed to apply to situations which have already developed?

Mr. FULBRIGHT. I certainly do not intend that the Administrator of ECA should try to force countries to do something they do not want to do. I cannot assume that he would be so stupid as to attempt that. The amendment does not say that the Administrator cannot gamble with the money at Monte Carlo. It assumes he is not going to do that. But we do not have to put a provision in it saying that he cannot do it. He might do it, for all the Senator knows.

Mr. DONNELL. Mr. President, will the Senator further yield?

Mr. FULBRIGHT. I yield for a further question.

Mr. DONNELL. Will the Senator agree that there is certainly nothing either express or implied in the Economic Cooperation Act of 1948 which authorizes the Economic Administrator to go to Monte Carlo and gamble with the money, and will he agree that there is nothing in the act which prohibits him from doing that?

Mr. FULBRIGHT. It is not expressly provided.

Mr. DONNELL. Mr. President, will the Senator yield for a further inquiry?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. Does not the Senator agree that the tenor of the whole bill is entirely opposed to that, and contemplates that the Economic Administrator shall use the money, instead of going to Monte Carlo to gamble with it, for the economic rehabilitation of Europe?

Mr. FULBRIGHT. The tenor of the legislation is that the Administrator will use common sense in administering the act and will use the money only in those cases in which it is justified. That is obviously the tenor of my amendment. We always assume that a man will not do something perfectly ridiculous.

Mr. DONNELL. Mr. President, I have one final question, if the Senator will yield further.

Mr. FULBRIGHT. I yield.

Mr. DONNELL. The Senator thinks, as I understand, that it is appropriate that our country look over the European countries and say that it would be better that country A, country B, and country C shall join together in either an economic or a political union. Does the Senator think it is appropriate for this country to appropriate money as an incentive or as a premium to encourage those countries to form such a union, either political or economic? Am I correct in so understanding the Senator?

Mr. FULBRIGHT. No. The Senator from Missouri keeps assuming that we ought to look over them and tell them to do it.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. Should we encourage them to go on with it?

Mr. FULBRIGHT. In two instances, Belgium and the Netherlands, Italy, and France, they have already undertaken to bring about a free movement of goods, persons, and capital. Since they have undertaken it, I think it would contribute greatly to the rapid rehabilitation of those countries and to their ability to pay their way and enable them to get along without the extraordinary aid which we are giving them. Therefore I think it would be a very sensible, efficient, and economical way to promote what I assume is the objective, namely, to increase the economic strength and stability of those countries. That is what this amendment would do.

Mr. DONNELL. Mr. President, will the Senator yield further?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. I ask the Senator's pardon for asking a further question after having announced that the other question was my final one.

Does the Senator feel that there is any merit whatsoever to the view that our country should confine itself to the purposes of the Economic Cooperation Act, which is to bring about the rehabilitation of those countries, and should not undertake to give premiums and incentives to those countries to form unions, or to continue, if they are in process of so doing, that which we think would be best suited to our interests.



Mr. FULBRIGHT. It was very difficult to follow all of the question asked by the Senator. I will say that the Economic Cooperation Act contemplates exactly this. I read to the Senator three times the section which provides that one of the purposes is to remove barriers to trade. I think one way to do that is to do just what the Netherlands and Belgium are doing and what France and Italy are intending to do. I think it is entirely consistent with the original act which was passed last year.

Mr. DONNELL. Mr. President, will the Senator yield further?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. Did not the Senator concede a few moments ago that the word "union" is not used anywhere in the sections—

Mr. FULBRIGHT. The words which are used as descriptive of the situation amount to union. The committee adopted an amendment using the words "unification of Europe." I believe the Senator knows that. I call the Senator's attention to page 1, line 6, of Senate bill 1209. This amendment was adopted unanimously by the committee. It provides that it is to encourage the unification of Europe. I should think the Senator would have a great deal more objection to that language than he would have to the language which I am proposing.

I should like to add that the House of Representatives added the words "federation of Europe." So it is not an idea which has been suddenly brought forward.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. Will the Senator tell us whether he thinks the unification of Europe means a union of the various countries of Europe which we are trying to encourage by the act?

Mr. FULBRIGHT. I have not looked up the word "unification" in Funk and Wagnall's dictionary in the past few minutes, but I should think it meant economic as well as political unification.

Mr. DONNELL. Has the Senator's amendment been presented to the Committee on Foreign Relations?

Mr. FULBRIGHT. Not this one. The other one was presented. I offered this amendment last week, and it has been brought to the attention of the committee. The committee itself did not consider it prior to the reporting of the bill. Frankly, the idea of how to promote it did not crystallize until subsequent to that time, and after considerable discussion with various persons.

Mr. DONNELL. Is it not a fact that the amendment offered by the Senator was filed on March 25?

Mr. FULBRIGHT. That is correct.

Mr. DONNELL. I thank the Senator.

Mr. FULBRIGHT. There was one statement I wanted to read from the testimony of Mr. Hoffman just to show that this idea is not so strange. I think Mr. Hoffman and the ECA have not pursued this particular kind of project for various reasons. One is that the Italians and the French had not made progress in the first instance; that is, so that there was no

opportunity for the ECA to know about it, and last year saw the beginning of the Belgian and Netherlands effort to bring about an economic union between them. I doubt if they had presented it to the ECA.

As I have said, the amendment is purely permissive, especially after eliminating the word "directed," as suggested by the senior Senator from Michigan. This is what Mr. Hoffman said:

They—

Referring to the OEEC countries—

must make a much greater effort to develop intra-European trade. This objective will require drastic changes from traditional patterns. It is going to require European governments to agree on plans to break down tariff barriers, to build customs unions, and to modify immigration barriers to permit the sensible deployment of labor.

That is what Mr. Hoffman thought should be done in order to achieve the purpose of the whole program, which is the economic rehabilitation of Europe; that is, putting the countries of Europe on their feet.

He mentions the main thing I have in mind, that is, to build the customs unions, modification of immigration barriers, free movement of persons, which is hindered now between Italy and France, which is not only hindered by immigration quotas, but because the laborers cannot remit the funds they earn in France back to their families in Italy, because their currencies are not convertible, and they cannot get a reasonable exchange for the francs they earn in France to send in lira to their families. I am told that is the principal reason why Italian laborers are not moving into France, where they are needed very badly, especially in the agricultural areas in southern France. They could make a great contribution to the increased production of agricultural products in that area.

Mr. President, if Senators will consider the situation in France and Italy, I think they would see that those two economies are fairly complementary, and that the difficulty should not be too great, that there would be a much larger market for industrial products, and therefore, according to our own experience, a reduction in the cost of production of those products, which would make them competitive in international trade, which would enable them to balance their payments.

It seems to me that those who fear the building up of a strong economic union in Europe are taking exactly the same attitude the Russians assumed toward a union in eastern Europe. There is a certain similarity. I do not mean to inject entirely the question of communism, but just keep it on the economic level.

The Senate will recall that a little more than a year ago the Balkan countries, the satellite countries, I think under the leadership of Tito in Yugoslavia and Dimitrov in Bulgaria started to form a union. They suggested it would be advisable to form a Balkan union, to get together to reduce their tariffs among themselves, and try to generate more trade. The Russian reaction was violently against that, and that was one

of the first times when Tito fell out with the Kremlin. That was a variation from the accepted party line in Moscow.

The Russians do not want any union of those countries at all because that would confront them with a strong united area which could resist their pressures much more readily than is possible now. Now they have their relations, as Senators know, the bilateral agreements the Russians have made, I think, twenty-odd, with each country, and they like to treat separately with each country, because then Russia exercises its great power on each individual country, and obviously that puts Russia in a much more advantageous position.

I think we should clarify our attitude. Do we want a strong union, or do we not? If we agree with the Russians that it would be dangerous to our future economy to build up a strong union, we should not be indulging in the folly of an ECA, but should cut it off and let the countries go their own way. Then we would be in a much stronger position to go over and sell what we produced. At least we would not have competitors. Whatever they got they would have to buy from us. I suppose they can not produce things like cotton and other articles which we might sell to them.

I assume that our objective is to create a strong Europe, and the only way I can see of creating a strong Europe is to have one unified economically. I do not think we should dictate the union; it should grow in accordance with the tastes of the countries. But I do not think there can be any doubt about the weakness of those countries economically before the war, much more after the war. They have lost the foreign investments which they relied on to balance their trade. They are gone, and I think they are gone forever. I do not think that for 50 years, or longer, they have balanced their actual exports and imports of goods.

The British had very large foreign investments, as did other countries, Belgium and France, for instance, which balanced their trade. But now they have lost them, and I do not think there is the slightest chance of their getting a balance of their payments. So I wonder what our attitude will be in 1952 when the ECA is supposed to end. If we followed the idea we now entertain, we would keep on giving these countries assistance, whatever it took. I think it would be a very poor policy to assume we would permanently support them. It would be much better to have them manufacture goods or raise commodities we could use. At least we would get some goods which would contribute toward our standard of living.

I do not see any end to what we are doing unless the countries are made strong economically, and to me that means they must be united. I do not see any other way.

I think it is a rather interesting coincidence that Russia opposes a federation so violently. I think that is one of the most persuasive reasons, when we see Russia, with Lenin in power, in the twenties, and now with the present regime, violently opposing a union, either of the western countries or the eastern



countries. That is very persuasive to me that we are right.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. The Senator did not understand, did he, that I was opposing a European union? Did he not understand that my point was that this country has the business of attending to its own affairs, after it shall have contributed its money through the ECA, and that thereafter it has no function to go about encouraging and giving incentive agreements and premiums to European countries to form either political or economic unions which we may think they should form? The Senator did not understand I was opposing a union, did he?

Mr. FULBRIGHT. I do not think as little about the money as the Senator does. It seems to me that when we raise this money from the taxpayers and give it away, we have an obligation to see that it is spent for some useful and profitable purpose. It does not seem to me we should take the money of the taxpayers and throw it away, and say, "We do not care what you do with it; whether it results in anything good or not is no affair of ours." I cannot accept that at all. There is a very deep obligation on us, if we are to give the money, to see that the money accomplishes something. That is the only difference between us.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. DONNELL. The Senator did not understand that I was advocating throwing our money away, did he?

Mr. FULBRIGHT. The Senator very plainly stated we should have no concern with what they do about it, or anything of the sort, that we should just give them the money and then leave them alone, and should not be concerned with whether they had a union or not, or whether it was effective or not. It seems to me the obligation to see that something beneficial for the long-time future comes out of it, is part and parcel of the undertaking.

Mr. DONNELL. Does not the Senator understand that my position is not at all hostile to the continuance of the ECA for the coming 2 years? Does he not further understand that my point was that after we shall have completed this particular task of rehabilitation it is not the proper function of our Nation to go over to Europe and by premiums or incentives seek to bring about political or economic unions which we think proper in foreign countries? Does not the Senator understand that to be my position?

Mr. FULBRIGHT. I understand the Senator's view. I just simply do not agree with him.

Mr. DONNELL. I understand that.

Mr. FULBRIGHT. I think it is a very shortsighted view that we should not do everything we can within reason to see that the program is a success, and that it results in a strong democratic group of nations which can, I think, make a more profitable and a more prosperous world economically, and a more secure

world from the point of view of war. The ECA is one aspect of the same problem with which the Atlantic Pact is concerned.

I understood the Senator to say on Sunday last that he is opposed to the Atlantic Pact also. Well, all I can say is that I disagree with the Senator. The Senator is quite entitled to his view. But that is the military aspect of the problem. The matter we are now concerned with is the economic aspect of it. I think there is a political aspect in order to make a strong western world. All I can say is that the Senator and I just do not agree, and that is perfectly proper. The Senator from Missouri may well be correct, but it seems to me that in this program the least we can do is to encourage these people to take whatever steps they are willing to take that will contribute to a strong Europe. I do not know any better way to express the matter than that.

Mr. DONNELL. Will the Senator yield for one further question?

Mr. FULBRIGHT. Yes.

Mr. DONNELL. The Senator mentioned my statement of last Sunday. I assume the Senator referred to my statement made last Sunday afternoon on a radio program?

Mr. FULBRIGHT. The Senator from Missouri told me what I just said, in person. I did not have to rely on the radio program. The Senator told it to me directly.

Mr. DONNELL. What I said to the Senator personally is entirely consistent with what I said on the radio. What I said was, if I may put it in the form of a question, as follows: Does not the Senator know that the position taken by the Senator from Missouri is that the Senator from Missouri is endeavoring to keep his mind open, and to hear the arguments, to hear the views upon the question of the Atlantic Pact, and to vote, when the time to vote comes, as he then thinks proper? Second, however, that if the Senator from Missouri were required to vote at this time on the Atlantic Pact he would, as he has twice previously stated on the floor of the Senate, vote "nay." The Senator understands that to be the position of the Senator from Missouri, does he not?

Mr. FULBRIGHT. Yes.

Mr. DONNELL. I thank the Senator.

Mr. FULBRIGHT. I congratulate the Senator from Missouri. He always makes his position very clear, and that is perfectly proper. I am not quarreling with that position, except insofar as I just do not subscribe to it. It is a case of a basic difference as to the effect of our two experiences in two wars. I have the feeling about Europe, that after all, both those wars were generated there among these quarreling individual nation-states, and we had to get into them.

If I could forget about them and if I thought that we could, by having nothing to do with them, forward the cause of peace, I would join the Senator. I simply do not think it is a reasonable attitude in view of our experience. If they have another war I think we will have to be in it. I think if they remain as individual states, as they now are, and have

been, they are very likely to have a war, either among themselves, or as a result of Russian attack. After all, both of these former wars did not arise from attack by Russia. They were generated by the frictions of these little countries themselves—that is, relatively speaking little countries. So it is quite possible that the frictions which arise out of these nation-states, without Russia, will generate another war, and if we build them up strong enough to make war, and leave them there in the same state they were before, I see no reason why the Senator would doubt that they are very likely to have war again, having had war twice in 25 years.

Even if there were not this great danger of Russia, I believe that once they get back on their feet, and the rivalry begins all over, they might very well end up in another war. It is too great an attraction. The existence of these small nations, feeble and unable to defend themselves, and struggling over the limited trade there, is just too great an attraction to an ambitious state, whether it be Russia or Germany to fish in those troubled waters. There is no doubt in my mind that if there is to be any salvation to Europe itself, or to ourselves in the sense that we are to avoid involvement in another war, or avoid another war, for that matter, something of this kind should be done.

Mr. DONNELL. Mr. President, will the Senator yield for one further question?

Mr. FULBRIGHT. Yes.

Mr. DONNELL. The Senator has been very frank and very honest, as he always is in his discussion. May I ask the Senator a question? Does he think it is advisable when the Atlantic Pact comes before the Senate that there shall be the fullest opportunity for investigation and study and examination by every Member of the Senate of that pact before the Senate shall act upon ratification?

Mr. McMAHON. Mr. President, will the Senator yield? I should like to answer the Senator from Missouri, if the Senator from Arkansas will permit.

Mr. FULBRIGHT. I will answer, and then I shall yield for the Senator from Connecticut to answer.

Mr. President, I think the fullest examination, under the usual procedures of the Senate, certainly is warranted. Now, if the Senator refers to the suggestion which he made that every Senator be given the right of cross-examination of every witness, to me that is a wholly unrealistic, impossible method by which to proceed. On the other hand I should like to say to the Senator from Missouri, because I assume that he himself is interested in doing some questioning, that I would be in favor of the Senator from Missouri having an opportunity to question any specific witnesses for a reasonably limited period. I do not think that either the Senator from Missouri or any other Senator outside the committee should be turned loose without restraint. But if he has a request which he should like to submit, to be permitted to ask questions of the Secretary of State, or someone else for a reasonable period, I think we could arrive at an agreement.



When I say "we" I mean the committee and the Senator. I would have no objection to such a request. It is purely a matter of holding the examination to within what I call reasonable bounds as to time.

Mr. DONNELL. Mr. President, will the Senator permit another question?

Mr. FULBRIGHT. May I yield to the Senator from Connecticut first?

Mr. McMAHON. Mr. President, I should like to make the contribution, if that is what it might be called, that if the performance in the last 2 weeks is any criterion of what we are going to face when the Atlantic Pact comes along, the Senator from Missouri need have no fears or apprehensions, for every opportunity will be given to ventilating every possible aspect of that treaty. I think the Senator is needlessly alarmed about that so long as he possesses the strength—and I am glad he has it—to appear here daily on the floor and to attack each and every aspect of the treaty or the matter in hand that he thinks should be attacked. I make that not by way of any criticism whatsoever.

Mr. DONNELL. I thank the Senator from Connecticut for his remarks.

Mr. FULBRIGHT. There is one little item I think the Senator from Missouri might be interested in which illustrates the kind of problem confronting Europe now that production in Europe is picking up. I read an AP dispatch from Geneva, Switzerland, dated March 17, as follows:

Nearly 2,000,000 metric tons of European coal and coke will find no market in the second quarter of 1949 despite a continuing fuel shortage, the United Nations Economic Commission for Europe said today.

Much coal, produced mainly in Poland, Belgium, and the United Kingdom, during April, May, and June, will remain unsold because of technical difficulties or because other European countries cannot pay for it. At the same time the United States will be called on to fill coal and coke deficits in western Europe totaling more than 5,000,000 metric tons. (The metric ton is 2,204.6 pounds.)

Officials of the Commission's coal committee, which allocates coal and coke to European countries, have been working on the problem for months. Despite their efforts, the apparent surplus for the second quarter of this year is greater than at any time since the end of the war while the European deficit, though gradually declining as Europe's production increases, is estimated at 5,220,000 tons.

That illustrates what a ridiculous economic situation exists over there, where currencies are not convertible. In one little country there is a surplus of coal which they would like to sell, but in the adjoining country, because they have none of the currency of that country, they cannot buy it. So we ship it from the United States at a cost of \$21 a ton, \$10 or \$11 more expensive because of the freight. Yet there are 2,000,000 tons there that cannot be used.

I am not a real expert on these matters, but to me it seems a little silly to have that sort of condition. It is the type of thing that I hope we can solve by enabling those countries to have common currencies and abolish barriers to the

free movement of goods, capital, and persons.

Mr. DONNELL. I thank the Senator.

Mr. FULBRIGHT. One reason for the delay in accomplishing the economic union instead of talking about it is that the embers of nationalism are still burning in many countries. British manufacturers and workers are very much like American manufacturers and workers in their reluctance to compete with goods from abroad. But another and even more important reason is that nations willing to take the risks of economic union do not have the financial means to bear the brunt of the initial dislocations that will be caused when customs unions or convertibility of currencies first take effect. For example, I am informed that in the opinion of European financial experts the initial impact of absolute convertibility of currency between Belgium and the Netherlands would result in immediate Dutch purchases from Belgium amounting to perhaps \$100,000,000. This immediate strain on the Benelux financial structure is more than the countries concerned can support, and the date for putting convertibility into effect has therefore been put off.

Similarly, there have been recent reports that the Benelux nations are thinking of extending their proposed economic union by inviting France and Italy to participate. The Scandinavian nations are discussing similar arrangements. In each case one of the major difficulties will be to find the financing needed to meet the initial impact of union. After the initial impact has been withstood those nations should be able to carry the rest of the program by themselves and to share in the great benefits that economic union is bound to produce in Europe, as it has in the United States.

Mr. President, this is a field in which I believe the Economic Cooperation Administration can and should play a part. Because the European nations willing to try economic union cannot withstand the initial financial impact of measures such as customs unions and currency convertibility, ECA is spending additional hundreds of millions of dollars every year to finance the economic isolation of these countries.

How much better it would be if ECA used at least a part of its funds to help those European nations who are willing to help themselves by financing the initial impact of currency convertibility and customs unions for the countries which are willing to risk them. In my opinion, such a program would be a major contribution to the achievement of economic recovery in Europe.

The possibilities inherent in such an ECA incentive policy are tremendous. For example, with the chance of obtaining additional ECA assistance needed to make the program work, the Scandinavian nations might be encouraged to conclude their current discussions by forming a customs union and adopting free convertibility of currency, and France and Italy might in time do likewise. Once these combined trading areas have been formed and have developed

some working experience, the possibilities of merging two or more combined trading areas into larger trading areas and eventually into a single European trading area will be enormously increased.

Such an ECA incentive program might substantially alter the present distribution of ECA allocations among the participating countries, but any such shift could only be a healthy one. Moreover, it is far more likely that after a brief period the shift would cancel itself out because each country would necessarily have to take those measures toward the single trading area necessary to increase or restore its own allocation. The cancellation of shifts along these lines will be far from negative in effect. On the contrary, it is likely that the present number of dollars allocated to each nation would be many times more effective and useful once all nations had taken concrete steps toward economic union. When and if this development should come to pass, it will follow that less dollars, rather than more, will be needed by Europe as a whole.

Mr. President, we have heard much about Europe's balance-of-payments deficit with the rest of the world. I do not wish to minimize that deficit, and I agree that Marshall-plan funds must be used to eliminate it. But I do not think we should ignore the relationship between Europe's deficit versus the rest of the world and the unnecessary and wasteful balance-of-payments problems that have arisen in Europe itself because of the policies of economic isolation practiced by many European nations and the lack of any sustained drive toward economic union. If Europe were a single trading area—as the United States is a single trading area—that fact alone would probably increase Europe's productivity so much that its balance-of-payments deficit with the rest of the world would be reduced by half.

Mr. President, we have heard much talk about pouring our money down European rat holes. I do not believe such talk, and I believe that we are using our money in Europe for a very good purpose. But I am not convinced that we are using our money as efficiently as we might. I am not convinced that we are doing enough to assist and encourage the measures for economic union which all countries talk about and which most countries hesitate to put into effect. The only way to begin is to begin. Let us experiment with a small part, say, 5 percent of the authorized ECA appropriation. Let us use this 5 percent to help European nations who are willing to take a chance—those who are willing to risk the temporary dislocation of economic union in order to obtain its long-range benefits. Let us help those who are courageous enough to start walking now along the road which this Congress believes is the only true road to recovery—the road toward the unification of Europe.

I say that in view of the amendment which has already been approved by the committee.

Mr. President, in line with the suggestion made by the senior Senator from



Michigan, I should like to modify my amendment to read as follows:

(c) Section 114 (c) is further amended by adding at the end thereof the following: "The Administrator is authorized and directed to set aside a portion of the funds hereby authorized to be appropriated when deemed practicable by the Administrator, and to make additional allocations out of such fund to finance the transfer of commodities and services required to carry out specific measures of mutual assistance taken by two or more participating countries looking toward the closer economic cooperation of such countries."

Mr. President, I intend to yield the floor very soon. I simply wish to clarify the language.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arkansas [Mr. FULBRIGHT] as modified.

Mr. MAYBANK and Mr. LODGE addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is recognized, inasmuch as he first addressed the Chair.

Mr. MAYBANK. I suggest the absence of a quorum, Mr. President.

The PRESIDING OFFICER. The absence of a quorum having been suggested, the clerk will call the roll.

Mr. LODGE. I point out to the Senator that for several hours I have been trying to obtain the floor.

Mr. MAYBANK. Then, Mr. President, in justice to the Senator from Massachusetts, I withdraw the suggestion of the absence of a quorum, if he desires me to do so. I wish to point out, however, that there are only a handful of Senators on the floor at this time. The Senator from Arkansas [Mr. FULBRIGHT] has raised some very important questions and I know the Senator from Massachusetts will do likewise. Therefore, I would suggest the absence of a quorum, because although it is now only 7:30 p. m., there are only a handful of Senators to listen to the debate. I suggest the absence of a quorum only in justice to the Senator from Massachusetts, of course.

Mr. LODGE. Mr. President, it is very courteous of the Senator from South Carolina, and I appreciate it. But I have very little pride of authorship in anything I shall say. I have been waiting for such a long time to obtain recognition, that I do not ask for a quorum call. However, I appreciate the courtesy of the Senator from California in suggesting it.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. MAYBANK. My only purpose in suggesting the absence of a quorum was to have a larger attendance of Senators to hear the remarks of the Senator, because at the present time, at 7:30 in the evening, there are only a few Senators on the floor. However, Mr. President, if the Senator from Massachusetts desires that I do so, I withdraw the suggestion of the absence of a quorum.

The PRESIDING OFFICER. The Senator from South Carolina withdraws his suggestion.

Mr. LODGE. Mr. President, that is very courteous of the Senator from South Carolina, and I appreciate his kindness. I shall make only a few remarks about

this matter. If other Senators are interested, I imagine that they will enter the Chamber and will hear me. But I do not wish to disturb any of them.

Mr. President, although I disagree with what the Senator from Arkansas is proposing, I wish to begin by commending him for the zeal with which he has for years been propagating the doctrine of an integrated Europe. I remember the Fulbright resolution, of which he was the author in the House of Representatives; and I think he has had a stimulating and educational effect on public opinion.

I regard him as quite a master in the use of words and the fact that he has been unable to find words to express what he wishes to do in this instance, is to me a strong indication of the fact that his amendment really lacks substantial merit.

The Senator from Arkansas says there are two classes of people or two schools of thought in the United States, insofar as this amendment is concerned: First, those who are opposed to an integrated Europe because they are afraid of commercial competition, and wish to continue with a so-called "Balkanized" Europe; and, second, the group of people, such as the Senator from Arkansas who favor an integrated Europe. However, I suggest that there is a third category, namely, those who favor an integrated Europe, but oppose the method proposed by the Senator from Arkansas for achieving it. That is the group to which I belong.

Mr. President, I favor his objectives, I think it would be a wonderful thing if we were to see an integrated Europe in which the standard of living was higher, in which the capacity to resist military aggression was greater, which would mean that the world no longer confronted a power-politics division between two great powers, such as we see today. Then there would be a world in which we would have what is called a third force, a European complex in which there would be some degree of economic, military, and political unification. In fact, I go even further: I think it would be a crying shame if the Marshall plan came to an end and found Europe still the same old row of tenement houses and fire-traps which have been there in the past and have been the immediate cause of two world conflagrations.

As a citizen of the United States and as a Senator, I favor the unification of Europe, and I never lose a chance to agitate for it. I have tried to encourage our own officials to do what they could, through the power of personal influence and suggestion, to encourage it; and many times I have said to some of the people of Europe that if they do not make some real progress toward achieving a unified Europe, the American people and the Congress of the United States will have a strong sense of disillusionment and will feel that one of the fundamental underlying purposes of this whole project will have failed of realization.

The present law on this subject has some good things to say about economic cooperation in Europe; and now we are

proposing to amend the law, by means of this bill, as shown in line 6, on page 1, where we would add the words "to encourage the unification of Europe." Also something has been accomplished toward unification, although not as much as we would hope for. However, the Office of European Economic Cooperation has made some progress; it has taken some steps which, although very small when viewed from the United States, nevertheless are quite significant when viewed from the European standpoint. For example, until the Office of European Economic Cooperation was set up, it was practically impossible for a truck load of merchandise to go from Holland to Italy without being completely unloaded and then reloaded at every frontier. But after a tremendous amount of pulling and hauling, the Office of European Economic Cooperation has ended that practice, and now a loaded truck can be sent from Holland to Italy without having to be unloaded and reloaded at the frontiers; now it can traverse that route in much the same way that we can send a truck from Boston to Philadelphia. That may not seem like a great deal to us, but it is a great deal over there.

I think the progress which has been made has been disappointing, and I hope they do much better. I certainly do not wish the refusal of the Senate to adopt the amendment of the Senator from Arkansas to be interpreted in any way as an indication on our part that we would not welcome the unification of Europe. If we do reject the amendment—and I hope we do—it must be understood that we do so, not because we disapprove of its purpose, but because we think the method it proposes is not what it should be—and would defeat its stated purpose.

I believe that Mr. Hoffman is deeply impressed with the desirability of European integration. I deny the accuracy of the description of the Senator from Arkansas that the program at the present time is "financing economic isolation," to quote his words. I think that is a totally erroneous description. I think as much encouragement as can be given is given by the language of the law. But, Mr. President, there are some things which it is just as well not to spell out. There are some things by which we stand to lose more than we stand to gain if we begin to spell them out. If we say that we desire to set up a premium to be paid as a reward for union, then I think we lay ourselves open to the charge that we are trying to buy unification; that Uncle Sam, or Uncle Shylock, or whatever the Communists choose to call us, is simply going into the market and is crudely putting down the almighty dollar, to get these people together.

Mr. President, if history teaches us anything, it teaches us that attempts to unify Europe by external compulsion have never worked. We can go back in history as far as the time of Atilla, the Hun; or Genghis Khan; or Charlemagne; or Napoleon; or Hitler, and doubtless there are a great many more like them—those who have tried to unify Europe by external compulsion. But it simply has not worked. Such unifica-



tion must be a process of growth; it must come from over there. Slow as it is—and we can say we think it is terribly slow, and that we are disappointed in the progress—yet I think we would defeat our own purpose if we were to undertake to write into this law a premium for unification. In my judgment, such a procedure on our part would play directly into the hands of the Communists. It is not hard for us to imagine the “line” the Communists would adopt if we were to embark upon such a policy. It would look like bribery. They would make it look like an exercise of improper influence.

For these reasons, Mr. President, and not because I am not in favor of European unification—which I am—but because I think the amendment will defeat its own purpose, I have risen in opposition to the amendment.

Mr. PEPPER. Mr. President, if I may say just a word, I feel about this matter largely as the way the Senator from Massachusetts has just expressed himself. I should like to add however, I seem to sense that there is altogether too much disillusionment about what may become possible through the United Nations. It is a name so little mentioned, and so seldom mentioned with favor, that sometimes I suppose it is shocking for one to say that he still relies upon it with considerable faith. But I had certainly been one of those to hope that the United Nations might be a home where all nations and peoples might find happy residence and accord. I have not abandoned that hope yet. We had in the United Nations organization the instrument by which peoples might be brought together more closely economically, culturally, politically, and spiritually. When I say the United Nations, I mean the organization and its subsidiary and affiliated associations and instrumentalities.

It seems to me, Mr. President, when we speak of social and economic cooperation, that the Economic and Social Council is a medium through which both those aspirations might well be achieved. Certainly through the instrumentalities and subsidiary associations of the United Nations it is possible to lower trade barriers, to stabilize currencies and even to make them convertible, to make possible the free interchange of goods and services and travel, and to bring great nations and hosts of people together into such intimacy and harmony that they can truly be said to be living in union one with another. But, Mr. President, the idea that there must be some kind of amalgamation of the several nations into some sort of entity seems to me to be more than we have any reason to expect.

I recall the dramatic gesture Prime Minister Churchill made to France on the verge of France's fall, when he offered to the French Republic actual union with the United Kingdom. I suppose that is the kind of union which some of the advocates of union have in mind. I am not at all sure that that kind of union is the thing that we may expect in the future. I have heard it suggested that there should be a union of the United States and Canada. When I

recall the difficulty our friends, the Canadians, have had in having a perfect union of some of the divergent elements of Canada itself, I have not thought the situation could be made any more perfect by adding us to the number, or them to us.

I am willing to go a considerable distance in the admission of new States into the Union, although, the further afield we go, the greater the difficulties and problems encountered, when there is a lack of geographic propinquity, continuity, proximity, or contiguousness. Then, when there are different backgrounds and other conditions, it makes actual union a little more difficult than might appear upon the surface.

I do not know whether it would be a good thing for Europe to have the kind of union we have; I mean the sort of union that would make one nation out of them all, or out of more than one of them.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. PEPPER. Excuse me, please. It might be that would be giving up something that might be worth preserving, and I foresee it is unlikely that in the predictable future the whole number can become a single political entity—or perhaps any more than one—able and willing to merge their distinct features into a single political organism. I now yield to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, does the Senator feel that the Benelux movement is a bad thing?

Mr. PEPPER. On the contrary, I think it is an excellent thing. But it is the kind of thing I foresee as the course of the future rather than breaking down the lines that demark the boundaries of a country, breaking down the unity of nationality which they possess, and trying to telescope several peoples in several countries into a single nation. Perhaps I am in error, but I had not understood that the Benelux association makes those countries a single nation. Am I in error in that surmise?

Mr. FULBRIGHT. No; but the purpose of the amendment—I do not know whether the Senator was here when it was presented—

Mr. PEPPER. Yes, I heard a good deal of the debate.

Mr. FULBRIGHT. The purpose of the amendment is to assist specifically two of the principal countries. There is not much difficulty with Luxemburg, but it is to assist Belgium and the Netherlands, for example, to achieve the objective of Benelux a little more quickly and easier. They have already undertaken it. That is the only purpose of the amendment. The amendment very carefully is not advocating political unity. I have another amendment that pertains to that. The Italians and French are undertaking a very similar trek.

Mr. PEPPER. Yes; I heard the Senator give the illustration relative to the automobile companies.

Mr. FULBRIGHT. The purpose is to help them. If we are opposed to it, that is one thing. If we are in favor of it and think it is a beneficial thing, that is another. A part of the money, as de-

termined by the Administrator, can help them solve certain of their problems in that connection. That is all in the world the amendment proposes.

Mr. PEPPER. Mr. President, there are two distinct things. One is the idea of unity and union, about which I have heard a great deal, and to which I was addressing myself. The other is the amendment. I am perfectly agreeable to the modified amendment, because I do not think it proposes to do anything, or to authorize the Administrator to do anything that could not have been done without it. I do not know of any new power or authority it gives the Administrator that he did not possess or could not have exercised without it. However, if the Senator thinks it clarifies the authority of the Administrator a little bit, or puts a little further emphasis upon the purpose, I certainly see no objection, because what is in the amendment is obviously what we are trying to achieve.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. PEPPER. I yield.

Mr. FULBRIGHT. I stated practically what the Senator from Florida had said, in the beginning of my remarks. I think the Administrator has authority to do it, but I think he has not done it at all. That may be due to his interpretation of the objective. The amendment contains rather a statement of policy than anything else, that this is the sort of thing we would like to see done, and we authorize him to do it. I agree with the Senator, he may do it now, if he wants to; but I know of no instance of his attempting to do it.

Mr. PEPPER. Mr. President, I want to see the greatest possible cooperation among the participating countries. That is what we made a condition of the ECA plan when it was initiated. We said they not only had to do all they could to help themselves, but they had to work cooperatively with one another. It is marvelous the cooperation they have achieved in working out and blending their needs and submerging their differences and in presenting their requests, which have had such harmony and accord, as the requests exhibited.

I am in favor of that to the limit. But, Mr. President, so far as I am concerned, I do not want to be associated with any declaration of policy that seems to contemplate more than the most intimate cooperation, the most cordial and sensible working together of those nations and peoples. I do not myself want to be associated with any sentiment—and there is a good bit of it in the country, and some in the Congress—that seems to be pressing upon Europe in an effort to squeeze it into a compact single entity. I am not in favor of that. That is the reason I felt that if the amendment should be adopted, it might be well for those who care to do so to express themselves as clearly as might be possible.

I think the ECA has achieved wonders in bringing together the nations of western Europe into cooperation one with another, and I am hopeful that when ECA comes to an end they will continue to cooperate, because they will see what



a valuable lesson they have learned by such cooperation. As a matter of fact, I asked when the hearings were in progress, "Is it not to be hoped that the example of cooperation which Europe has set under the ECA may move all the nations and peoples of the world into some similar cooperation in the vast institution of the United Nations itself?" I still look forward to that; but I do not want to be understood as trying to coerce or to telescope all these nations into one by any sort of pressure from this country.

Mr. WATKINS. Mr. President, will the Senator yield for a question?

Mr. PEPPER. I yield.

Mr. WATKINS. Does the Senator agree with me that probably the incentive to get together as one group and to work as one group must come from within, rather than from any reward from the outside?

Mr. PEPPER. I think that is the only way it can be done upon a satisfactory basis.

Mr. WATKINS. In other words, if their necessity is so great that they cannot do business, in producing coal, for instance, the necessity itself will force them to get together and will hold them together better than will any financial reward we might offer them in the way of an incentive. Is that correct?

Mr. PEPPER. The Senator is entirely correct. As a matter of fact, the economy of the earth—not merely the economy of a few nations—has taken on a singleness of pattern, so that there is no part of the globe which can live and progress distinct and severed from the rest of the globe. Even America cannot be prosperous unless our economy is a part of a prosperous world pattern. So it seems to me that the inevitable and remorseless pressure of circumstances is forcing a sort of unity between many regions and among all the nations of the earth. That is what I hope will show itself in the United Nations organization.

Mr. WATKINS. Mr. President, will the Senator yield for a further question?

Mr. PEPPER. I yield.

Mr. WATKINS. Is it not a fact that it was the force of necessity which brought together, the 13 colonies, rather than the hope of any reward?

Mr. PEPPER. I have no doubt about that.

Mr. WATKINS. Necessity brought them together so they could live and maintain themselves.

Mr. PEPPER. I have no doubt about that at all.

Mr. FULBRIGHT. Mr. President, I should like to refer to the point which the Senator from Utah made. In the case of the original states there was no outside entity removing the necessity. One thing the Senator ought to consider, I think, is the fact that we are supplying, through ECA, many of the necessities, and paying the deficits of some nations. I think the Senator from Utah heard the statement I made a moment ago regarding surplus coal in Europe. Because those countries lack exchange, we are sending coal over there, although there is, in some countries,

more than they can use. We are removing the necessity to which the Senator has referred. If those nations do not do any more in the next year than they have done, I do not intend to vote for an extension of ECA, because, instead of uniting, they are building up their national economies as individual and separate nations. I think the Senator's idea that necessity will do the job is a very good one, although our program is not encouraging that very natural motive to play its part.

Mr. WATKINS. Mr. President, may I say that I agree with the Senator from Arkansas in his observation, that probably what we are doing in furnishing them coal from the United States, when they have coal, is taking away the necessity which would force them to get together so that they would get the coal for themselves. I am wondering if, in the administration of ECA, our Administrator should take that into consideration and say, "You are producing more coal than you have markets for. Do not depend entirely on us."

Mr. FULBRIGHT. That is what I have been talking about. Countries must have the currency with which to purchase it, or else we must give it to them.

Mr. WATKINS. Can they not agree on their currency?

Mr. FULBRIGHT. They have. The purpose of my amendment is to enable them to do that very thing. It requires more than an agreement out of thin air. They have got to accomplish it by actual economic adjustments in their economy.

Mr. WATKINS. Mr. President, will the Senator yield further?

Mr. FULBRIGHT. I yield.

Mr. WATKINS. I am very much in the position of the Senator from Colorado [Mr. MILLIKIN]. Will the Senator point out in a practical way how his amendment will bring about the desired condition?

Mr. FULBRIGHT. I do not know how to be any more practical than to say, as an example, that the Netherlands and Belgium have agreed to work toward an economic union.

Mr. WATKINS. Have they adopted a common currency?

Mr. FULBRIGHT. No.

Mr. WATKINS. What is to prevent their doing that? We are not stopping them, are we?

Mr. FULBRIGHT. I tried to make that clear. I hate to delay the Senate any longer. There are great difficulties in making a currency convertible or in making a common currency. There would be very great dislocation, for the reason that the currency in Holland is a very weak currency, supported by domestic requirements, rationing, and so forth. Their currency does not have a value to it, such as our currency has, or as has the Belgian franc. If it were said tomorrow that the currency was convertible, there would be an immediate demand for the products of Belgium. It has been estimated by quite good authority that it would amount to \$100,000,000. That is an estimate, but there would be a very great demand upon the Belgian economy which it could not stand.

The only purpose of my amendment is to enable them to stand it. I mean that if the Netherlands were given the right to do so, it would purchase all kinds of goods which are not obtainable in Holland. That is what it would amount to. It would put a great strain upon the Belgian economy. It would mean that Belgium alone would practically guarantee the currency of the Netherlands and her balance of payments. It seems to me to be just as legitimate and proper an objective for us to use the funds which we are going to spend any way. My amendment does not require any additional funds, merely the funds we already have. Instead of building new plants in Norway and new textile factories in Great Britain, we say, "You are already in the process of doing this." What we do in that case is to give more money to Belgium to enable her to furnish products to the Netherlands so she can absorb the shock of the demand upon her economy. It is believed that once that initial demand for durable goods is satisfied, a sort of saturation point will be reached, just as in our own economy, in many lines. The currency should remain convertible, because their economies are more or less complementary.

Mr. WATKINS. As I understand, the Senator would make the currencies convertible through the use of United States dollars. Is that correct?

Mr. FULBRIGHT. What we do in that case is to reimburse the Belgians for the demands by the Dutch, whose currency is not worth what the Belgian currency is.

Mr. WATKINS. That is practically what I said a moment ago, that we would make our currency the common currency between them.

Mr. FULBRIGHT. That is another way to put it, but it seems to me that is a much more beneficial way than to proceed to build these plants in each country. It is not a question of "you do this or nothing at all." It is merely a shifting from one activity they are now pursuing to this one. If this called for an additional appropriation, or was a case of our projecting ourselves into a situation we were not now in, it would be an entirely different thing. I do not know that I would ever think of bringing it up in that case. But all we are doing is shifting from the program which calls for building all sorts of industrial undertakings. They even are contemplating the electrification of all railroads in Europe, assuming this program goes through.

Mr. WATKINS. Does the Senator mean under ECA?

Mr. FULBRIGHT. Certainly. That was in the report. They have not done it yet, but it was intimated in one of the reports that if everything went well in Congress, and so on, they might electrify all Europe. That conserves coal. They forget that coal is one of the things of which they have a large supply. But there are all kinds of projects like that contemplated, the steel plant in Norway, and various other things. What is suggested is a more efficient way of spending the money. That is the point I hope I have impressed on the Senate.



Mr. WATKINS. What I desire to find out is whether there is any practical way to accomplish that under the program. I agree with the Senator from Massachusetts that the objective is desirable, but I have not been able yet to see in the Senator's program a practical way to make it work.

Mr. FULBRIGHT. How practical is it when we pay the deficit of Great Britain? We have tentatively agreed to give them \$940,000,000. What is practical about that? It is a very impractical thing to hand over \$940,000,000.

Mr. WATKINS. It is from my viewpoint.

Mr. FULBRIGHT. All we do is hand them the money, and they will use it to purchase goods they sell to their people. What is practical about it? This whole thing is not practical in that sense.

Mr. WATKINS. It is not on a business basis.

Mr. FULBRIGHT. I do not see how we can apply the ordinary concept of practicality and economy to this whole program. The Administrator looks at these things and decides which one he thinks is the most beneficial, and follows it.

I have no great criticism of it, as long as it is under the program which has been followed, that is, looking at each economy, trying to build up that economy, paying for the necessary food, and so on. I merely think that at this late date, especially when two of the major segments, these two pairs of the great countries, wish to pursue this other policy, it would be more economical; and I stress "more" because it is more practical, if you please, than the other approach. That is all there is to this.

I think that in the long run it would probably result in a saving of money, because these two countries, once they are together, would be more likely to balance their payments, and therefore make necessary smaller payments next year and the next and the next. Really no reasonable person, in my opinion, honestly believes the countries' payments are going to be balanced in 1952. I asked that question of nearly everyone, from Mr. Hoffman on down, and they would not say, "Yes; I believe they will be in balance." They did say, "That is our assumption." In other words, "We hope it will be and assume it will be." None of them say, "Yes; I firmly believe they will be in balance." The implication is very clear that this program will go on for an indefinite period. The more quickly we make the countries efficient, the more likely we are to quit paying out this annual dole. That is the only purpose of the amendment. It is not anything very radical or strange at all.

I admit that I think Mr. Hoffman could do what is proposed without the amendment, but I think it would be a very beneficial suggestion as to policy if the Senate adopted it. That is about its principal significance. It is a suggestion of policy.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hunt	Murray
Baldwin	Ives	Myers
Butler	Jenner	Neely
Cain	Johnson, Colo.	O'Connor
Chapman	Johnston, S. C.	Reed
Connally	Kefauver	Robertson
Cordon	Kem	Saltonstall
Donnell	Kerr	Schoeppel
Douglas	Kilgore	Smith, Maine
Ellender	Knowland	Sparkman
Ferguson	Langer	Stennis
Flanders	Lodge	Taft
Frear	Long	Taylor
Fulbright	Lucas	Thomas, Utah
George	McCarran	Thye
Green	McCarthy	Tydings
Gurney	McClellan	Vandenberg
Hayden	McFarland	Watkins
Hendrickson	McKellar	Wherry
Hickenlooper	McMahon	Wiley
Hill	Magnuson	Williams
Hoey	Millikin	Young
Holland	Mundt	

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). Sixty-eight Senators having answered to their names, a quorum is present.

Mr. LUCAS. Mr. President, it seems to me we ought to be able to secure some agreement as to limitation on debate on the amendments. We have been debating the bill and the amendments now for some 12 or 13 days, and I hope there will be no objection to the unanimous consent request I am about to submit.

Mr. President, I ask unanimous consent that no Senator be permitted to speak longer than 20 minutes on any amendment or motion that may be pending, or on any amendment or motion that may be proposed to the pending measure.

Mr. LANGER. Mr. President, I object. The PRESIDING OFFICER. Objection is heard.

Mr. LUCAS. Mr. President, may I ask, what is the pending amendment before the Senate?

The PRESIDING OFFICER. The question is on the amendment lettered "C," as heretofore modified, offered by the Senator from Arkansas [Mr. FULBRIGHT].

Mr. LUCAS. Mr. President, I ask unanimous consent that the following committees be permitted to hold meetings tomorrow during the session of the Senate: The Committee on Banking and Currency, the Committee on Expenditures in the Executive Departments, the Committee on Interstate and Foreign Commerce, the Committee on the Judiciary, and the Committee on Post Office and Civil Service.

The PRESIDING OFFICER. Is there objection?

Mr. TAFT. I object. I think any such wholesale performance is not justified.

The PRESIDING OFFICER. Objection is heard.

Mr. LUCAS. Mr. President, I hope we can finish this bill tonight. I think most of the Members on this side of the aisle are willing to stay here until we finish it.

Mr. WHERRY. Mr. President, may I inquire of the majority leader how long he intends to keep the Senate in session tonight?

Mr. LUCAS. Until we finish the amendments, if we cannot get a limita-

tion of debate. We are very anxious to finish the bill, and we feel that sufficient time has been spent on the bill. We feel that the remaining amendments are not too important, perhaps—they may be important to some Senators—and we would like to finish tonight. I think we can stay here and probably finish by midnight.

Mr. WHERRY. Is it the intention of the majority leader to stay here if it takes all night?

Mr. LUCAS. That is correct.

Mr. LANGER. Mr. President, I wish to make it plain that I have not taken any time at all in the discussion of the \$5,000,000,000 bill. I intend to offer an amendment; and so long as I now have the floor, I might as well do it now.

Mr. President, I invite the attention of the Senate to the report of the Joint Committee on Foreign Economic Cooperation, printed for the use of the Joint Committee. I call attention to page 5. I invite the attention of the Senate to the fact that the President requested the Secretaries of the Army, State, Agriculture, Interior, and Commerce to nominate representatives to make representations as to the possible retention of plant schedules for dismantling in the three western zones of Germany. Part of this report, on page 5, reads as follows:

These facts suggest that after the beginning of ECA the presumption should be that plants remaining in Germany should be left there unless it can be shown that (1) they are war plants or (2) that they would make a demonstrably greater contribution to production in some other country than Germany.

I ask every Senator to mark this recommendation by the President's own appointees.

The significance of our past commitments to other countries should be appraised in the light of present conditions. If our agreements alone are considered, the United States "owes" the liberated countries reparations from Germany. The United States does not, however, owe both reparations and Marshall Plan aid.

If this bill goes through they will be getting both. The President's own advisers said that that should not take place.

In any future appropriations for the ECA a portion could be set aside to buy the claims of the participating countries for German reparations; that is, the European countries require a given amount for dollar aid. In return for a part or all of these dollars the United States asks these countries to surrender their reparations claims. It would then be up to each country to decide whether it would rather have the dollars or the reparations. We could then make whatever disposition of the plants involved seemed desirable to us.

On page 2 is given a list of the plants in Germany. They are given by zones, for the United States zone, the British zone, and the French zone. At that time there were 186 plants in the American zone, and the destruction of 81 percent of them had been completed. In the British zone there were 405 plants, and one-third of them had been torn down. In the French zone there were 233, and 30 percent of those had been torn down.

Mr. President, on June 4, 1946, I delivered a speech in this Senate Chamber



entitled "Is America today a peace-seeking nation?" At that time, I called attention to the confusion and double-talk which marked the "Statesmanship" of our times by saying:

There has been so much said about America's new obligations in international affairs, and such a terrible misrepresentation of what is actually happening to America in the process of meeting those obligations, that I cannot permit another moment to go by without challenging again the completely false doctrine and the false philosophy which is destroying America, both from without, and from within.

Until our foreign policies, our dealings with other people, and our external relations with all the other nations of the world are firmly rerooted and reestablished in traditional American concepts and practices, America as we have known it, is doomed.

Mr. President, today we are confronted with a request for additional funds to extend American aid under the Economic Cooperation Act of 1948 to western European countries.

This administration has no hesitancy about making public its requests for continued American grants and gifts to other nations. And it has no hesitancy in continually assuring us not only that our vital American principles and interests are to be secured with these funds, but also that each expenditure constitutes another progressive step in the process of an overall strengthening of our vital interests and security. It is alleged that we must spend this money for the security of the United States.

Yet, Mr. President, it is obvious that this administration strategy is increasingly less convincing to those who are now terribly concerned as to what has really been going on in our international affairs.

Is it not alarming to discover that this request for additional ECA funds is only another request for deficiency appropriations to bail out this administration from the terrifying consequences of a long series of secret agreements, which the United States Senate has never even had a chance to discuss, much less, to ratify, amend, or repudiate?

For 2 years I have asked that those agreements be made public. I have asked that the Senate be allowed to see them, but up to the present time we have not seen them. I doubt very much whether more than one or two members of the Committee on Foreign Relations of the Senate have ever seen them.

Mr. President, I wish to repeat my statement that this request for additional ERP funds is only one of a long continuing series of administrative requests for deficiency appropriations to bail out of bankruptcy its foreign policies to date. Again, let me say that each one of these requests has been made against the background of the most outrageous secret diplomacy in American history.

Mr. President, I want at this time to put this new request for ECA funds in its proper setting. I am quoting from a report of the Committee on Foreign Relations, S. 2202, of February 26, 1948, entitled the "European Recovery Program," which reveals that since the end of the second World War the following

American grants, gifts, loans, and credit have been extended just to Europe:

Credits and loans: Interest-bearing credits and loans include (1) the loan to the United Kingdom of \$3,750,000,000, authorized by Congress in July 1946; (2) two Export-Import Bank reconstruction loans to France, one of \$550,000,000 in September 1945, the second of \$650,000,000 in June 1946; (3) sale of United States surplus property abroad and surplus merchant vessels on long-term credit, to France at a credit of \$300,000,000, and to Italy at a credit of \$160,000,000 for purchase of surplus property in Europe, and \$42,000,000 to each for the purchase of merchant vessels; (4) lend-lease settlements and pipe-line credits. In the period from July 1, 1945, to June 30, 1947, the United States Government authorized repayable loans and credits to the Paris Conference countries of \$7,353,000,000 in all.

Grants and relief: Grants and relief include (1) UNRRA, toward which the United States contributed \$2,700,000,000; (2) United States foreign-relief program, including an authorization of \$332,000,000 in July 1947, and a donation of \$15,000,000 to the International Children's Emergency Fund; (3) interim aid to Austria, France, and Italy, in the amount of \$522,000,000, enacted in December 1947; (4) Greek-Turkish aid, to the amount of \$400,000,000; (5) relief of occupied areas; (6) lend-lease aid not repayable. In the period from July 1, 1945, to June 30, 1947, the United States Government authorized assistance under the programs listed above of some \$1,943,000,000, allocable to certain of the Paris Conference countries. A further \$767,000,000 allocable to German relief, and \$481,000,000 not allocable to specific countries in Europe but intended almost entirely for the Paris Conference countries, were authorized, making a total of \$3,191,000,000, to which interim aid should be added, making the total as of December 31, 1947, \$3,788,000,000.

Thus loans, credits, grants, and relief to the Paris Conference countries and Germany authorized in the period July 1, 1945, to December 31, 1947, totaled a little over \$11,000,000,000.

To this must be added, Mr. President, the additional billions which have been furnished under the first year's operation of the Marshall plan.

Mr. President, today three of the leading bankers of North Dakota, three of the top bankers of my State, happened to be in Washington attending a bankers' conference. They came to the Capitol, and I chatted with them. I said to them, "I just want you three gentlemen to guess the share of Fargo, N. Dak.—the place of residence of one of the bankers, and a city of 32,000—"in the cost of the Marshall plan plus the cost of the other aid we have been giving Europe."

Mr. President, do you know what the highest guess was? The highest guess was half a million dollars, when as a matter of fact the share of Fargo, N. Dak., has been figured by the Library of Congress as being over \$10,000,000.

I say in all sincerity, Mr. President, let the people of the United States figure out what all this foreign aid and all these foreign grants and gifts mean to their particular localities. Then let some of the Senators who are in favor of shoveling out this money with scoop shovels go home and face their constituents, and let them stand for reelection.

Mr. President, let me tell you further that I happen to be in the very, very fortunate position of not having the least

objection to mailing—and I intend to—to every county in the United States and every county seat of every county in the United States a statement of exactly what the share of those poor people in all these foreign gifts and grants amount to. Then let the ones who voted for that go home and face those people, as in my judgment they should face them.

How well I remember when after World War I—and we have only to read the RECORD about it—after Mr. McAdoo sent several million dollars across the water, three years later Senator after Senator rose on this floor and apologized for having voted to have that money sent there. They apologized to the people of America.

Mr. MALONE rose.

Mr. LANGER. Mr. President, I shall not yield until I complete my remarks.

I am perfectly willing to take my stand, as I am taking it tonight, and let the responsibility for this matter be cast, first of all, on the Democratic Party, and then upon those Republicans who wish to join in giving away the substance of America.

Mr. President, is it not a cause for alarm that these continuing requests for American grants and aid continue to be projected on the basis of secret agreements, when not even the Members of the Senate Foreign Relations Committee know what they are, and cannot get them? Mr. President, I should like to be on that committee. If I were, I would never vote to report to the Senate a bill of this sort, unless the Department of State made public the secret agreements, at least to the Senate of the United States. I say that the administration does not dare bring out these secret agreements for action by the Senate.

It is little wonder, then, Mr. President, that the administration's hope for a successful peaceful solution to the world's perplexing problems continues to deteriorate, in direct proportion to these increasing requests for American financial, economic, and military aid.

Something has gone terribly wrong when out of one side of their mouths our American statesman pour optimistic assurances about how this continuing aid is leading to a peaceful solution of the terrifying problems into which they have gotten us, while out of the other side of their mouths they clamor for a tremendous increase in armaments to secure the peace, which, they say, their peaceful attempts cannot achieve. Nowhere in this double-talk, Mr. President, so clearly revealed as in the fact that while, on January 16, 1948, Secretary Royall told the House Foreign Affairs Committee that the American people had to choose between the Marshall plan, or a return to selective service and military preparedness, yet now we are told we have to have both.

Underlying this appeal for new Marshall plan funds, Mr. President, is a violent contradiction between the administration's words and its acts—a contradiction which has been in existence for years, and which, if it is not resolved, will prove to be a curse not only to us but to generations of Americans yet unborn.



Mr. President, time does not permit a complete over-all analysis of every aspect of this dilemma. Therefore, I wish to limit myself to a discussion and analysis of just one aspect, namely, that of the role which our policy-makers have assigned to Germany in this whole question of the reorganization and reconstruction of the European economy. We have plenty of assurances, Mr. President, plenty of solemn promises, plenty of administration statements of objectives concerning an agreed-upon policy toward Germany's future. Not the latest of these is incorporated in the Economic Cooperation Act of 1948, which in section 115 (f) instructed the Administrator—

To request the Secretary of State to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal as reparations from the three western zones of Germany—

And note these next words—

be retained in Germany if such retention will most effectively serve the purposes of the European recovery program.

Mr. President, that is incorporated in section 115 (f) of the Economic Cooperation Act of 1948.

On February 14, 1949, Mr. N. H. Collisson, Deputy Chief of the ECA Mission to the United States, United Kingdom, Occupied Areas of Western Germany, told the Foreign Relations Committee that—

The Economic Cooperation Administration recognizes that the recovery of western Germany is essential to the peaceful recovery and rehabilitation of those countries in western Europe participating in the European recovery program. It is generally accepted that this community of nations pledged to mutual aid cannot achieve recovery without the help which Germany can and must contribute.

Yet what are the facts underlying these assurances by the ECA staff? If we turn to page 32 of the hearings on the extension of the European recovery program, we find that the ECA recommendations of appropriations for Germany's recovery are based on the level-of-industry agreement of October 1947, which was reached by the joint United States and British occupation authorities, without any reference whatever to the new ECA recovery program. This was plainly stated by Mr. Hoffman, when he said:

As I say, you simply have to have recovery in western Germany, but I do want to make this point, that it is not for ECA to determine the levels of production in Germany. It is for ECA to help achieve that level as soon as possible.

This means that ECA is only rubber-stamping the Morgenthau plan for the de-industrialization of Germany, which has been twice revised, namely on March 26, 1946, and in October 1947. Yet in neither revision has there been any discussion of the function Germany has to play in the over-all European recovery program.

Actually, Mr. President, the whole matter of dismantlement of German industry continues to be such a secret that the members of the Foreign Relations Committee themselves were told that the United States policy could not be publicly revealed. I do not believe there is any member of the Foreign Relations Com-

mittee left on the floor, but I hope I may be pardoned for saying that if they are not doing anything, as they apparently are not, to get these secret agreements so that Senators can see them, they might just as well not be on the committee. Apparently the whole matter of dismantling German industry continues to be such a secret that the members of the Foreign Relations Committee themselves were told that the United States policy could not be publicly revealed.

I ask you, Mr. President, how we are justified, as members of the Senate, in underwriting ECA's request either for Germany, or for Europe as a whole, when to this very moment we have not the slightest notion of what our basic policy towards the recovery of the German economy actually is. Not a Senator upon this floor can tell, because it is secret.

Mr. President, I am quoting from page 31 of the ECA hearings:

Mr. HOFFMAN. As I say, I think it is a matter of great importance that we have recovery in Germany up to the limit agreed to as fast as we can get it, and we are putting every pressure we know to bring that about. There is no thought, and I do not see how ECA can be questioned on this matter, of rebuilding the German war potential, because we are operating within the limits that our governments have all set and other foreign governments have agreed to.

Senator WILEY. Will the Senator yield?

Senator VANDENBERG. Yes.

Senator WILEY. Do I understand that the number of plants that had originally been determined to be taken out amounted to some 300-something?

Mr. HOFFMAN. No, sir. I may have that history here for you.

Senator WILEY. Approximately?

Mr. HOFFMAN. At the time we got into the picture there were something over 900 plants—this was in May. About 500-some-odd had already been partly dismantled, and there was not much to talk about. They were gone. So it got down to a point where, again—and this material is classified, but I am allowed to say we did consider plant by plant considerably over 300 plants.

Senator WILEY. How much of what was remaining, that could still be dismantled and taken out, should remain in Germany now?

Mr. HOFFMAN. That information is still classified.

The CHAIRMAN. You mean by that that it is not to be publicly divulged?

Mr. HOFFMAN. That is right.

They come forward to ask us for \$5,000,000,000, but they do not trust even the Foreign Relations Committee enough to tell them how many plants they have dismantled.

Additional evidence to prove this point, Mr. President, is found in the contradiction between Mr. Hoffman's insistence that he had received magnificent cooperation from the French and the British in dealing with this whole dismantlement problem. On December 31, 1948, the Joint Committee on Foreign Economic Cooperation issued a report on German reparations. This is the President's own committee, appointed by the President of the United States. What did they say, the very people who are going to spend \$5,000,000,000? In the report it is stated:

The British and French Governments have resisted every major step in the work of

the Humphrey Committee. Delay was encountered in getting permission for the committee to visit the British and French zones of Germany. Agreement was never obtained to suspend all dismantling pending completion of the survey, although after long negotiation it was agreed that dismantlement of most of the plants on the list would be held up until December 14, 1948.

I want now to call the attention of my colleagues and the American people to what has been going on behind this propaganda smoke screen.

On March 29, 1949, an Associated Press dispatch from London stated:

Responsible diplomats have revealed that Britain and France have agreed to most of an American plan to save a list of west German industries from dismantling.

The informants said the agreement provides for 150 plants to be removed from the list of installations to be torn down for reparations. The Humphrey Committee, a group of industrialists headed by George Humphreys of Cleveland, had recommended that 167 plants be saved. The committee made a survey at the request of Paul G. Hoffman, Economic Cooperation Administrator, to see how many of the plants could contribute to the European Recovery Program.

Yet even the news story hides this basic contradiction, upon which the ECA appropriation for Germany is based.

The fact of the matter is that under the report of the Collisson Committee, of the Wolfe Committee, and of the Humphrey Committee, dealing with the ECA recommendations for removal of plants from the dismantling list, it is still an administrative secret. Behind the secret lies the fact that for months Ambassador Douglas has been negotiating with British and French representatives to remove 167 plants from the dismantling list of over 300 that still were scheduled to be dismantled. We have been given every encouragement to believe that neither the State Department nor ECA would back down in the request for the retention of the 167 plants.

In spite of this Associated Press dispatch of March 29, which states that an agreement has been reached to save 150 plants scheduled for dismantlement, we find in the same story that—

The accord still is subject to confirmation by the British, American, and French Governments.

Mr. President, I feel it my duty now to state that I have been reliably informed that dismantlement has already started on 66 of these plants. While this information has not been officially confirmed, and while the administration maintains a strict secrecy on these matters, this information certainly is at least in keeping with the double-dealing that has been going on behind the administration double-talking on this whole over-all German and European problem. Mr. President, this double-talking and double-dealing is covering up far graver issues that are at stake than the issue of dismantlement itself.

On March 29, 1949, Dorothy Thompson, one of America's greatest authorities on German and central European problems, stated in her article:

Berlin dispatches during the last 10 days have reported a sudden sharp drop in hopes for the early establishment of a west German state. The fault does not lie with the



German politicians, but with the western military governments who have failed to make good their promises of an occupation statute to limit precisely the powers and responsibilities of the occupation forces and the powers and responsibilities of the German Government.

Mr. President, on March 12, 1947, President Truman called for an all-out offensive against communism, and declared in his Truman doctrine that we were going to take every possible step to end the confusion and suffering in Europe, which were providing such a fertile ground for the spread of Soviet influence. My opposition to the Truman doctrine was based entirely on its double-dealing implications, which are now borne out by the fact that the President continues to implement these outrageous policies of destroying the German industrial potential upon which the whole of Europe is dependent, both for goods and markets, and for economic, social, and political stability.

Mr. President, the American people are only slowly awakening to the realization of how they have been betrayed by the Morgenthau plan.

It is like the bankers who never dreamed that the share of one county in North Dakota was \$10,000,000, or that the share of Cass County was \$16,000,000. When those little towns of 2,000 population find out that their share is half a million dollars, I would not care to be running for reelection in a campaign when I had voted for this expenditure.

No more savage or Carthaginian treatment of a vanquished nation has ever occurred than is the one which the American people have been committed to, and which they are continuing to underwrite.

Mr. President, in the Progressive of October 1948, Mr. Lewis Coser, able interpreter of European politics, wrote in his article entitled "Germany: Insanity Fair":

On September 15, 1944, the two most powerful men of the western world, Franklin D. Roosevelt and Winston Churchill, sat down together in Quebec. Before they parted that night they had signed the death warrant of Europe.

Curiously enough, Mr. Roosevelt had left behind in Washington both the Secretary of State and the Secretary of War. Present, however, was the Secretary of the Treasury, Henry Morgenthau, Jr., and it was this surprise participant who had prepared and brought the basic document of the conference. The President and the Prime Minister who signed it, doubtless without suspecting how terrible a price the world would pay for their signatures. For it was this Quebec Agreement which provided:

"The industries in the Ruhr and the Saar would therefore be necessarily put out of action, closed down. \* \* \* This program looks forward to converting Germany into a country principally agricultural and pastoral."

The document was never made public officially.

Mr. President, it would be idiotic if now we permitted anything, any crisis, or any emergency, to distract us from following through on the imperative need for a complete reorientation of our policies toward the German people. For, as William Henry Chamberlain

wrote in the April 16, 1947, issue of Human Events:

In diplomatic struggle as well as in military warfare, there are primary and secondary fronts. President Truman's proposal to extend what amounts to peacetime lend-lease aid to Greece and Turkey has aroused Nation-wide and world-wide excitement.

Mr. President, I pause to say that Senators, especially those on the Democratic side of the Chamber, remember that when the loan to Greece was being debated the question was asked as to how many Communists there were in Greece, and the answer from the distinguished Senator from Michigan [Mr. VANDENBERG] was, that the number was 17,000. We all remember the President's statement, which was to the effect that there were 5,000 more Communists than there were before we spent \$150,000,000.

But these economically undeveloped Balkan countries do not represent the truly decisive area of the American-Soviet duel. That area, in Europe, is Germany. \* \* \* The Soviet Government could easily resign itself to a temporary check at the Dardanelles if it could anticipate the absorption of the whole of Germany into its sphere of influence. Such an absorption might be expected to produce the same consequences that would probably have occurred if Hitler had achieved a knock-out victory over Russia. A mighty totalitarian empire would stretch from the Pacific to the Rhine. This empire would be so large in population, so fast in resources, so deep in terms of space and distance, that it would be largely impervious to seapower. It would be a tremendous base such as no conqueror ever possessed in the past.

It is strange for President Truman to seek to get out from under his own responsibility and to cover up his own betrayals of principles by charging Russia with being a threat to the world peace, while at the same time he continues to be responsible for policies toward Germany which are forcing both Germany and Europe down the throat of the Russian bear.

Mr. President, the record plainly reveals that this administration has played the role of Stalin's left hand in Europe. Furthermore, up until this moment, the record shows that neither the American people nor their elected representatives in either House of Congress have had one single word to say about the inhuman pro-Communist policies which this Administration has imposed on the German people. "Unconditional surrender," the slogan which Senator Wheeler ridiculed on the floor of the Senate in a 3-hour, unanswerable speech.

From the time the slogan "Unconditional surrender" was announced to the world in the Moscow declaration of November 1, 1943, until this very moment, the American people have been completely ignored by those who have directed the implementation of our policies of hatred and vengeance toward the German people.

The very term "Unconditional surrender" met with the almost universal repudiation of the American people, yet they could not force this administration to abandon that brutal, empty, self-defeating slogan for a constructive

American statement of peace aims. As a consequence, Mr. President, the record now shows that this very slogan itself constitutes one of the major criminal blunders in the history of American statesmanship.

In the first place, the "Unconditional surrender" slogan destroyed the American principles contained in the Atlantic Charter. In the Saturday Evening Post of March 1945, one of our most informed authorities on international affairs, Mr. Demaree Bess, wrote:

If we reread the Atlantic Charter carefully, we can see that when it was published in August 1941, it seemed possible to us then that the war in Europe need not become a continental revolution. Its comparatively mild provisions, drawn up by President Roosevelt, still pictured the war in limited terms. All during the ensuing year, our discussion about postwar Europe generally foresaw some kind of acceptable place for Germany, with no sweeping territorial change in Europe once Hitler and his Nazi system were overthrown. \* \* \*

Those critics who have been complaining that Stalin and Churchill killed the Atlantic Charter by their action in Poland and Greece had failed to observe that the Atlantic Charter was killed from the day when the three greatest powers accepted unconditional surrender in its place.

In the second place, Mr. President, there is now no longer any question but that this slogan indefinitely prolonged the war. On March 13, 1945, David Lawrence wrote:

Actually few men in Washington know what's ahead. Again and again the German will to fight has been underestimated by official Washington. The slogan demanding "Unconditional surrender" and the announcement from Yalta that portends economic strangulation for the German people for many years to come, are two factors which are constantly ignored here for the simple reason that to give weight to them is to criticize the administration here and the Allied spokesmen abroad for a blundering policy that prolongs the war.

In the third place, Mr. President, there can no longer be any question but that this slogan, "Unconditional surrender," turned loose the Soviets in eastern Europe to loot, rape, plunder, and impose their system on the nations of eastern Europe, at the cost of terrible sacrifices of American blood and treasure, following our second front in Normandy. In December 1944 issue of the Stars and Stripes a leading editorial charged:

British and Russian preoccupation with objectives other than the defeat of Germany was responsible for allied failure to achieve expectations in the United States that the war in Europe would be over by now. Since D-day in France, greater preoccupation has been shown by Russia in her Balkan and Baltic campaigns, intended to insure her security, and by Great Britain in Italy, Greece and Albania, to protect her lifeline through the Mediterranean to India than in achievement of the prime objective of our American Armies—prompt defeat of Germany.

On January 3, 1945, Dorothy Thompson also charged:

We have been unable to transform the political coalition into an entity to deal with Germany. \* \* \* The allied approach to the German problem has been to try to find a compromise between opposite



interests, instead of creating a new common interest, by creating a new world. We are unable to draft a program for a defeated Germany, because the accession of any part of Germany to any one of the allied powers means an extension of the power of one ally at the cost of another. At the bottom of our dilemma over Germany is the fear of the allied powers of each other.

How prophetic those words were in the light of what has happened since 1945. Who is to blame? The administration, Mr. President, those who are now here seeking this new \$5,000,000,000 loan to be made at the expense of the taxpayers of this country. Who is to blame? The administration, for not disclosing secret agreements to the Senate of the United States, and in my judgment making them public to the people of the United States of America, who furnished the boys, the cannon fodder, who furnished the money, but who cannot be told what is in those secret agreements.

Mr. President, it is all right to draft the boys, to line them up and kill them by the hundreds of thousands, but not to make public what Stalin, Roosevelt, and Churchill agreed to. That is a top secret. Mr. Hoffman says in his testimony, do not make public even how many of these factories we are going to dismantle.

In the fourth place, Mr. President, because of the fact that the fears of these allies of each other—back in 1945, when the allies were not trusting each other, when all those nations were afraid of each other because we were the only country that did not want anything—were the prime motivating factor in our treatment of the German problem, we actually abandoned the German underground, and thus made all hope of an internal uprising or revolution impossible, thus making impossible the emergence of any German Government with which we could deal.

In the Washington Daily News of April 22, 1947, Frederick Woltman wrote that Allan Dulles, the brother of John Foster Dulles, and the Chief of the Office of Strategic Services in Switzerland during the war, had charged:

With encouragement from the United States and Britain, leading members of the German High Command stood ready to liquidate the Nazis and end the European war. Instead, Roosevelt-Churchill high strategy ignored official reports of an organized revolt against Hitler by the German generals and important civilians and missed the boat.

As a result, the war was prolonged 10 months, with heavy casualties, especially at the Battle of the Bulge, and with an added cost of billions.

Mr. Dulles further stated:

More and more evidence is accumulating that we should have driven a wedge between the German Army and the Nazi gang and ended the war in the summer of 1944. \* \* \* But we were hamstrung by the Casablanca formula for unconditional surrender, and by the fear that Russia would run out on us if we gave encouragement to the German underground.

Both Washington and London were fully informed on what the conspirators were attempting to do, but it sometimes seemed that those who determined policy in America and

England were making the task as difficult as possible by uniting all Germans to resist to the bitter end.

Actually, Mr. President, this formula "unconditional surrender" now appears to have been designed specifically to make it impossible for Germany to surrender at all.

On December 29, 1944, Dorothy Thompson made just such a charge against this administration when she wrote:

The circumstances of the war make it impossible—exactly impossible to fulfill this demand. (For unconditional surrender.) Surrender is an act from the enemy toward ourselves. It is not surrender if we beat him flat on the ground, army by army, and city by city. That is step by step conquest, but not surrender. There are preconditions to unconditional surrender. In the German case, it involves giving up the nation, not merely the armies, to something. From the side of the United Nations, it involves creating something to which the nation as such can surrender. She cannot surrender as a whole to a whole. She must surrender herself in parts to other parts. Surrender therefore involves the denial and destruction of her own existence by herself.

Thus, Mr. President, as a consequence of this slogan, we find ourselves confronted with a situation in Europe which would be frightening enough had this administration heeded the warnings and protests against "unconditional surrender" of the American people, and had the President found some constructive policy for correcting the tragic mistakes which followed "the military annihilation of Germany as a nation." Instead, as with the war, so with the armistice and the peace, Mr. Morgenthau, and his coterie of "bloody-bitter enders" had concocted a scheme designed to make the annihilation and the extermination of the German nation and of the German people complete.

The record shows that over a year I entered into the RECORD a documentary account of the universal protest of the American people against the savage policies which this administration was following toward the German people in a speech entitled "America's Choice—Peace or the Morgenthau Plan." That record included protests from leading churchmen, businessmen, and labor leaders and organizations clear across this country.

That record of hate and vengeance against which I protested, included the refusal by this administration to make any attempt to distinguish between the guilty and innocent; the imposition of mass starvation on 20,000,000 Germans under the American flag; the singling out of Germany for special vindictive treatment; the refusal of UNRRA aid to German children while both Austria and Italy were granted UNRRA supplies; the refusal on the part of this administration to permit the American Red Cross to succor the helpless and the dying, if they were of German extraction; the refusal to permit even the Christian churches to minister relief in the name of Christ, for many long months following the end of the war; and general betrayal of American and Christian principles which re-

sulted in such revolting consequences that representatives of our leading newspapers did not even dare to report the truth, even when they were granted permission to see for themselves. Even to this moment, this particularized hatred of the German people was even incorporated into the constitution of the International Refugee Organization, which denies any aid to any Germans of ethnic origin although no such restriction applies to any other nationality or race or people.

I should like to remind Senators that there are 33,000,000 people in America of German ethnic origin. Yet the German people of Europe were singled out by the International Refugee Organization which said, "Any child on this earth except a child of German ethnic origin can be fed by this organization."

How well I remember President Roosevelt's speech in October 1943 when he said, "We are not fighting the children, we are not fighting the women, we are not fighting the old men of Germany. We are fighting Hitler, and when we defeat Mr. Hitler we are going to take care of the women, the children, and the people over there." They were not very well taken care of, were they, Mr. President, when we formed the International Refugee Organization and said to them, "You can feed everybody over there, but you cannot feed a starving little German baby."

The Red Cross can go anywhere, but it cannot help the people of Germany. When Christian churches tried to help they were not permitted to help. That is the policy of the administration, Mr. President.

The Morgenthau plan, which had been incorporated into the Potsdam Declaration, had produced such chaos in Germany, even during the first 6 months following the war, that President Truman asked Byron Price, on August 30, 1945, to investigate conditions in Germany. On November 9, Byron Price reported to the President that—

There can be no question that the vengeance of nature's God lies heavily on the German people. They are paying in kind for the unparalleled misery and cruelties for which they are responsible. There is plenty of evidence that the Germans are nursing old and new hatreds with mounting bitterness as their situation becomes more desperate.

As a consequence of Byron Price's warnings and urgent recommendations, on November 28, 1945, President Truman sent a request to the Secretaries of War and of the Navy, asking for their earliest consideration of the Price recommendations. I am informed that when this request of the President's was passed on to the military government in Germany, our advisors let it be known they wanted no change in the Morgenthau directives, and word came back from headquarters to the President that everything was going well.

Yet, when American protests continued to mount, on March 28, 1946, the allied control council issued their 3-year plan for the "Level of German Industry." This was at least the beginning of a mod-



ification of the colossally stupid Morgenthau recommendation which was released to the world on September 15, 1944, in Quebec. Let us forget, this plan would have flooded the Ruhr mines, and would have put the entire Ruhr and Saar industrial centers out of action for years to come.

Yet, because of this completely inadequate so-called agreement among the Big Four, conditions continued steadily to deteriorate in Germany and central Europe at such an alarming rate that 5 months later Secretary Byrnes made his now famous Stuttgart speech in which he called for a reversal of past American policies and promised new hope to the German people.

When on December 2, 1946, the bilateral agreement between the British and Americans was entered into we were encouraged to believe that we had turned the corner and were implementing Byrnes' Stuttgart speech, thus reversing the trends in Germany. Yet, instead, Mr. President, from our highest levels of Government down there came belated admissions that the catastrophe brewing in Germany threatened to drag the whole of Europe into chaos and communism.

The list of those who protested what was taking place in Europe has now become a long and very respectable one.

Some did not protest at first, Mr. President, but oh, how that list is growing now.

As far back as March 30, 1946, George Fielding Eliot, a former member of the infamous Society for the Prevention of World War III, who has never been known for his softness toward the German people, wrote:

It is perfectly clear that the British taxpayer cannot and the American taxpayer will not, continue much longer to support the German population or the population in the Anglo-American Zones, in idleness and misery. Nor is it conceivable that we could maintain an army of occupation and continue to accept political responsibility in a country whose population we are permitting to starve to death. Therefore, we are faced with a perfectly clear alternative: Either to withdraw altogether, in which case either the Russians will move in and take over, or a new German dictator will appear and take over, or take the necessary steps to revive the German economy on the only practicable basis which will enable the German people to earn their bread—that is, by manufacturing for export.

Those who wanted to do the best job of work, namely, the people of Germany, were not permitted by our administration to work.

On September 10, 1946, my distinguished colleague the Senator from Ohio [Mr. TAFT] charged this administration with unprincipled appeasement of Russia, and especially in our policies toward Germany, when he said:

Not only has our policy in Germany been wrong, it has been wrong, it has been futile and impossible. We have pursued contradictory policies which have only created contempt as well as hatred for America.

That is what the distinguished chairman of the Republican policy committee of the Senate said on September 10, 1946.

On October 19, 1946, the senior Senator from Texas [Mr. CONNALLY] urged

a complete change in this administration's policies toward Germany, when he said:

The industrial rebirth of Germany is necessary for Europe and the United States doesn't want to destroy that vanquished nation.

On November 3, 1946, Gen. Lucius D. Clay warned this administration, and the American people, over the Columbia Broadcasting System, that—

The minimum German economy must be restored if we are to have any lasting success in reeducating the German people to a peaceful philosophy of life and in implanting permanently the democratic processes in which we believe.

On November 22, 1946, George Meader, chief counsel for the Special Senate Committee Investigating the National Defense Program, stated in this report:

Our policy needs to be spelled out in more specific terms than it now is. \* \* \* We may be creating more problems than we solve. After the program of the "level of industry plan" has been accomplished, we may be further from peace, stability, and a high level of civilization in Europe than before the program was formulated. This is the field in which Congress was not consulted, but for which it will have to pay the bill.

On November 22, 1946, Congress was not consulted, but today they are asking us for the money. Here they are, the whole kit and kaboodle of them, from 12 different countries, with tin cups in their hands.

Mr. Meader, chief counsel for the Special Senate Committee Investigating the National Defense Program, continued:

In justice to Congress and the American people, they both should be fully and accurately informed. The committee ought to explore thoroughly and in a continuing investigation, the conduct of government in occupied areas on the part of the United States agencies. Considerable opposition has developed to the committee's investigation. In my opinion, the facts obtained in the preliminary investigation indicate clearly the need of a thorough study by the committee. Efforts which have been recently made to block this inquiry, fortify that conclusion, by raising the suspicion that there is something to hide which the committee might uncover if it did conduct the investigation.

The Saturday Evening Post of January 18, 1947, stated in its leading editorial:

The lag between the time when Americans sense that something is wrong and the time when they decide to do something about it is usually wide. True to form we have taken almost 2 years to demand that the mess in Germany be cleared up, insofar as we are responsible for it. Disquiet, first aroused by stories of looting in Germany and the persuasive ways of American soldiers with frauleins, is now felt for the whole structure of American prestige abroad and for the permanence of any contribution we may make for the pacification of the world. The popular demand is for reform.

On January 21, 1947, General McNarney called for the immediate revision of the wartime blacklist of foreign companies to permit the swift revival of German export trade, and called further for the immediate abolition of the Trading With the Enemy Act.

On January 24, according to the Washington Post of January 25, 1947, the Union of South Africa joined with Australia in demanding "A quick revision of

the Potsdam agreement to improve Germany's war-blighted economy," which it described as a dangerous potential menace to peace.

On February 21, 1947, General McNarney called for an immediate end to the Army's rule of the American Military Government, saying:

The Army, which isn't organized or trained for governmental procedure, is not the proper instrument.

On February 24, 1947, Mr. Joseph E. Evans, the Wall Street Journal's staff correspondent in Berlin, wrote, as the Moscow conference on the German treaty opened:

Germany on the eve of the conference, which is intended finally to concern itself with her problems, is a frozen chaos of disillusionment, cynicism, and despair. In the March issue of the United Nations News, correspondents cabled from Europe: After 20 months of occupation, western Germany still lies buried in social, political, and moral rubble.

On February 27, 1947, General McNarney reiterated his demand by saying:

Military officers are not equipped for military government, and the military should be a police force for the civil governor.

At the same time, General McNarney warned that the Allies had failed in their four-power rule of Germany.

On February 28, 1947, former President Herbert Hoover, after being requested by President Truman to undertake the difficult assignment of investigating economic conditions in Germany, reported:

Those who believe in vengeance and the punishment of the great mass of Germans, not concerned in the Nazi conspiracy, can now have no misgivings, for all of them, in food, warmth, and shelter, have been sunk to the lowest level known in a hundred years of western history. If western civilization is to survive in Europe, it must survive in Germany. After all, our flag flies over these people. That flag means something more than military power.

On March 2, 1947, Hanson Baldwin, one of the ablest military analysts, wrote in the New York Times:

Germany is divided and broken, slowly starving, a cancerous growth in the heart of western Europe, a breeding place for the dark philosophy of Nietzsche. There festers in her ruins the poison of fascism, the virus of communism; either totalitarianism flourishes in decadence and destruction.

On March 3, 1947, Mrs. Roosevelt, who has been one of the foremost champions of the Morgenthau plan, wrote:

All thinking people have long known that Germany has to return to a self-supporting basis. We must help Germany to build such industries as she needs for exports, since it is self-evident that we cannot expect to create in the heart of Europe a happy and democratic people unless they have hope for the future.

Again on March 24, 1947, former President Herbert Hoover reinforced his warning of the gravity of the German problem when he stated in his third economic report to the President:

At the present time the taxpayers of Great Britain and the United States are contributing nearly \$600,000,000 a year to prevent starvation of the Germans in the British and American zones alone. The drain is likely to be even greater after peace unless the policies now in action are changed. We



desperately need recovery in all of Europe; we need it not only for economic reasons, but as the first necessity of peace. There is only one path to recovery in Europe—that is production. The productivity of Europe cannot be restored without the restoration of Germany as a contributor to that productivity.

Again on April 12, 1947, Gen. Joseph McNarney warned this administration:

This concentrated population of nearly 70,000,000 must be offered an early hope for economic and political stability; if they are forced to live without hope, the inevitable consequence will be chaos in Europe followed by a rebirth of totalitarianism.

On April 28, 1947, Secretary of State Marshall confirmed all of these terrifying reports when he said:

The recovery of Europe has been far slower than was expected. Disintegrating forces are becoming evident. The patient is sinking while the doctors deliberate.

The then Secretary of State went on to say that conditions were so alarming that the United States had determined to take its own independent course of action in a last-ditch fight to prevent collapse, when he said:

I believe that action cannot await compromise through exhaustion. New issues arise daily. Whatever action is possible to meet these pressing problems must be taken without delay.

On April 29, 1947, Walter Lippmann warned the United States Chamber of Commerce that—

We stand virtually alone, in respect to money and military power confronting Russia in Europe and Asia. The British weakness, compelling her to withdraw from the Middle East will soon compel her to relinquish to the United States her commitments in Germany. There has been a steady deterioration in the world, which, if not reversed, must inexorably lead—and at no distant date—to the economic collapse of western Europe, including Britain, France, Italy, and western Germany.

On April 29, John Foster Dulles backed up Secretary Marshall's statement that this administration had determined that we not permit our independence of action to be paralyzed while the "patient sinks." Mr. Dulles stated in a radio broadcast that—

It is imperative that our two-zone merger be a success. Our joint area includes the Ruhr, which is the economic heartbeat of Europe. Today that heart is barely beating. We should, of course, invoke the aid of the United Nations whenever it can do the job. But we cannot let ourselves be stymied, merely because we cannot get agreement, or because the United Nations is not yet able to take over the full task of maintaining freedom in the world.

Then on May 8, 1947, former Under Secretary Dean Acheson declared that—

Failure of the Moscow Conference means America must push ahead with reconstruction of those two great workshops of Europe and Asia.

Mr. President, it is at this point that the American people will now be able to see the hydra-headed contradictions of this administration concerning its policies toward Germany in the form of double talk at its worst. We had been told that the time had come to change our policies. We had been assured that that change was in the process of realization.

We had been told by our highest Government officials, from Secretary Marshall down, that because we would no longer compromise American principles we could not reach any agreement with Russia at that Moscow Conference.

Yet, Mr. President, we discover that on April 28, 1947, while President Truman was shouting against communism the foreign ministers in Moscow actually signed five agreements which, in effect, pledged America's continued implementation of the very German policies which had created such chaos in Europe. Nowhere, and at no point, did our representatives at Moscow stand on, or fight for, a return to basic American principles. According to the directive of April 28, 1947, agreement was reached to continue our policies toward the German people in the following five categories: 1, Demilitarization; 2, denazification; 3, democratization; 4, population transfers; 5, prisoners of war.

Mr. President, it is unbelievable that the American people should have been led to believe that the President intended to oppose the extension of communism by taking unilateral steps to insure success in reviving Germany and Europe, while, at the same time, we were being forced to continue to underwrite policies of further destruction and degradation in Germany. Yet those secret agreements continued as the basis of our outrageous policies.

Mr. President, the secret agreements continued. When any Senator goes home, if a neighbor or friend asks him why the Congress passed this \$5,000,000,000 Marshall plan, and whether there were any secret agreements, even if that Senator is a member of the Foreign Relations Committee, he is forced to say, "I think there were some secret agreements, but I do not know; I have no idea."

That taxpayer, who has to pay the money for all these plans, then will say, "Do you mean to say that you voted for \$5,000,000,000 a year ago and \$5,000,000,000 now, and have morally committed us for roughly \$10,000,000,000 more, and yet you don't even know what the secret agreements are?"

Mr. President, what kind of representation is that in view of the secret agreements which were made long after the war?

The whole question of deindustrialization was dealt with in the Hoover report. Oh, Mr. Hoover is a great man. In a few days, Mr. President, we are going to see the majority leader rise in the Senate and say "Adopt the Hoover Report." Oh, he will tell us what a great man Herbert Hoover is. We have heard that three or four times. We have heard the distinguished Senator from Massachusetts [Mr. LODGE] tell us the Hoover report must be adopted. When a few Army engineers dared criticize some portions of it they were vilely abused.

Mr. TOBEY. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. Does the Senator from North Dakota yield for a point of order by the Senator from New Hampshire?

Mr. LANGER. I do not yield.

Mr. TOBEY. Mr. President, the chairman of the board of directors of the society—

Mr. LANGER. I do not yield to the Senator from New Hampshire.

Mr. TOBEY. Mr. President, will the Senator not do me the courtesy of yielding?

Mr. LANGER. I do not yield to the Senator at this point, I am very sorry to say to my very dear friend. I announced when I began that I would yield to no one. If I yielded to anyone, I should rather yield to the Senator from New Hampshire than to anyone else, because I like him so well. I made that statement in the beginning, and I hate to break my word. I like to keep it.

The whole question of deindustrialization was dealt with in the Hoover Report, at the request of the President, and the recommendation was made that—

We adopt at once a new economic concept in peace with Germany. We should free German industry, subject to a control commission. The removal and destruction of plants (except direct arms plants) should stop.

Yet this administration even now is continuing to destroy these industrial plants.

Certainly a continuation of these senseless policies in central Europe cannot help but drag Europe down further into the misery and want and starvation on which communism feeds.

Mr. President, in the fact of President Truman's charge that Russia is now a dangerous threat to the world and an aggressor and his demand that we must jump headfirst into an all-out offensive against communism, it is incredible that this administration should have also agreed to continue to follow out a second of the most pro-Communist policies ever devised, namely, that of denazification. I think the average Senator upon the floor will remember that upon three different occasions I rose to denounce the policy of denazification in Germany. There is no quicker way to destroy our last hope for a democratic Germany than to continue our denazification policies of the past.

In the first place, this denazification process has been based on a concept of law that is wholly alien to our own. We have proceeded on the brutal and dangerous thesis of collective guilt, and we have fastened it on the German people as a whole. For instance, in part 2 of Directive 38 of the Allied Control Council we find the following categories into which the whole German population has been divided:

1. Major offenders.
2. Offenders (activists, militarists, and profiteers).
3. Lesser offenders (probationers).
4. Followers.
5. Persons exonerated (those included in the above categories who can prove themselves not guilty before a tribunal).

Mr. President, is there a single Senator on the Senate floor today who will rise to defend any such perversion of American justice as this? Is there anyone who would champion such a system of law for the United States? In our way of life, a person is innocent until



he has been proved guilty. But under our denazification procedure, every German is guilty until he or she can prove himself innocent. It is little wonder that the Meader Report recommended that this whole question of denazification be fully explored by a congressional investigating committee.

Certainly, the American people do not know that this denazification process, by destroying what remains of German law and jurisprudence, by repeating the Gestapo techniques which completely destroy all security and makes personal liberties in Germany impossible of realization, by wiping out the middle classes, and by eliminating their potential tremendous contribution of skills and knowledge which are so desperately needed for reconstruction, has been playing directly into the hands of the Communists.

Mr. President, I desire to quote directly from another letter written within recent months by one of our highest-ranking officials in Germany:

It is unbelievable how much havoc the denazification policies are still causing.

I remember once, Mr. President, when I spoke upon the floor of the Senate, a Senator on the other side of the aisle said, "We are almost through with denazification; there are only 2,000,000 left"—only 2,000,000 left to be denazified.

Continuing, the letter says:

In some cases our best German people who have already been working for us, many, many months have been processed and reprocessed a half dozen times. Naturally, Germans hesitate to subject themselves to this kind of treatment. Furthermore, why should they move from established positions in one land to a headquarters in a strange land where they are viewed by suspicion by the local Germans and have great trouble obtaining proper living and food accommodations? A tremendous number of the most efficient Germans are still damned for having gotten on the Nazi bandwagon at some time or another.

Mr. President, the third directive in this secret agreement of April 28, 1947, was just as ominous as the two preceding.

The fourth directive which was agreed upon concerns one of the greatest crimes against humanity in all of history, a crime to which we have directly been made a party. Mr. President, under the directive titled "Population Transfers" we read:

D. The Control Council shall study further the whole question of transfers of population into Germany with a view to directing to areas best able to receive them, those populations whose transfer to Germany may be decided in the future.

It is unbelievable that American representatives should have continued to be parties to these forced mass migrations which incriminated the whole American people as accomplices in mass crimes against humanity.

Nowhere in recorded history, has such a grim chapter of brutality been written than in the account of what has already taken place in eastern Europe. Already, from fifteen to twenty million people have been uprooted bodily from their ancestral homes of a thousand years and thrown into the torment of a living hell,

to perish, or to be driven like cattle across the wastes of eastern Europe. Women and children, the old and the helpless, the innocent and the guilty alike have been subjected to cruelties which have never been surpassed, even by the Nazis themselves. Yet, we are now committed to a continuation of these same inhuman policies in the future, although the conscience of the American people cries out against such bestial practices.

At this point, it is well to remind ourselves of the charge against the Nazis, entered into the Nuremberg indictments. Count 3, section J, of the Nuremberg indictments, reads:

In certain occupied territories, purportedly annexed to Germany, the defendants methodically and pursuant to plan endeavored to assimilate those territories, politically, culturally, socially, and economically, into the German Reich, and the defendants endeavored to obliterate the former national character of these territories. In pursuance of these plans and endeavors, the defendants forcibly deported inhabitants, who were predominantly non-German and introduced thousands of German colonists.

Mr. President, as far back as November 17, 1944, President Roosevelt agreed in principle to the very procedure which is now listed as a war crime by the Nuremberg tribunal, when, in a letter to Mr. Mikolajczk, he stated:

If the Polish Government and people desire in connection with the new frontiers of the Polish state to bring about the transfer to and from territory of Poland of national minorities, the United States Government will raise no objection, and as far as practicable, will facilitate such transfer.

Certainly, the late President knew full well what he was doing, for only a few weeks later, Churchill stated in the House of Commons, on December 15, 1944:

The transference of several millions of people would have to be effected from the east to the west or north, as well as the expulsion of the Germans, because that is what is proposed—the total expulsion of the Germans from the area to be acquired by Poland in the west and the south. For expulsion is the method which, so far as we can see, will be the most satisfactory and lasting. I am not alarmed by the prospect of the disentanglement of populations, nor even by these large transferences, which are more possible in modern conditions than ever before.

Yet, Mr. President, it was the sight of the hideous suffering and brutality inflicted on helpless millions, under these arrangements, that caused Mr. Bevin to cry out during his visit to Berlin, "My God, it was the worst sight one possibly could see."

Mr. President, of those 15,000,000 persons 5,000,000 are dead.

Yet, according to the directives of April 28, 1947, we formally agreed to underwrite more inhuman brutality, misery, and death. Mr. President, is it not time that this administration should give an accounting of its policies, and answer to this further charge of betraying American principles?

Mr. President, it is high time that we also knew what arrangements were then reached to deal with the prisoners-of-war question at Moscow. This is mentioned in name only. We still do not have any clue as to what the agreement is.

But again, Mr. President, this administration has been a party to criminal betrayals of American principle, by sanctioning the revival and extension of human slavery of the white race.

We now know that at Yalta, President Roosevelt agreed to the use of German prisoners of war as human slaves under the innocuous phrase "reparations in kind," which included "use of German labor."

The New York Herald Tribune of August 8, 1945, stated editorially:

The Big Three deal on slave labor was indicated to be the outgrowth of a secret and tentative agreement at Yalta which might explain its omission from the Potsdam communiqué. \* \* \* When the Big Three opened their session at Potsdam, the British and American representatives found that the Russians, operating on the theory that the use of German slave labor had been sanctioned at Yalta, had made plans to ship German workers to Russia for reconstruction purposes. \* \* \* Prime Minister Churchill and President Truman, recognizing a fait accompli when they saw one agreed to such Russian use of slave labor.

Thus, Mr. President, two American Presidents have been parties to this betrayal of American principles. This, perhaps, might be condoned, by some who wanted to stretch their consciences all out of recognition, but the added fact that this administration has been a party to the imposition of human slavery, not only on prisoners of war, but on civilian populations as well, is an outrage which America must now repudiate, both in word and deed.

It is hard to believe that General Eisenhower himself attached his name to such a document in the name of the American Government. Yet, the record now shows that on September 20, 1945, General Eisenhower signed the following agreement:

The German authorities will carry out for the benefit of the United Nations, such measures of restitution, reinstatement, restoration, reparation, and reconstruction, relief and rehabilitation, as the Allied representatives may prescribe. For these purposes the German authorities will provide such \* \* \* labor and personnel and specialists and other services, for use in Germany or elsewhere, as the Allied representatives may prescribe.

Mr. President, I have gone into this whole matter because the question of European recovery depends so completely on what our American policy seeks to make out of what is left of the German economy. This whole record of double talking and double dealing has continued up until this present hour, and the whole question of an ultimate determination of just what our German policy shall be continues to be completely divorced from any consideration by the Congress of the United States, and from any jurisdiction whatever by the legislative branch of Government.

In spite of the fact that the record is replete with protests of good intentions by the administration, with assurances that our German policy is directed toward constructive ends, and in spite of the tremendous protest against what is actually being done, a protest that has come from every walk of life in these United States, we are continuing to



finance and to compel the recreation of totalitarian tyranny, bureaucratic control, and centralization of power in central Europe, in the perfect image of the very totalitarian evils we fought this war to destroy.

Mr. President, I want now to read into the RECORD a keen and unbiased analysis of exactly what our policies are making inevitable, from one of the leading financial magazines, the Commercial and Financial Chronicle of April 29, 1948, from which I quote:

For 15 years the real curse of the German economy has been autarchy, exchange control, and state monopoly of foreign trade. To make an end of this system and to let in the fresh air of the outside world into the stuffy German parlor is a goal to be set on top of any program of economic recovery and political education in Germany. Free trade, free exchange markets, private foreign trade liberated from the fetters of bureaucracy, free travel abroad for the German businessman—I know nothing which would be more desirable and more urgent in western Germany, nothing which would, at the same time, work more favorably on the German mind and to win it definitely for the west. It is all the more regrettable that just the opposite is happening. Instead of applying the principle of free enterprise and economic liberty to foreign trade, the Joint Export and Import Agency (JIEA) at Frankfurt is growing into the most formidable bureaucracy one can imagine and developing a system of state monopoly of foreign trade which far exceeds the National Socialist model and which, in scope and thoroughness seems to be surpassed only by the Russian system of state trading.

It is most regrettable of all that this is happening under American leadership. Anybody knowing and appreciating the ideals for which the United States, true to their great tradition, stand today in the world must be extremely puzzled by the fact, much commented on in Europe, that precisely in that part of Europe where they are prac-

tically the rulers, i. e., in western Germany the Americans are, by a formidable bureaucracy, keeping and even further developing a collectivist system which is surpassed only by the Russian. Those in Europe who share the American ideals refuse to believe that this paradox will be tolerated much longer.

So, Mr. President, I conclude as I began, with a plea for action now by the United States Senate that will lead to a restoration of basic American principles and a complete reorientation of our policies toward the German-speaking peoples. I believe the time has come for the United States Senate to take its rightful part in changing these outrageous policies, and reasserting our own right to determine for ourselves what policies we believe offer the greatest promise of realizing our hopes for a solution of the German problem, as a part of an over-all genuine European recovery, which will lead to a just and lasting peace.

Therefore I urge, Mr. President, that my colleagues support the amendment, which I send to the desk and ask to have read.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The CHIEF CLERK. It is proposed to add at the end of the bill a new section, to read as follows:

SEC. 10. Section 118 of such act is hereby amended by adding at the end thereof a new sentence as follows: "The Administrator shall also terminate the provision of assistance under this title to any participating country which hereafter engages in the dismantling of peacetime industries in Germany, or in removing any such industries or facilities thereof from Germany, or which hereafter receives any such plant or facility which shall have been removed from Germany."

The PRESIDING OFFICER. The amendment will be printed and will lie on the table.

RECESS

Mr. LUCAS. Mr. President, earlier in the day I announced that we would continue the session after 10 o'clock tonight. In the meantime a number of Senators on this side of the aisle and some on the other side with whom I have conferred requested that I stand by the original statement I made yesterday, that there would be a night session tonight which would probably run along until 10 o'clock. In view of my statement, I shall accede to the request which these Senators have made, and I now move that the Senate take a recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 10 o'clock and 5 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, April 6, 1949, at 11 o'clock a. m.

#### NOMINATIONS

Executive nominations received by the Senate April 5 (legislative day of March 18), 1949:

##### UNITED STATES DISTRICT JUDGES

Robert E. Tehan, of Wisconsin, to be United States district judge for the eastern district of Wisconsin vice Hon. F. Ryan Duffy, elevated.

William D. Murray, of Montana, to be United States district judge for the district of Montana, vice Hon. Robert L. Brown, deceased.

#### WITHDRAWAL

Executive nomination withdrawn from the Senate April 5 (legislative day of March 18), 1949:

##### POSTMASTER

Leo B. Francisco, to be postmaster at East Lansing, in the State of Michigan.



# House of Representatives

TUESDAY, APRIL 5, 1949

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Saviour of the world, who dost belong to all mankind and to each individual, consider and hear us. Thou hast done for us exceeding abundantly, more than we ask or think; blessed be Thy holy name.

This day deliver us from all narrow hopes and narrow faiths that fetter our spirit; open our eyes that we may see the best in heart and mind. O breathe Thy life-giving power into us that service may be our souls' immortal purpose and our richest achievement. No life is useless, nor its labor in vain, that lightens the burden of another, for the glory of life is to give and not to get, to serve and not to be served. In the name of the Christ, who went about doing good. Amen.

## THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

## MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On March 26, 1949:

H. R. 1870. An act for the relief of Doris Marie Richard.

On March 29, 1949:

H. R. 128. An act to provide that acreage planted to cotton in 1949 shall not be used in computing cotton-acreage allotments for any subsequent year; and

H. R. 253. An act to amend the act of June 25, 1938, relating to the appointment of postmasters under civil service.

On March 30, 1949:

H. R. 1731. An act to extend certain provisions of the Housing and Rent Act of 1947, as amended, and for other purposes; and

H. R. 2546. An act to authorize the Secretary of the Air Force to establish land-based air warning and control installations for the national security, and for other purposes.

On March 31, 1949:

H. R. 2313. An act to suspend certain import taxes on copper;

H. R. 3910. An act to extend for a temporary period the provisions of the District of Columbia Emergency Rent Act; and

H. J. Res. 203. Joint resolution to maintain the status quo with respect to the exemption from the tax on transportation of persons of foreign travel via Newfoundland.

On April 2, 1949:

H. R. 2216. An act to amend the National Security Act of 1947 to provide for an Under Secretary of Defense.

## CORRECTION OF VOTE

Mr. LANHAM. Mr. Speaker, on page 3732 of the RECORD, on the vote on April 1

on the so-called Poage substitute, I am recorded as not voting. I was present and voted in the affirmative. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

## COMMITTEE ON THE JUDICIARY

Mr. DENTON. Mr. Speaker, I ask unanimous consent that Subcommittee No. 3 of the Committee on the Judiciary may be permitted to sit during the session of the House today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

## EXTENSION OF REMARKS

Mr. RAINS asked and was given permission to extend his remarks in the RECORD and include an article from the New York Times.

Mr. BLAND asked and was given permission to extend his remarks in the RECORD and include an article on the sea-level Panama Canal.

Mr. CARNAHAN asked and was given permission to extend his remarks in the RECORD and include an editorial from the Washington Evening Star of Monday, April 4, 1949.

## SPECIAL ORDER GRANTED

Mr. YOUNG. Mr. Speaker, I ask unanimous consent that, after the disposition of business on the Speaker's desk and the conclusion of special orders heretofore granted, I may address the House for 10 minutes today.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

## CORRECTION OF RECORD

Mr. COX. Mr. Speaker, in an extension of remarks made by me on February 28, and appearing on page A1154 of the CONGRESSIONAL RECORD of that day, I used the following sentence:

Howard Ambruster, Richard Sasuly, and Bernard Bernstein are all followers of the Communist Party line and have been for years.

Mr. Speaker, since making that statement, Mr. Ambruster has been to see me, and insists that he is not in sympathy with communism, that he has been a consistent fighter of communism. Not wishing to do any injustice of any kind to anybody, I ask unanimous consent, Mr. Speaker, that I may strike the name of Howard Ambruster from the sentence, and that the permanent RECORD be changed accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

## PERMISSION TO ADDRESS THE HOUSE

Mr. YATES. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

## THE GASOLINE PRICE INCREASE

Mr. YATES. Mr. Speaker, an item appeared in last night's newspaper which seems to me to be a perfect invitation for an investigation by either the Federal Trade Commission or the Antimonopoly Division of the Department of Justice. The Socony-Vacuum Oil Co. announced that it proposes to increase the price of gasoline for the New York and New England area. If its action in the past is any guide, this rise will spread across the country within a week.

The action of this company is most reprehensible. At this time when prices of most products are coming down, when gasoline is being produced in such quantities that it is almost a glut on the market, when the profits of the industry and of this company have been enormous, there can only be one conclusion—that a monopoly does exist in the oil industry which does not permit the operation of the law of supply and demand and that this company is a participant.

This is the fantastic record of earnings for Socony-Vacuum for the last 3 years:

Year:	Before taxes
1946.....	\$75,000,000
1947.....	130,000,000
1948.....	181,000,000
	After taxes
1946.....	\$58,000,000
1947.....	98,000,000
1948.....	133,000,000
Earnings per share:	
1946.....	\$1.87
1947.....	3.13
1948.....	4.18

For the entire petroleum industry, earnings increased 60 percent in 1947 over 1946, earnings increased 67 percent in 1948 over 1947. Thus, the earnings in 1948 were 2½ and 3 times more than they were in 1946.

With these facts, how, by the wildest stretch of the imagination, can additional increases in the price of gasoline be justified at this time? When will the greediness of this company be satiated?

This unwarranted and piratical flouting of the public interest must be checked. I shall call the activities of this company and the oil industry to the attention of the Federal Trade Commis-



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

APRIL 5 (legislative day, MARCH 18), 1949

Modified and ordered to be printed

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## AMENDMENT

Proposed by Mr. FULBRIGHT to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz: On page 6, between lines 13 and 14, insert a new subsection as follows:

1       (c) Section 114 (c) is further amended by adding at  
2 the end thereof the following: "The Administrator is au-  
3 thorized to set aside a portion of the funds hereby authorized  
4 to be appropriated when deemed practicable by the Admin-  
5 istrator, and to make additional allocations out of such fund  
6 to finance the transfer of commodities and services required  
7 to carry out specific measures of mutual assistance taken by  
8 two or more participating countries looking toward the  
9 closer economic cooperation of such countries."



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**AMENDMENT**

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Proposed by Mr. FULBRIGHT to the bill (S. 1209)  
to amend the Economic Cooperation Act of  
1948.

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APRIL 5 (legislative day, MARCH 18), 1949  
Modified and ordered to be printed



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

APRIL 5 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed

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## AMENDMENT

Intended to be proposed by Mr. LANGER to the bill (S. 1209)  
to amend the Economic Cooperation Act of 1948, viz: At  
the end of the bill add a new section as follows:

1        SEC. 10. Section 118 of such Act is hereby amended  
2    by adding at the end thereof a new sentence as follows:  
3    “The Administrator shall also terminate the provision of  
4    assistance under this title to any participating country which  
5    hereafter engages in the dismantling of peacetime industries  
6    in Germany, or in removing any such industries or facilities  
7    thereof from Germany, or which hereafter receives any such  
8    plant or facility which shall have been removed from  
9    Germany.”



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## AMENDMENT

Intended to be proposed by Mr. LANGER to the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

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APRIL 5 (legislative day, MARCH 18), 1949  
Ordered to lie on the table and to be printed











the first Senator I have heard say he was a prima donna. Of course we have all known that ever since the able Senator has been a Member of the Senate.

The Senator from Illinois has a pretty difficult job on this side of the aisle, as I think perhaps the Senator from Oregon might admit. So far as cracking the whip is concerned, I wish I were able to do it, but I have never been able to do that in all my life, whether it was in the Senate or anywhere else.

Let me state the situation, briefly. Everyone knew that ECA had a dead line, on April 3, and when the distinguished chairman of the Committee on Foreign Relations brought in the bill and we took it up, I propounded the inquiry to the Senator from Texas [Mr. CONNALLY] and the Senator from Michigan [Mr. VANDENBERG] as to how long they thought it would take to pass the ECA bill on the floor of the Senate. They were of the opinion we could dispose of the bill in 3 days, and so did I. But instead of 3 days I think we are in the thirteenth day of consideration since we started debate on the bill.

The only reason the Senator from Illinois had for calling the Senate into session at 11 o'clock in the morning, and trying to hold a night session or two now and then, was that we might speed up the passage of this important bill. I believe it is the most important measure we will consider during this session, unless it may be the Atlantic Pact. I really am of that opinion because I know that in the ECA is wrapped up all the hopes of mankind for the peaceful solution of the problems of the world, and if I have been perhaps just a little overzealous in attempting to get the bill through the Senate, I think perhaps I may have had a good reason.

So far as cooperating with the minority party is concerned, the Senator from Illinois has always been able to get along with Senators on both sides of the aisle, and I shall continue to endeavor to do so. Any time the Senator from Oregon desires to criticize the Senator from Illinois for the way in which he is handling his duties in the Senate, that is his perfect right. I am not the first individual the Senator from Oregon has chastised on the floor of the Senate. That is one of the best things he does, and he does it very well. It is the Senator from Ohio one day, the Senator from Indiana the next, and some other Senator on this side the next day, and it will be some other Senator tomorrow, because the Senator from Oregon has such omniscience that he understands exactly how the Senate should be run. The Senator from Oregon is the one individual who can tell every other Senator on the floor of the Senate, whether it is on his side of the aisle or on the Democratic side, just the type and kind of schedule we should follow. The Senator from Oregon has all the answers to every question that comes before the Senate—there is no doubt about that—in his own mind. That is why he admitted he was a prima donna a moment ago in the statement he made.

Mr. President, this is my first attempt to lead a great body like the Senate. I think my patience and forbearance as ma-

jority leader have not been too bad. I have attempted in the best way I knew how, with difficult issues, to get along as fast and as expeditiously as possible, and I think it is safe to say that probably no Senate, at least since I have been a Member of the body, has had so many controversial and world-shaking problems before it as the present Senate will meet this year and next year.

Mr. President, with 15 or 20 measures on the calendar, and others to come, which involve the safety and security of the Nation, I do not believe we can continue to go along with horse and buggy speed in the Senate and expect to meet the problems which are and will be before us, both national and international. We stand before the world as the leaders of all mankind in every line of human endeavor today, and I do not believe we can afford to say that we are bound to stay here for weeks and weeks considering extraneous issues. It seems to me that some day the Senate of the United States will reach the point of amending its rules so that at least we will have a rule of germaneness, if nothing else. We must speed up the program if we are to accomplish in the eyes of America and of the world what it is necessary we should do.

Mr. President, perhaps we can not accomplish what we desire, but so long as I am in the position I now occupy I shall labor to that end, and if at times I seem to become a little out of humor, I know the Senator from North Dakota [Mr. LANGER] will not mind it, and other Senators will not mind it. But I shall try to restrain myself so far as possible.

Mr. MORSE rose.

Mr. LUCAS. I welcome the criticism of my friend the Senator from Oregon at any time, at any place, because he is the one individual in the United States Senate who can criticize. He has that reputation among us all. The Senator spoke about what goes on in the cloakrooms. I wish the Senator from Oregon could hear what goes on in the cloakrooms about him sometimes. It would not be well for me to tell it on the floor of the Senate, because I would be violating the rules of the Senate. I could not repeat what is said about the Senator. I have defended him time and again in the cloakrooms, and almost fell out with two or three of my friends on this side of the aisle in attempting to defend him.

I yield to the Senator from Oregon.

Mr. MORSE. I appreciate the courtesy of the Senator in yielding. I wish to say I think the Senator from Illinois is right regarding one rule he mentioned, namely, a rule of germaneness, and I should be glad to join with him in securing the adoption of such a rule.

As to the general nature of his comment, let me say to the Senator from Illinois that I hope he knows that resort to rebuttal by personal ridicule never proved any point, so far as the merits of an issue pending before the Senate is concerned. The suggestion I made to the Senator from Illinois was a friendly one, in the interest of trying to work out a time table which would make it possible for us to transact the people's business in orderly fashion during reasonable hours.

The Senator from Illinois is quite right when he says that probably no piece of legislation we will have in the Eighty-first Congress can compare in importance with the ECA legislation. But the ECA legislation has brought to our desks some 20 amendments—some 20 amendments, Mr. President. I have found myself in disagreement, as the record of the votes will show to date, with most of those amendments. However, they were offered by Members of this body whose sincerity is as great and deep as that of the Senator from Illinois or the Senator from Oregon, and they deserve thorough consideration.

Mr. President, the time when the Foreign Relations Committee of the Senate can bring a major piece of legislation onto the floor, lay it down and ask to have it passed in 2 or 3 days has, in my judgment, gone. From now on I think we can expect that major legislation proposed by the Foreign Relations Committee is going to be thoroughly debated.

The Senator from Illinois can resort to any sort of personal ridicule he wants to in evading the issues I have raised. I am used to it. It is the tactics of my enemies. I shall never resort to invoking the rule of order of the Senate respecting anything the Senator from Illinois or any other Senator may want to say against me. He is welcome to bring onto the floor any cloakroom discussion of me he wants to. I may say that the more of it he brings on the floor the greater assurance he will give me that in 1950 the voters of my State will send me back here to oppose the type of tactics I find the Senator from Illinois so frequently supporting.

Mr. LUCAS. I am sorry—

Mr. DONNELL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Missouri?

Mr. LUCAS. Let me take just a minute. The Senator from Missouri is rising to make a few desultory remarks, but before he does so, let me say a word in reply to my good friend from Oregon. I hope he did not think I was making any personal attack on him. The only thing I was attempting to do, let me say to my friend, was to answer him as to what he had heard about me in the cloakroom with respect to how I am running the United States Senate. If that was not, by inference or implication at least, some kind of personal attack, then I could not quite understand it. The Senator from Oregon was telling me about it, and said the time had come when the cloakroom conversation should be told on the floor of the Senate. I merely replied to him as to some cloakroom conversations I had heard about the Senator from Oregon. That is all I did. I can tell more if necessary.

So far as the election of the Senator from Oregon in 1950 goes, that does not concern me at all. I am interested in my own election, not in the election of the Senator from Oregon in 1950. Let the Senator take care of his State and I shall try to take care of mine. I do not want to make any boast concerning what I may do in 1950, such as the Senator from Oregon has made, because I have



always found the game of politics to be rather hazardous. I always run scared. I think perhaps the Senator from Oregon had better take on a little bit of the same feeling, so far as his own election in 1950 in his own State is concerned.

Mr. President, I do not know whether I shall even be a candidate. But if I am I shall take nothing for granted, regardless of what the situation is. I am not making any prophecies now as to what I am going to do in 1950. I shall leave such prophecies to the Senator from Oregon, because the Senator from Oregon, my good friend, is, from his own viewpoint, a most understanding fellow. He knows exactly what is going to happen in 1950, and he can probably tell us what is going to happen in 1952 and in 1954. I do not know why more Republicans do not confer with the Senator from Oregon on the election and other important matters.

I now yield to the Senator from Missouri.

Mr. DONNELL. I wanted to say something, which is not in the form of a question, and perhaps I had better wait and secure the floor in my own right.

Mr. MORSE rose.

Mr. LUCAS. I yield to my gracious and magnanimous friend, the Senator from Oregon.

Mr. FULBRIGHT. Mr. President, will the Senator from Illinois yield for a parliamentary inquiry?

The VICE PRESIDENT. The Senator cannot yield for that purpose.

Mr. LUCAS. The Chair rules that I cannot yield for that purpose. I must respect the ruling. I regret I cannot yield for that purpose.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. LUCAS. Yes.

The VICE PRESIDENT. The whole debate has been out of order and against the rules, because it has been a colloquy back and forth. The procedure prescribed by the rules with respect to Senators yielding for questions has not been followed.

Mr. FULBRIGHT. Will the Senator yield to me for a question?

Mr. LUCAS. I yield for a question.

Mr. FULBRIGHT. The three Senators who have just been speaking have expressed their interest in the rule of germaneness. So, since we are in agreement with respect to the subject of germaneness, I suggest that we proceed to the business before the Senate, which is my pending amendment, as modified, and defer the discussion of the cloak-room gossip until after disposition of the amendment.

Mr. LUCAS. I had the same feeling yesterday when the Senator from Arkansas took 3½ hours upon his amendment.

Mr. FULBRIGHT. That time was consumed in a discussion of the pending amendment.

Mr. MORSE. If the Senator from Arkansas will permit us to present a horrible enough example to show the need for a stricter rule on the subject of germaneness, maybe he will join with me in an effort to have such a rule adopted.

With respect to my comments on the 1950 election campaign I will say to the

Senator from Illinois that if I can only get him to come to my State and make a speech or two against me there will be no doubt that I shall be elected. He would thereby make it unnecessary for me to run like a scared rabbit.

Mr. LUCAS. The Senator from Illinois seldom goes out of his own State. I have enough trouble in taking care of the political situation there.

Mr. FULBRIGHT and Mr. DONNELL addressed the Chair.

The VICE PRESIDENT. The question before the Senate is on the amendment offered by the Senator from Arkansas [Mr. FULBRIGHT], as modified. The Chair recognizes the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I do hope we can get on with my amendment.

Mr. DONNELL. Mr. President, will the Senator from Arkansas permit me to interrupt him so I may ask unanimous consent to speak for 1 minute in regard to a reference to my esteemed friend, the Senator from Oregon [Mr. MORSE]?

Mr. FULBRIGHT. If the Senator will speak for only 1 minute, yes.

Mr. DONNELL. Mr. President, I ask unanimous consent that the Senator from Missouri may be permitted to speak for 1 minute for the purpose suggested.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will keep the time. [Laughter.]

Mr. DONNELL. Mr. President, I assume that the time has not yet started to run.

Mr. President, the Senator from Illinois referred to cloakroom remarks about the Senator from Oregon. I am not going to speak about cloakroom remarks. But I want to put in the RECORD just one word of my personal knowledge from my observation of the work of the Senator from Oregon. While on many occasions I have disagreed with him, my observation is that he is one of the outstanding men in the United States Senate. He is a man of courage, ability, integrity, forthrightness, and industry. I take great pleasure in expressing not only my friendship for him but the deepest admiration for him.

The VICE PRESIDENT. The Senator from Missouri has 3 seconds left. [Laughter.] The Chair recognizes the Senator from Arkansas.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, communicated to the Senate the intelligence of the death of Hon. ANDREW L. SOMERS, late a Representative from the State of New York, and transmitted the resolutions of the House thereon.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. FULBRIGHT. Mr. President, I do not wish to delay the Senate long. I merely want to call attention to the fact that the amendment I presented yesterday has been modified in accordance with suggestions made by certain Members of the Senate, especially the senior Senator from Michigan [Mr. VANDEN-

BERG], and that the new draft has been put on every Member's desk. The draft can be identified as being the April 5 draft. I hope that Senators will consider the amendment favorably.

Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. CONNALLY. Mr. President, I trust the Senate will not vote for the amendment, even with the sponsorship it has. I am entirely in sympathy with the purpose of the Senator from Arkansas, which is that all the countries of western Europe unify, but I do not think it is our business to coerce them to unify, or to put up our money to make it attractive for them to unify.

The committee considered the amendment carefully. While the committee did not have before it the present amendment as modified, I will say I do not think it is in the public interest to begin the sort of policy proposed by the amendment, because it will spread to other nations, and we will be called upon to make contributions from time to time to bring about the unity of certain nations. I hope that the Senate will vote against the amendment.

The VICE PRESIDENT. The question is on the modified amendment of the Senator from Arkansas [Mr. FULBRIGHT]. The clerk will call the roll.

Mr. CONNALLY. Mr. President, were the yeas and nays ordered?

The VICE PRESIDENT. The yeas and nays were ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. EASTLAND (when his name was called). On this question I have a pair with the junior Senator from South Carolina [Mr. JOHNSTON]. If the Senator from South Carolina were present he would vote "yea." If I were at liberty to vote I would vote "nay." I withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from Virginia [Mr. BYRD] and the Senator from Nevada [Mr. MCCARRAN] are absent on official business.

The Senator from Kentucky [Mr. CHAPMAN] is absent on official business at one of the Government departments.

The Senator from New Mexico [Mr. CHAVEZ] is unavoidably detained.

The Senator from California [Mr. DOWNEY] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Iowa [Mr. GILLETTE], the Senator from South Carolina [Mr. JOHNSTON], and the Senator from Georgia [Mr. RUSSELL] are absent on public business.

The Senator from North Carolina [Mr. GRAHAM] is absent because of illness.

I announce further that if present the Senator from Kentucky [Mr. CHAPMAN], the Senator from Iowa [Mr. GILLETTE], and the Senator from New York [Mr. WAGNER] would vote "nay" on this amendment.

Mr. SALTONSTALL. I announce that the Senator from New Jersey [Mr. SMITH] is absent because of illness. If



present and voting, the Senator from New Jersey would vote "nay."

The Senator from South Dakota [Mr. GURNEY] and the Senator from New Hampshire [Mr. TOBEY] are unavoidably detained. If present and voting, the Senator from New Hampshire [Mr. TOBEY] would vote "nay."

The result was announced—yeas 23, nays 59, as follows:

## YEAS—23

Brewster	Fulbright	Mundt
Bricker	Humphrey	Schoeppel
Butler	Jenner	Sparkman
Cain	Kefauver	Taft
Douglas	Knowland	Taylor
Eaton	Langer	Thye
Ferguson	McClellan	Vandenberg
Frear	Martin	

## NAYS—59

Aiken	Johnson, Colo.	Myers
Anderson	Johnson, Tex.	Neely
Baldwin	Kerr	O'Connor
Bridges	Kilgore	O'Mahoney
Capehart	Lodge	Pepper
Connally	Long	Reed
Cordon	Lucas	Robertson
Donnell	McCarthy	Saltonstall
Ellender	McFarland	Smith, Maine
Flanders	McGrath	Stennis
George	McKellar	Thomas, Okla.
Green	McMahon	Thomas, Utah
Hayden	Magnuson	Tydings
Hendrickson	Malone	Watkins
Hickenlooper	Maybank	Wherry
Hill	Miller	Wiley
Hoey	Millikin	Williams
Holland	Morse	Withers
Hunt	Murray	Young
Ives		

## NOT VOTING—14

Byrd	Gillette	Russell
Chapman	Graham	Smith, N. J.
Chavez	Gurney	Tobey
Downey	Johnston, S. C.	Wagner
Eastland	McCarran	

So Mr. FULBRIGHT's amendment, as modified, was rejected.

Mr. MAGNUSON. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 5, after section 7 (b) (1), it is proposed to insert the following new subsection:

(c) Section 112 (d) of such act is hereby amended by adding after the words "any agricultural commodity, or product thereof" the following: "or class, type, or specification thereof."

Mr. MAGNUSON. Mr. President, the amendment just submitted is proposed by me on behalf of myself, the Senator from Vermont [Mr. AIKEN], the Senator from Oregon [Mr. CORDON], the Senator from Oregon [Mr. MORSE], the Senator from Idaho [Mr. MILLER], the Senator from Idaho [Mr. TAYLOR], the Senator from Washington [Mr. CAIN], the Senator from California [Mr. DOWNEY], the Senator from California [Mr. KNOWLAND], and the Senator from Florida [Mr. PEPPER]. I may say that this group of Senators have been vitally interested in the problems relating to the citrus and deciduous fruit industries. Most of us come from the great States which have a large portion of their agricultural products involved in either or both the citrus and deciduous fruits. We have submitted two amendments to this bill, and have appeared before the Foreign Relations Committee in behalf of their adoption. Our appearance before the committee was preceded by several confer-

ences not only with the ECA Administrator but also with the Department of Agriculture and others interested in this unique problem.

At the time, the committee decided to turn down the original amendment proposed, because it included a second section which would provide an authorization of approximately \$100,000,000 for the purpose of taking care, in the ECA program, of the plight of these two industries, as well as of the dried-fruit industry.

But since then, we have had conferences with members of the committee, with the Department of Agriculture, and with the ECA Administrator; and so we have broken up our proposed original amendment into two parts. The amendment just read by the clerk merely provides that under the present ECA law, the Department of Agriculture can declare and report to the ECA Administrator any domestic production in surplus, and the ECA Administrator then, consistent with the terms of the act, will make the best attempt he can, in dealing with other countries, to have that item on the list, whether it be tobacco, wheat, or some of the other items declared in surplus.

The citrus and deciduous fruit industries are in a very unique position. The Administrator himself has so declared; and in a letter to all the Senators who have joined in the submission of this amendment, he has also stated that he feels that this industry should have some special treatment—he himself used the words "special treatment"—for the simple reason that both these industries have relied and have had historical reliance upon exports, prior to the war.

The winter pear industry, for instance, for instance, historically relied on exports to the extent of 44 percent of its production. The apple industry relied on exports to the extent of from 17 to 20 percent, and the citrus fruits industry, in some cases, relied on exports to the extent of well up to 20 percent. During the war, of course, the domestic market was good, and it was possible to take care of production. The Military Establishment was buying citrus and deciduous fruits in vast quantities. But since the war, and despite historical reliance on exports, the industry has been unable, with very rare exceptions in respect to some fruit juices which were sent abroad this year in small amount, to make contacts with the historical foreign market.

There are many reasons for that; but the trouble is that these industries themselves, unlike the wheat industry, the cotton industry, and industrial production, cannot limit production from year to year. God and nature take care of the trees, and the only way production could be limited during the shrinking market, due to the fact that the foreign trade had disappeared, would be to tear up the trees. If the trees were torn up, then there would be a 10- or 12-year period before they could produce again. It is not like curtailing a wheat crop; it is not like curtailing industrial production. Even under the laws of the States represented by other Senators and myself who proposed the amendment, though they are good laws, the trees cannot be left idle, lest, in the absence

of the application of insecticides, a spread of insects and pests should occur.

Mr. TOBEY. Mr. President, will the Senator yield for a question?

Mr. MAGNUSON. I yield to the Senator from New Hampshire.

Mr. TOBEY. As one interested in horticulture I wonder whether it is not the practice to reduce the size of the crop by thinning. I thought that practice was universally accepted.

Mr. MAGNUSON. The producers of these fruits do what they can, I may say to the Senator from New Hampshire. But, in the case of citrus fruits in my State, and in the State of Oregon, it is most difficult to curtail production. Moreover, during the war we learned new methods of controlling pests, with the result that production has been greatly increased, beyond the capacity of the domestic market to absorb. But they do what they can, realizing that their foreign market is not what it was before the war, and that it will be some time before exports will again be up to the former level which in the case of winter pears was 44 percent. That is why the Administrator himself said they should require some special treatment, and that an effort should be made—and he said he would make it—to see that contracts with the foreign markets, particularly in Europe, were maintained, to the best of his ability. There was some feeling among horticultural people—

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. CONNALLY. With respect to the amendments, the Senator from Texas was agreeable to accepting the amendment dated March 18, 1949.

Mr. MAGNUSON. Yes. That is the one I am speaking about.

Mr. CONNALLY. But now the Senator has another amendment, is that correct?

Mr. MAGNUSON. No, I do not have another amendment. I said we had intended to propose another amendment.

Mr. CONNALLY. But the Senator is not going to propose it? Is that correct?

Mr. MAGNUSON. I am not going to propose it.

Mr. CONNALLY. That is satisfactory. I have no objection to the Senator's amendment.

Mr. MAGNUSON. I appreciate, and we all appreciate the courtesy and the understanding the Senator from Texas and other members of the Foreign Relations Committee have shown about this matter. I merely want to take this opportunity briefly to explain why we are asking this kind of special treatment, which the Administrator himself admitted we should have.

Mr. President, before the vote is taken, I ask unanimous consent to have printed in the body of the RECORD a further explanation of the amendment.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

STATEMENT BY SENATOR MAGNUSON IN SUPPORT OF SO-CALLED HORTICULTURAL AMENDMENTS TO THE ECONOMIC COOPERATION ACT OF 1948

I have two amendments to the pending bill, lying on the table, which I wish to call



up at this time. Senators AIKEN, MORSE, CORDON, PEPPER, MILLER, TAYLOR, CAIN, KNOWLAND and DOWNEY have joined me in sponsoring these proposals.

The first of these amendments affects section 112 (d) of the 1948 Economic Cooperation Act; the second section 112 (f). Senators will recall that sections 112 (d), 112 (e), and 112 (f) of the 1948 act deal with agricultural commodities and were adopted last year, by the Senate as a whole, as amendments to the committee bill.

I will explain the amendments, then present the facts which justify their adoption. Both deal with problems confronted by the Nation's horticultural industry, and are prompted by the unique circumstances it faces.

As now written, section 112 (d) of the 1948 act reads: "The term surplus agricultural commodity as used in this section is defined as an agricultural commodity, or product thereof, produced in the United States, which is determined by the Secretary of Agriculture to be in excess of domestic requirements. In providing for procurement for transfer by grant to any participating country in accordance with requirements of such country, the Administrator shall, insofar as practicable and where in furtherance of the purposes of this title, give effect to the following:" The section then goes on to say that the Administrator shall give "due consideration to the excess of any such commodity over domestic requirements and to the historic reliance of United States producers of any surplus agricultural commodity upon markets in the participating countries.

Our first amendment is designed to give the Secretary additional and more refined authority in deciding when an agricultural commodity is in excess of domestic requirements. As the section now reads, the Secretary must find that a particular crop, taken as a whole, is in surplus before this section becomes operative.

Historically the horticultural industry has produced certain varieties and types of fruit for the export market. These varieties, classes, and types of fruit may be in excess of domestic requirements even though the crop as a whole may be below normal—or to put it another way, not in surplus. Let me illustrate with an example.

Prewar the apple producers, particularly in the Northwest, produced varieties especially suited for the export trade. Generally speaking, these varieties and types were not suitable for the domestic market. This year the industry has on hand approximately 2,000,000 boxes of these export specifications, even though domestic types and sizes, and in fact, the crop as a whole was 30,000,000 boxes below normal. In a normal year, producers would have on hand eight to ten million boxes under existing circumstances.

If our amendment is adopted, the Secretary could declare that these classes, types, or specifications are in excess of domestic requirements. Upon such declaration ECA would be required, to the extent consistent with the purposes of the act and the requirements of participating countries, to cooperate with the Secretary of Agriculture and the industry in devising practical steps for moving these varieties and specifications into the historic foreign markets of the industry. Adoption of this amendment will not give the horticultural industry any advantage not extended to other agricultural products. It will, as I said before, give the Secretary a more refined and realistic authority to deal with the problem.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. MAGNUSON] for himself and other Senators.

The amendment was agreed to.

Mr. MAGNUSON. Mr. President, I should like to present and have printed in the body of the RECORD a further amendment proposed by myself, the junior Senator from Vermont [Mr. AIKEN], the senior Senator from Oregon [Mr. CORDON], the junior Senator from Florida [Mr. HOLLAND], the Senator from Arizona [Mr. McFARLAND], the junior Senator from Oregon [Mr. MORSE], the junior Senator from Idaho [Mr. MILLER], the senior Senator from Idaho [Mr. TAYLOR], the from Washington [Mr. CAIN], the senior Senator from California [Mr. DOWNEY], the junior Senator from California [Mr. KNOWLAND], and the senior Senator from Florida [Mr. PEPPER], to the ECA Act, together with an explanation as to why we had hoped to obtain the extra money. I ask that the amendment be printed in the body of the RECORD at this time, together with the explanatory statement.

The VICE PRESIDENT. Is there objection?

There being no objection, the amendment and statement were ordered to be printed in the RECORD, as follows:

#### AMENDMENT

On page 5, after line 7, insert the following new subsection:

"(c) Section 112 (d) of such act is hereby amended by adding after the words 'any agricultural commodity, or product thereof' the following: 'or class, type, or specification thereof.'"

#### STATEMENT BY SENATOR MAGNUSON

Our second amendment affects Section 112 (f) of the act. This section authorizes the Secretary of Agriculture, in carrying out the purposes of ECA and clause 1 of section 32, (Public Law 320) to make payments, including payments to any government agency procuring or selling surplus agricultural commodities, in an amount not to exceed 50 percent of the sales price, as determined by the Secretary of Agriculture. In other words, suppose a particular commodity, eligible for section 32 assistance, has been declared in surplus. The Secretary, under section 112 (f) as now written, can go to the ECA Administrator and offer to pay 50 percent of the sales price of that commodity out of agriculture funds. ECA would put up the difference between the funds the Secretary provides and the sales price. This provision was written into the act last year to encourage the use of ECA countries of agricultural commodities declared by the Secretary to be in excess of our domestic requirements.

Because of the unique problem confronted by producers of horticultural commodities—apples, pears, plums, citrus, etc.—we propose to amend this section by giving the Secretary authority to make such matching payments in such amounts and in such manner as the Secretary may deem appropriate for the purposes of this section. If the amendment is adopted the Secretary could, if his judgment so dictates, pay more than the 50 percent now authorized in the act when a perennial horticultural commodity is involved. Whether the Secretary would pay more than the 50 percent will depend upon the circumstances obtaining at the particular time.

In addition, we propose to authorize an appropriation of \$100,000,000 for use by the Secretary in encouraging export of perennial horticultural commodities to the ECA countries, when and if certain classes, types, or specifications of these commodities are declared by the Secretary to be in excess of domestic requirements.

It is important to note that this authorization is for use of the Secretary of Agriculture. Any funds appropriated under the

authorization will be contained in the Agriculture appropriation bill. The authorization and any appropriation under it in no way affects the funds of ECA.

Before I outline the compelling reasons for adoption of these amendments, let me give you a brief account of what has happened to date, legislatively, on this problem.

On February 25, the cosponsors of the amendments I am discussing, introduced a related amendment which was referred to the Senate Foreign Relations Committee. The committee rejected that amendment. However, when Senator CORDON and I appeared before the committee to explain and support the amendment, we came away with the justifiable impression that most committee members recognized and were sympathetic to the problem the horticultural industry confronts. I believe the amendment was disapproved chiefly because, as then drawn, our proposal would have authorized an additional \$100,000,000 for ECA. The ECA Administrator and the committee took the position that this was an agricultural problem and should be handled within the policy and framework of existing agricultural legislation. Too, they were concerned over the possibility that acceptance of the amendment would open the door for other demands on ECA. Later in my remarks I'll demonstrate that what we now propose eliminates this basis for concern.

On Tuesday, March 8, the very day the Foreign Relations Committee was considering our previous proposals, the cosponsors and representatives of the industry met with Administrator Hoffman and Under Secretary Loveland to discuss this question. At that meeting the Administrator and the Under Secretary agreed that the problems of the horticultural industry are unique, but reaffirmed their conviction that the solution should be sought through the Department of Agriculture.

As a direct result of that meeting, our previous amendments were revised and, as I stated a moment ago, our proposal now involves an amendment to section 112 (f), which is a section in the act adopted last year—a section which deals with agricultural legislation. We have submitted the present amendments to Administrator Hoffman and the Secretary of Agriculture. I have a letter from the Administrator, saying he has no objection to the amendments in their present form, and I believe the Secretary of Agriculture will favor the amendments. I have discussed the problem with him, but he has not had time to clear a formal response.

I will now proceed with some of the facts and circumstances which warrant adoption of these amendments. We are talking here about perennial tree fruits and vine crops and their products. The latter include among others, deciduous fruits: Apples, pears, grapes; citrus fruits and the products of each. Production of these perennial horticultural crops is on a national basis. Thirty-six States are involved—all of them are interested in the national industry's export problems.

The entire perennial horticultural industry has by industry-wide deliberation and resolution considered the export problem and informs me it supports the amendments which we have introduced and believe they offer the best solution.

The prewar dependence of the industry upon export markets is a factor which cannot be conscientiously overlooked by the Congress. All United States perennial horticultural products are affected directly or indirectly by the availability of foreign markets. Some segments, prewar, exported between 40 and 50 percent of their average annual production. The loss or severe restriction of the opportunity to trade abroad has, therefore, under normal crop conditions created a corresponding oversupply within the United States, which is not surplus produc-



tion as the term "surplus" is generally applied.

Before the war, exports of United States horticultural products ranked first in all United States food exports and third in all agricultural exports. Exportation was exceeded only by cotton and tobacco. In fourth place came wheat and flour. Tobacco, cotton, and wheat and flour are under existing compulsory price-support programs, pursuant to the mandate of Congress—horticultural products are not. I have no criticism of the fact that the other three products enjoy compulsory price support—as a matter of fact, I have consistently supported legislation to give them this stability.

May I reemphasize? Prewar the horticultural products covered by the amendments we are proposing ranked first in all United States food exports and third in all agricultural exports—exceeded only by cotton and tobacco and followed in fourth place by wheat and flour. With this in mind, let's see how compulsory support programs have affected each of these top four agricultural commodities on the export list. I find the situation as follows with respect to support commitments which have been made by the United States Department of Agriculture, and the Commodity Credit Corporation for the fiscal year 1949, up to and including February 1, 1949. These commitments include nonrecourse loans, purchase agreements, and direct purchases. Commitments for cotton, first on the prewar export list, totals \$684,067,084, for tobacco, second on the export list, \$89,539,509; for perennial horticultural crops and products, third on the list, none; for wheat, fourth on the list, \$687,227,050. Thus the vast national perennial horticultural industry stands alone in the notable absence of compulsory price support assistance.

Now let me present to you the participation of these four commodities in the ECA program between the dates April 3, 1948 and February 28, 1949. Cotton has participated to the extent of \$358,300,000; Tobacco, \$116,700,000; horticultural crops and products, plus edible nuts, \$14,500,000; Wheat and flour \$490,400,000. Most of the \$14,500,000 for horticultural products represents purchases of dried fruits or concentrates. As a practical matter, not \$1 of this \$14,500,000 has been used for the purchase of fresh fruits. Yet, prewar the Marshall plan countries provided a yearly market of over \$85,000,000 for crops we are discussing—a yearly market for 40 percent of our total dried fruit production; 44 percent of our fall and winter pears; and 28 percent of our apple production.

Here then is an industry, affecting 36 States of the Union, which stood third on the prewar list of Agricultural exports; yet has had no direct price-support assistance and insignificant participation in the ECA program.

The United States horticultural industry generally has not sought direct price-support classification. It contends to do so only if less costly programs fail to solve its problems. As I have said, these problems largely arise from the unavailability of historic export markets and the lack of opportunity further to develop foreign business during the current period of dollar shortage abroad. The industry feels that the opportunity to recapture its foreign business will go a long way toward attaining the results it so sorely needs. Therefore, from this point of view also, we are not dealing with the problem of ordinary "surplus" disposition.

The industry wants to settle its difficulty by itself, to the greatest extent possible. However, since United States international trade has temporarily yielded to direction from governments, it has no alternative but to come to the Congress. The industry comes to us with these three requests:

First. A request for financial assistance which must seem modest in the light of figures I have already quoted.

Second. A request which is designed to preserve the industry's foreign markets in the interim, so that when world trade improves and the dollar shortage eases, the industry can remove itself from dependence upon Government funds.

Third. A request which conforms precisely to the legislative pattern already established for assistance to agricultural exports by the Congress.

It seems to me eminently clear that if we supply a helping hand promptly to this industry—which is of such great importance to the national economy, which is well-deserving, and which cherishes an attitude of self-dependence—our assistance will be far less costly than would be the case if help should be withheld now, and the industry were forced later to come to us after irreparable damage has been done to its capital structure.

The sum we seek to authorize is comparatively modest. It is for the specific purpose of assisting the industry to maintain its foreign business. This authorization is small compared to what may be required should the industry be forced to request mandatory price-support classification for its entire production. In the latter instance, we could not consistently withhold our approval, as long as other agricultural commodities are so supported. Thus it seems to the sponsors of these amendments that in the long run substantial sums of money will be saved for the Government by timely action now.

I mentioned earlier, that in regard to our previous amendment, the Foreign Relations Committee expressed the fear that adoption might open the door to a flood of demands by other producers for inclusion of their products in the ECA program. I do not share this fear, first, because the amendment now before us places primary responsibility in the Department of Agriculture and second, because there are five separate characteristics of the perennial horticultural industry which definitely set it apart from the other prospective claimants. These five characteristics do not exist in combination in any other agriculture or manufacturing industry. The horticultural industry position, therefore, is unique.

Here are these five distinguishing characteristics:

First. The export market is a normal market, painstakingly developed over the better part of a century as an integral part of a domestic and world-wide distribution system. The populous markets of Europe; for instance London, Paris, Rotterdam, Stockholm, etc., have been as equally depended upon as have been the markets of New York, Chicago, Detroit, Houston, Los Angeles, and San Francisco, etc. In short, foreign distribution is the industry's bread and butter. Varieties and acreages were set out exclusively for the export market. The production of export specifications, therefore, is unavoidable.

Second. The horticultural industry cannot possibly control production short of destroying its capital investment beyond repair. Production can be reduced only by destroying trees which take 8 to 14 years to replace. Therefore, uninterrupted distribution in normal world markets is essential. Perennial production is a constant procedure. Trees cannot be untended; for untended orchards become sources of infestation and, as such, must be destroyed under State regulations. Annual producers can reduce acreage or shift to other crops. Manufacturers can shift to other products or cut down overhead. Perennial crop producers can do neither—actually they are required to think in terms of decades.

Third. There is a known demand and need in world markets—Europe and elsewhere—for United States horticultural products. In the break-down of the initial requests of the countries which are now participating in OEEC, those countries indicated

their requirements for 337,000 metric tons of United States fresh fruits and 121,000 metric tons of United States dried fruits during the first year of ECA operation. Commercial sources confirm this demand and need—yet actual participation in the first year of ECA fell far short of the industry's export need—some perennial horticultural products having been eliminated entirely.

Fourth. The industry is in danger of losing its export market permanently if assistance is not forthcoming. The products can ultimately be supplied from other world sources which cannot ordinarily compete. Such producers will take over the markets irretrievably if United States producers of perennial horticultural crops and products are frozen out for long. Official reports show that a series of bilateral agreements have already been concluded for the export of apples to other European countries by Switzerland—a hard currency country—and even by Yugoslavia, which is outside the OEEC structure.

Fifth. Being nonmandatory for price support, the industry has no other place to go for adequate export assistance, except to Congress, under today's international trading conditions and during this period of dollar stringency abroad.

The foregoing five combined criteria establish clearly the uniqueness of this industry's position and define clearly the need for special handling which is the purpose of the two amendments which my colleagues and I have introduced. These amendments, as I have said, are drawn to conform to the accepted legislative pattern for assistance of agricultural commodities needing help in foreign markets.

The question may be raised: "Is it appropriate to include these two amendments in S. 1209?" That question can be answered in the affirmative for the following reasons:

First. The amendments do not alter the basic character of the act. On the contrary, they fall squarely within the present purposes and tenor of section 112 of the act. Section 112 (f) already provides for export subsidies from agricultural funds and even legislates concerning these funds. All these amendments seek to do is clarify the position of the national perennial horticultural industry within this established framework.

Second. The amendments do not require the ECA Administrator to finance any additional payments not directly related to European recovery. The authorization of \$100,000,000 is for the use of the Secretary of Agriculture. It will not even be considered in the ECA appropriation bill and, therefore, cannot dilute ECA budgeted funds or interfere with ECA policy.

Third. Although the proposed funds will come from agricultural sources, it is still essential ECA handle the mechanics. ECA is the dominating factor in United States foreign trade and ECA already has the facilities for dealing with the problem. The Department of Agriculture is not equipped to handle the operation of export payments to the extent required and, even if the Department could be so equipped, it would not be desirable to have another Department duplicating the functions of ECA in the area where ECA is predominant.

Fourth. The use of private channels of trade is essential for the most efficient handling of the export trade of the perennial horticultural industry. ECA has a congressional mandate to use such private channels of trade to the maximum possible extent. On the other hand, the Department of Agriculture has no mandate of this type and no machinery to use private channels of trade.

Fifth. Like the present section 112, the amendments do not require the Administrator to use any commodities. Funds, however, will be in the hands of the Secretary of Agriculture, for use if the participating countries request these products.



Sixth. The furnishing of these commodities can only assist the recovery of Europe. Fruit is an extremely valuable article in the diet, and of particular importance as an incentive product.

To summarize: The first amendment permits the Secretary of Agriculture to differentiate between typically domestic and typically export varieties, classes, and specifications of agricultural products in deciding whether the supply is in excess of domestic requirements. The second amendment authorizes an appropriation to the Secretary of Agriculture of \$100,000,000 for use in carrying out the purposes of section 112 of the Economic Cooperation Act; section 32, Public Law 320, and other pertinent agricultural legislation as applied to perennial horticultural commodities.

If adopted, these amendments will be of tremendous assistance to this industry which has had a very heavy historical dependence on foreign markets. Unless the industry is enabled to reenter the foreign markets it consciously and systematically developed in prewar years, it faces the grim prospect of seeing its outlets pre-empted by other producing nations, with consequent irreparable damage to its capital investment.

I reiterate that the ECA Administrator agrees that the problem of this industry is unique, that the Under Secretary of Agriculture at our March 8 meeting shared that view—ECA interposes no objection to the amendments and I believe the Secretary of Agriculture would favor their enactment.

Although they are related, the amendments should be acted upon separately. I urge the adoption of both proposals.

Mr. MAGNUSON. I yield to my distinguished colleague the junior Senator from Washington [Mr. CAIN].

The VICE PRESIDENT. The junior Senator from Washington desires recognition in his own right.

Mr. MAGNUSON. Mr. President, I wonder if the junior Senator from Washington will yield to me for a unanimous consent request, without losing the floor.

Mr. CAIN. I understand I am not permitted to yield for that purpose, except by unanimous consent.

The VICE PRESIDENT. Unanimous consent is requested. Is there objection? The Chair hears none.

Mr. MAGNUSON. Through inadvertence, the name of the junior Senator from Florida [Mr. HOLLAND], was not included in the amendment I offered. Also, the name of the junior Senator from Arizona [Mr. McFARLAND] was inadvertently omitted. Both Senators have been very much interested in the matter. The amendment was prepared hastily. I ask unanimous consent that the names of the junior Senator from Florida [Mr. HOLLAND], and the junior Senator from Arizona [Mr. McFARLAND], be included with myself as the proposers of the amendment.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. CAIN. Mr. President, on behalf of the Senator from New Hampshire [Mr. BRIDGES] and myself, I send to the desk an amendment dated April 4, 1949, lettered "A," and ask for its immediate consideration.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 5, line 16, it is proposed to strike out all after "1949", through page 6, line 13, and insert in lieu thereof the following: "to-

gether with such sums as the appropriations committees of Congress shall recommend, and the Congress appropriate, for the fiscal year ending June 30, 1950."

Mr. CAIN. Mr. President, I wish to make a brief statement concerning the amendment to S. 1209 which I offered last Saturday, April 2, for the Senator from New Hampshire [Mr. BRIDGES] and myself. Since it was offered the amendment has been perfected.

Mr. President, what this amendment does is this: It leaves untouched the amount authorized to carry the ECA up to June 30 of this year, 1949, but it strikes out the authorization for the coming fiscal year leaving to the Appropriations Committee the task of naming the exact sum.

Mr. President, the necessity for this amendment has been brought out sharply by two very striking developments during the course of debate on this bill.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Texas for a question?

Mr. CAIN. I am glad to yield.

Mr. CONNALLY. The matter is left to the Appropriations Committee, not the Committee on Foreign Relations, is it not?

Mr. CAIN. It is, indeed.

Mr. CONNALLY. I thought the Senator spoke of the Foreign Relations Committee.

Mr. CAIN. The senior Senator from Texas has made it very clear that the authorization now before the Senate is not binding upon the Appropriations Committee.

Mr. CONNALLY. That is very true. It is merely a ceiling.

Mr. CAIN. The Senator has made that clear on many occasions.

The first development is this: The chairman of the Foreign Relations Committee has reiterated that the Appropriations Committee is free to alter the figures, to cut down the sum asked for below the authorization ceiling—page 3324, CONGRESSIONAL RECORD, March 28—the Senator from Michigan has repeatedly said the same thing:

The Foreign Relations Committee very frankly said that it felt that some readjustment in the ECA figures might prove to be justified by changed conditions as demonstrated by intervening events since the estimates were originally prepared. We held open the ultimate appropriation and urged a new and independent scrutiny by the Appropriations Committee as a basis for ultimate and final Senate action. (P. 3765, CONGRESSIONAL RECORD, April 1).

Other Senators have emphasized this fact. The authorization figures are not sacred. They are not sacrosanct. In a word, Mr. President, the sum to be appropriated is subject to alteration. There is no dispute on this point by anyone who has participated in the debate.

Mr. President, if the sum is not sacred, why name the sum needed for the next fiscal year at all? Why not leave the matter entirely to the Appropriations Committee? To bring that about is exactly what the amendment offered by the Senator from New Hampshire [Mr. BRIDGES] and myself propose to do.

The importance of this amendment, the necessity for it has been reinforced by the second development of this debate. It is this: Ample data have been submitted on the floor of the Senate to show that aid to Europe is desirable and that the administration has told a very confused and contradictory story about what is actually being done in Europe.

Last Saturday, Mr. President, Mr. Hoffman, the ECA Administrator, issued a statement saying, "Complacency at this point in the program would be disastrous."

Complacency, Mr. President? No complacency has been exhibited on this floor. On the contrary, Senators on both sides of the aisle, Senators who support European aid, have bitterly complained about the lack of clear and coherent information. In my remarks last Saturday I went into great detail about the contradictions between the interim report of the OEEC and the testimony offered by many of the administration witnesses in committee hearings.

Mr. President, I am not opposed to European aid. I am in favor of it. Many of the bitter complaints come from Senators who are as much in favor of European aid as I.

As one who supports the general proposition of European aid—and my votes on the issue prove it—I submit that the questions we have asked have got to be answered and that the only place where we shall get the answers is in the Appropriations Committee. This is a very critical business and I think it would be outrageous if the Senate were to so act as to hobble the Appropriations Committee in any way. The Senator from Ohio has offered more than enough evidence to show that last year a public storm was raised and the Appropriations Committee was placed in a hopelessly unjust position when it came to examine the amounts requested. Mr. President, if the authorizations are not sacred—and numerous members of the Foreign Relations Committee have said again and again and again that they are not sacred—why should we be a party to misleading the public again? Let us say clearly and bluntly to the public: "Yes, we favor European aid. Yes, the Appropriations Committee must decide, and we propose to leave it to them, without any hindering action on our part."

That is exactly what this amendment will accomplish, and I earnestly urge Senators on both sides of the aisle who feel as I do, that we must continue European aid and that we must also have much more information than we now have, to support the amendment.

The amendment safeguards the proposition of European aid itself and simultaneously safeguards the Appropriations Committee in the burdensome task that awaits it. Surely, Mr. President, we owe this duty both to ourselves and to European recipients of our help. With this amendment no harm whatever is done to the great project upon which we have embarked; it is, if anything, strengthened immeasurably by the support and confidence which we give the Appropriations Committee.



Mr. President, I hope that the amendment will be adopted.

Mr. BRIDGES. Mr. President, more than 10 days have gone by in discussion of the bill for the extension of the European aid program, Senate bill 1209. I do not wish needlessly to prolong this discussion, but there are a number of points which should be emphasized, for they involve considerations of paramount importance.

The Senator from Washington, in his address following the offering of the amendment offered for himself and the senior Senator from New Hampshire, discussed in detail the sharp contradictions between the statements of the Europeans themselves—as presented in the OEEC interim report—and the testimony of numerous witnesses before the Foreign Relations Committee. I do not intend to retrace the Senator's analysis. I will simply say that the drafters of the European report seemed frankly skeptical that the Marshall plan countries could, within 4 years, reach the goals they had set for themselves without unparalleled resolution and determination. Further, the OEEC report implied, though it did not say, that it was doubtful if such resolution and determination would be forthcoming. No such picture was presented before the Senate Foreign Relations Committee. I do not want to overdo this matter of anxiety on the part of the drafters of the OEEC interim report. I do say that no disinterested person could read that report without coming to the conclusion I have stated.

I was much struck by some remarks made by the senior Senator from Michigan [Mr. VANDENBERG] during the course of the debate. He said:

One evening a few months ago I had the privilege of sitting with the high council of the OEEC. The council consisted of the top economic experts from various countries. They very frankly said that evening that in 1952 the participating countries probably would fall \$2,000,000,000 or \$3,000,000,000 short of the objective—almost the same figure the Senator is quoting. Therefore, I think the figures probably are sound.

The thing of great interest to me that evening was, first, that the figures were being frankly produced by the beneficiary countries themselves; secondly, that they were being frankly recognized by the beneficiary countries; and, third, but most impressive of all to me, that the figures were being developed not for the purpose of substantiating any supplementary claims for additional current aid or subsequent aid after the conclusion of the plan, but for the purpose of bringing home to the cooperating countries themselves the fact that they were not yet sufficiently in self-help gear to reach the target. I think it was greatly to their credit that they produced the figures, and even more to their credit that the purpose of their production was to inspire a still further effort of self-help in the direction of reaching the target.

Mr. President, with all due respect to the Senator from Michigan, I think that the revelation of these figures by the OEEC technicians is of much less importance than he implies. Does the fact that the OEEC people revealed the figures necessarily mean that the governments of western Europe are determined to carry out the good advice their own

technicians in the OEEC have given them? I do not think so. So far as I have been able to discover in my examination of the materials, the technical body of the OEEC is in a very strange fix. It appears to consist of able men. I might say able men who see clearly what their governments ought to do and have a distinct foreboding that those governments are not going to do it. As I look through this OEEC report I get the impression that in a sort of indirect way the OEEC technical people are saying to us: "For God's sake, America, put on the pressure. Put the pressure on Europe, for if you do not, this Marshall plan scheme is going to fail."

Now, Mr. President, we are in this position: We have undertaken a program for the rehabilitation of western Europe, and we are uncertain of just what the score is after the first year's operation. Yet we are committed to the enterprise. This is hard, Mr. President. We have undertaken the program and simultaneously we have an unsatisfactory annual report. I am aware that the ECA speaks in glowing terms of its accomplishments, but the real underlying facts are unsatisfactory in respect to information on long-range plans, economic integration, and joint action.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. VANDENBERG. Mr. President, before the Senator leaves that portion of his speech in which he has referred to my observations regarding the consultants of OEEC, I ask him to allow me to reiterate my own conclusion as to the figures submitted by them with candor, that they impressed me with their anxiety to see to it that their own countries still further tighten their belts, still further submit themselves to the necessary austerities in order to reach the objective in 1952. I ask the Senator to let me leave that emphasis upon the quotation, because otherwise I think it would be very unfair to those gentlemen who impressed me with their determination to live up to the prospectus we have written.

Mr. BRIDGES. I thank the Senator.

Under these circumstances, Mr. President, we have only one recourse, and that is to see to it that the Appropriations Committee be given every advantage and assistance when they come to take up the problem of European aid for the next fiscal year. I say that the committee will be seriously hindered and not helped if a predetermined figure for the coming fiscal year is fixed in the bill.

The Senator from Washington has pointed out how the Senator from Texas and the Senator from Michigan, both members of the Foreign Relations Committee, have reiterated during the past few days that under no circumstances are members of the Appropriations Committee bound by authorization figures.

They are not the only ones who have stated this. Three members of the Appropriations Committee have said the same.

Listen to this exchange between the Senator from Virginia [Mr. ROBERTSON] and the Senator from Massachusetts

[Mr. SALTONSTALL] on April 1, that is, last Friday, as it appears in the RECORD of April 1 at page 3746:

Mr. SALTONSTALL. The Senator from Virginia is a member of the Appropriations Committee, as am I. I do not understand that by voting for this authorization—whether we vote for it in the full amount or in the amount provided by any of the amendments—we shall be binding ourselves in any way when this question comes before us in the Appropriations Committee, as to the final amount which we shall then, as members of that committee, vote to have the Senate appropriate. Is that a correct statement?

Mr. ROBERTSON. That is absolutely correct.

Let me repeat one other statement made on the floor by a member of the Appropriations Committee. The witness in this case is the Senator from Michigan [Mr. FERGUSON]:

Mr. FERGUSON. As a member of the Appropriations Committee, I am glad that the chairman of the Foreign Relations Committee and my colleague from Michigan, the ranking Republican member of that committee, have stated upon the floor that the amount set forth in the bill as a ceiling is only for the purpose of authorization, and that in their opinion the Appropriations Committee has full authority—which we all know it has under the rules of the Senate—to pass upon the items in the appropriation bill \* \* \* As a member of the Senate Committee on Appropriations, I believe that that committee will perform its duties fully when the appropriation bill comes before it. I am satisfied that the burden of proof should be upon those who ask for the appropriation, and that the amount fixed as a ceiling in the authorization bill is not necessarily the amount which must be in the appropriation bill which will be reported to the Senate.

Identical sentiments by other Senators have been expressed during the debate, but I shall not quote further.

All hands agree that the Appropriations Committee is not bound. Very good. Why, then, insist upon an authorization for the fiscal year ending June 30, 1950? Far from insisting upon this authorization figure, there are two very powerful reasons why such an authorization figure should not be included.

The first reason is that many of us feel that the full and clear story has not been told, and that to set an authorization figure on a cloudy and befogged proposition is a serious mistake. The great doubt that has assailed many of us is that the program may turn out in the end to approximate a relief program. We want this doubt resolved and changes made if necessary.

The second reason is that we know from bitter experience what happens when the Appropriation Committee undertakes appropriate action. Senators on both sides of the aisle, Senators who have been given the heat and high pressure treatment, can testify to what happened last year.

As the Senator from Georgia [Mr. RUSSELL] said last Friday, quoting from the RECORD for April 1, at page 3775:

Senators have been beguiled with the argument that we should pass this just as it is, and then submit the matter to the Committee on Appropriations, that an authorization is not final, that the Committee on Appropriations will scrutinize the program, and that they will then make reductions, but that reductions should not be made now.



Mr. President, as one who has served on the Committee on Appropriations during the entire time these huge sums have been voted for these foreign aid programs, I wish to say that those who make that statement can tell that to the marines, but they need not undertake to tell it to me \* \* \*. When it was proposed to touch the appropriations and reduce them in any amount, a veritable avalanche of protests and abuse was leveled at the Committee on Appropriations.

Mr. President, it has been suggested in a sort of way that the Appropriations Committee should, with sublime fortitude, ignore all clamor and do its duty. I would say that that sentiment also may be told to the marines but not to me. Where is the sense in it? From a practical point of view it amounts to tying the committee hand and foot ahead of time and then saying, "Now if you are really intelligent and ingenious you can get yourself untied and then go ahead with your appointed task."

That is nonsense, Mr. President. The job of the Senate is to aid the Appropriations Committee, not to cripple it.

Mr. President, I want to point out as forcibly as I can that the purpose of the amendment offered by the Senator from Washington [Mr. CAIN] for himself and the Senator from New Hampshire. The purpose is not to force cuts in the appropriation.

The reason for the amendment is the clear doubt which has been raised about what is really being accomplished in carrying out the program. I say here and now that what is desperately needed is a thorough overhauling of the entire program by the Appropriations Committee, and the demonstration beyond a shadow of doubt that we are financing fundamental reconstruction and not wholly relief.

I think the Senator from New Jersey [Mr. SMITH] earlier said that the program to date had been about 80 percent relief. I voted for this program, I supported it, as a rehabilitation program, and I should like to know if the program, which has been 80 percent relief to date, is being molded into a rehabilitation program.

I might say at this point that I should think the Senator from Arkansas would support me in this plea with enthusiasm and vigor. The Senator from Arkansas has publicly stated that he is disturbed about the program, that he fears it may turn out to be a relief program and not a step toward the unification of Europe. I will say to the Senator that if the Appropriations Committee makes the investigation I propose, his doubts will be dissipated. He will know, for better or worse, exactly what the present program does promise.

An examination of the amendment may raise the question as to why the authorization for the interim period—that is, from now to June 30 of this year—is left untouched. The reason for that is simple. There is not time to deal with the matter. We do not want to halt European aid; we do not want to see this enterprise brought to a dead stop. But the authorization for the coming fiscal year is another matter. We want to see this European project proceed, but we are determined to get the

facts before we vote appropriations for the coming year.

I have spoken of the outburst against the Appropriations Committee last year. A quick survey of the reporting of the ERP this year reveals that the same sort of situation is building up. There is a very strange side to this, Mr. President. There is a widespread feeling in the country that we ought to give aid to Europe. But in many quarters there seems to be likewise an idea that once we decide to give aid, it does not matter very much what the aid is. The publicity releases of the ECA seem to be regarded as statements of fact, issued from on high.

Mr. President, I think it matters very much what sort of aid we give. I am for this European aid program. I was for it last year; I am for it today. But I do not propose to accept ECA releases as though they were Holy Scripture. I say, Mr. President, that the ECA has given us reason to probe into the story as it has been presented, and to get the full picture, which is so desperately needed.

One would never guess from the papers during the past 2 weeks that there were Senators trying to get light on a befogged issue. No. What we get are statements that the debate is droning along, that the administration is somewhat upset because of the delay. We get implications that obstructions are being put in the way. In no circumstances, Mr. President, do we get an inkling that there may be something wrong with the European recovery program itself, or that it should be further examined and thoroughly scrutinized.

The Senator from Connecticut [Mr. BALDWIN] said on April 4 during the course of debate, as appears in the RECORD for April 4, page 3862:

It appears to me that the more we go into this matter and the longer we continue it the more careful we must be in its administration, because it is not going to be helpful to the whole program, in the long run, if we stand idly by and see all sorts of exceptions and discriminations and inequities worked, while we merely shrug our shoulders and say, "Nothing much can be done about it."

I can certainly say "Amen" to those sentiments.

Mr. President, I do not see how, considering the mass of contradictory testimony that we have heard, the Senate can vote intelligently on this bill.

I wish very explicitly to state that I am not satisfied with the reports I have examined, the testimony before the Committee on Foreign Relations, and I know many others who are not satisfied. I want the Committee on Appropriations to have a completely open road in the matter of appropriations.

I realize that the distinguished Senator from Texas [Mr. CONNALLY] and the distinguished Senator from Michigan [Mr. VANDENBERG] have made very clear in this debate that the amount mentioned is a ceiling, not a mandate to appropriate the specific amount, but I am familiar with the processes of the Committee on Appropriations, having seen the terrific pressure that is placed upon

the members of that committee to appropriate up to authorization acts.

For instance, last year one of the items in the general bill which I remember particularly was the International Children's Emergency Fund. The objective of the fund was certainly a fine one. But the money was largely spent in countries beyond the iron curtain. Information had come to us that the money was being used in some cases by the Communist governments to maintain themselves in control, and that the boys and girls and the little babies of men and women who had the love of freedom in their hearts and the instinct and inclination to protest against dictatorship and Communist rule, were being discriminated against.

I took the leadership in the committee, of which I was then chairman, to cut down the amount. As the result of my action on the floor of the Senate I took some of the worst abuse to which anyone has been subjected here. I did not attempt to kill the provision. In conference we compromised on \$35,000,000. Nevertheless, because the amount of \$60,000,000 had been authorized, the pressure was terrific on members of the Appropriations Committee, and the abuse we received was terrific.

Similar experience has been had in connection with other items. For instance, last year in connection with this subject, the Appropriations Committee cut the authorized amount from \$4,245,000,000 to \$4,000,000,000, or a cut of \$245,000,000. In the bill we appropriated \$20,000,000 to Trieste. We cut the International Children's Emergency Fund from \$60,000,000 to \$35,000,000. That figure was arrived at in conference. We cut the assistance to Greece and Turkey from \$275,000,000 to \$225,000,000. We cut the assistance to China from \$463,000,000 to \$400,000,000. Those were the final figures arrived at in conference. Then for the armed services, for relief in the occupied territory, an item which was contained in the bill, we cut the amount from \$1,400,000,000 to \$1,300,000,000, or a cut of \$100,000,000. In that sum of \$503,000,000, \$245,000,000 was strictly for ECA. I do not think the cuts we made hurt anyone.

I might say that was done after several weeks of very, very long-drawn-out hearings. Let me point out, that in order not to hold up action on ECA we began the hearings long before the bill was passed by the House. Appropriation bills, as the distinguished Presiding Officer knows, originate in the House of Representatives. Before the House of Representatives had more than barely started their hearings, I, as chairman of the Senate Committee on Appropriations, began our hearings. We sat week after week. We went into many, many details. Then, after having sat week after week, and examining the situation very thoroughly, great pressure was brought to bear upon the individual members of the Appropriations Committee to place in the bill the full amount authorized, to disregard our weeks and weeks of hearings, during which we had sat for almost countless hours. In other words, pressure was brought upon us to throw all that into the discard. The



vote in the committee, as the result of that pressure, was very close. At one time the committee had actually voted to report the full amount. Then, as the result of reconsideration an intelligent job was done in working out the requested amounts.

The amendment proposed by the Senator from Washington [Mr. CAIN] and myself is not aimed at arbitrary cuts. It is aimed at giving the wildest latitude possible to the Appropriations Committee of the United States Senate when it goes into this matter in full-dress examination. Its purpose is to provide that we shall not be bound or handicapped by the top figure which the distinguished Senator from Texas [Mr. CONNALLY] and the distinguished Senator from Michigan [Mr. VANDENBERG] say is the ceiling. I recognize that as the ceiling, and I am very glad they have gone as far as they have in pointing out very emphatically to the Senate that it is a ceiling. But in turn, what I want to say is that regardless of whether it is a ceiling, many people accept it as a mandatory figure. Therefore we propose to give the Appropriations Committee full determination of the amount, after a very careful survey is made. It will require, in my judgment, several weeks to make the survey and to hold the hearings. Thus, the only plausible, the only sound thing to do is to adopt the amendment proposed by the Senator from Washington and myself to the bill. I hope that may be done, Mr. President.

Mr. MALONE. Mr. President, first I want to give my approval to what the distinguished Senator from New Hampshire [Mr. BRIDGES] has said that once projects are authorized by Congress it is taken for granted by the people who are to benefit from the projects that the money so authorized will be appropriated. In other words, they believe the appropriation following the authorization is simply a matter of form. I want to say that I approve the amendment.

First, Mr. President, evidently either the Foreign Relations Committee did not have full information respecting the 88 individual trade pacts and agreements the beneficiary nations have made from time to time with Russia and with the countries behind the iron curtain, or they have not made such information available to the Senate. They evidently also have not had full information as to the disposition of the moneys given to those countries under the ECA, and are not aware, or at least the information has not been made available to the Senate through any reports of the Foreign Relations Committee, of the disposition or the payment of such moneys by the individual nations to other countries, including countries of Asia, the Near East, the South Seas, and Africa. That is where the principal payments have been made, in the sterling bloc area, in the franc area, and in the guilder area by the empire-minded nations.

Mr. President, there seems to have been some reluctance in the last few days on the part of the proponents of the legislation to allow full debate. They are very impatient, but I want to say that if full information respecting every country

which is a beneficiary of ECA should ever reach the Senate of the United States, as such information has reached the Senate respecting French Morocco—and it seems that several Senators have taken it upon themselves really to investigate what was going on in French Morocco—if such information ever reaches the floor of the Senate respecting every country which is a beneficiary of the ECA, there will be a radical change made in the legislation. I had an opportunity to inspect the countries and entities in Europe and in Asia which are beneficiaries of this fund indirectly through the colonial system. Every nation is using ECA money similar to the way it is being used in French Morocco, it is only a matter of degree.

The amendment I offered to the ECA bill, when I took the floor on March 30, and completed my argument on the thirty-first, dealing with the three-phased free-trade program of the administration, provides that any money loaned to the European countries for rehabilitation of industry, or the construction of new industrial plants shall be loaned on the same approximate basis as money is loaned to American citizens for the same purpose.

Mr. President, I ask that the amendment be read.

The PRESIDING OFFICER (Mr. WITHERS in the chair). The amendment will be read.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. —. (a) Notwithstanding any other provision of the Economic Cooperation Act of 1948, as amended, assistance rendered under such act to any participating country after the date of enactment of this act shall be on the basis of loans only; except that this subsection shall not apply to assistance rendered in the form of food or medicines for the relief of human suffering in a participating country if the Administrator finds, and the President approves such finding, that due to temporary conditions an emergency exists in such country which the government thereof is unable to meet.

(b) All such loans shall be fully and adequately secured. The Administrator, under such terms and conditions as he shall prescribe, may take over or provide for the administration and liquidation of any collateral accepted by him as security for such loans. Such loans may be made directly upon promissory notes or by way of discount or rediscount of obligations tendered for the purpose, or otherwise, in such form and in such amount and at such interest or discount rates as the Administrator may approve. Each such loan may be made for a period not exceeding 3 years, and the Administrator may from time to time extend the time of payment of any such loan, through renewal, substitution of new obligations, or otherwise, but the time for such payment shall not be extended beyond 10 years from the date upon which such loan was made originally. Such loans may be made either directly or in cooperation with banks or other lending institutions through agreements to participate or by the purchase of participations, or otherwise.

Mr. MALONE. Mr. President, when the junior Senator from Nevada presented the amendment which will shortly be considered by this body, I stated that I would show that we were arming Russia and the iron curtain countries through the money furnished the 16

European countries through the medium of 88 trade treaties. The State Department intimated that there might be other treaties about which the Department did not know; but of the 88 trade treaties of which the Department had a record, 40 were restricted and not allowed to be published. In addition to the 40, 3 were of a very confidential nature, according to the State Department. Many of the treaties were written in foreign languages, and for that reason the chairman of the Joint Committee on Printing thought it was impossible to print them in the RECORD, since they were not translated. I wish to show again that in my opinion either the Foreign Relations Committee did not have this information, or did not make the necessary information available to the Senate.

I stated that the money of the taxpayers was being used to send everything from jet engines and locomotives to Russia and the countries behind the iron curtain, including tool steel, ball bearings, electric equipment, and so forth.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a clipping from the Washington Evening Star of April 2, 1949.

There being no objection, the clipping was ordered to be printed in the RECORD, as follows:

JOHNSON LETTER PRODUCED IN SENATE DEBATE;  
LUCAS SEEKS FINAL VOTE ON BILL MONDAY

(By J. A. O'Leary)

The denial that England has sent Russia any jet engines recently came in a letter from Defense Secretary Johnson to Senator McCARRAN, Democrat, of Nevada, who had asked the Secretary to look into published reports on the subject.

Senator McCARRAN called Mr. Johnson's letter a complete refutation of the reports. Senator HICKENLOOPER, Republican, of Iowa, said he was unable to agree the letter is a complete refutation.

#### RECENT REQUESTS REJECTED

Secretary Johnson wrote, in part, as follows:

"Some jet engines were sold and delivered to the U. S. S. R. after the end of the war, but no deliveries have been made since December 1947, and additional requests have been rejected."

Senator HICKENLOOPER said he wanted to reserve the right to question later the attitude of the British on this question prior to January 1, 1948.

Mr. MALONE. Mr. President, this clipping shows, by the admission of Secretary Johnson, that England did ship jet engines to Russia, as late as a few days before January 1, 1948, using the part of the three-and-three-quarter-billion-dollar gift to that nation and a part of the 7,000,000 tons of steel which this Nation furnished to Europe during 1947 was undoubtedly utilized for that purpose. That was the time the Marshall plan was being suggested, and was being built up with the help of England. The action of England in shipping such engines to Russia was in line with the nonaggression treaty between England and Russia, dated December 10, 1944, which was and is still in full force and effect.

Mr. KEM. Mr. President, will the Senator yield for a question?



Mr. MALONE. I am glad to yield to the Senator from Missouri.

Mr. KEM. The Senator will recall that a few days ago a letter was read in the Senate from the Secretary of Defense, stating that during a certain period which he had had under investigation no jet engines were shipped by England to Russia. I take it, in order to reconcile what the Senator from Nevada has just said with the letter from the Secretary of Defense, we must take into consideration the fact that England did ship jet engines to Russia over a period of time, and that that practice was discontinued; also that the period of investigation covered by the letter of the Secretary of Defense covered the period during which the practice had been discontinued. Is that correct?

Mr. MALONE. I will say in answer to the Senator from Missouri that that is exactly right. I invite the attention of the Senate particularly to the fact that it is admitted that England sent such equipment to Russia during 1947, and up until 1948. That was during the period when England was using the three-and-three-quarter-billion-dollar gift-loan, and during the period we were sending large amounts of steel, aluminum, and other equipment to Europe. It was also during the period when England itself was helping to organize the Marshall-plan countries for the ECA loan, and also during and following the time that Russia had, through her veto in the United Nations, stymied any agreements.

Mr. KEM. Mr. President, will the Senator further yield?

Mr. MALONE. I yield for a question.

Mr. KEM. The letter from the Secretary of Defense was widely publicized. I cannot help wondering if the facts which the Senator from Nevada is now bringing out will be given equal publicity. I should like to ask the Senator from Nevada to read into the RECORD, for the information of the Senate, the admission to which he refers, as to the shipment by England of jet planes.

Mr. MALONE. I will read a part of the clipping:

The subheading is "Recent requests rejected."

Secretary Johnson wrote, in part, as follows:

"Some jet engines were sold and delivered to the U. S. S. R. after the end of the war, but no deliveries have been made since December 1947."

Some jet engines were sold and delivered. No number is given. We have no documentary evidence that shipments of such equipment have actually been stopped, but I am taking it for granted that the Secretary knows what he is talking about, and that on January 1, 1948, they did stop sending jet engines to Russia.

However, I call attention to the fact that by the admission in the Secretary's letter, jet engines were shipped to Russia by England during the time that we were financing her operations and furnishing Europe large amounts of steel and other materials, and that we were and still are, as I have shown, arming Russia for a third world war.

Mr. KEM. Mr. President, will the Senator further yield?

Mr. MALONE. I yield.

Mr. KEM. Has the Senator any other evidence as to shipment of jet engines by England to Russia?

Mr. MALONE. I have no further documentary evidence. Also, we have no further documentary evidence as to the number of engines that were shipped. I am not in possession of the documentary evidence that such shipments have actually been stopped.

I should like to read further from the RECORD to show that we are arming Russia for a third world war. On page 3548 of the CONGRESSIONAL RECORD for March 30, 1949, there is a table under the heading "Sweden's Exports to Finland, February 1, 1948, to January 31, 1949." That was during the period when they were benefiting through the ECA funds. I shall not attempt to read all of this table into the RECORD, but I should like to read some of the principal items. The table was made a part of my remarks on March 30, 1949, and the complete trade treaty between Sweden and Finland for that period is also included in the RECORD of that time.

Let me say at this point that the reason many more trade treaties did not appear in the RECORD was that 40 of the treaties were restricted. The State Department denied a Senator the privilege of making the treaties public. Three of the 88 treaties were highly confidential, in the opinion of the Department. Of the 45 which the junior Senator from Nevada presented to the Senate for printing, many were in foreign languages. I do not know the exact number, but perhaps half of them were in foreign languages. The Chairman of the Joint Committee on Printing stated that it was not in accordance with the Senate rules to print such treaties.

Apparently the State Department has never translated the treaties. So far as the Senate is concerned, they remain an entire and complete secret.

Now, Mr. President, I shall read, in connection with the treaty between Sweden and Finland, which has been mentioned, some of the items appearing in "List I." I leave it to the Senate to judge whether these items would be suitable for arming a country for war:

Ferro-alloys—

Everyone knows that ferro-tungsten, ferro-manganese, and similar ferro alloys are war materials, and it is impossible for any country to fight a war if it does not have them.

I read further from the list:

Hot-rolled and wrought iron and steel, including saw-blade plate.  
High-speed steel.  
Rustproof and acidproof steel.  
Electric resistance supplies.  
Cold-drawn and cold-drawn steel.  
Drawn wires and wire ropes of acid quality.  
Hot-rolled and cold-drawn high-quality pipes and tubes.  
Other iron and steel.

#### IV. IRON AND STEEL PRODUCTS

Cylinders for compressed gases, also if filled.  
Chains.  
Agricultural hand implements.

Plane knives for machine and other planes, etc.

Raw blades for safety-razor blades.

Razor blades, safety-razor blades, and safety blades.

Saws, saw blades.

Pliers, vises and file vises.

Drills, reamers, milling cutters, and thread tools.

Files and rasps.

Iron bolts and nuts.

Ball- and roller-bearings and parts.

Sickroom equipment of rustproof steel.

Lock and oil packing rings.

Annealed pipe sections.

Other iron and steel products.

#### V. PRODUCTS OF OTHER BASE METALS

Hard metals and products, including rock drills.

#### VI. MACHINERY AND APPARATUS (NOT ELECTRICAL)

Machine tools for metals and parts.

Woodworking machine tools and parts.

Cog gears and clutches and parts.

Machines and apparatuses for wood-pulp and paper industries and parts.

Steam and water turbines and parts.

Pumps and parts.

Compressors, fans, and parts.

Pneumatic machinery and parts.

Office machines, including addressing machines and parts and cash-register parts.

Fittings, including gas-welding fittings.

#### VII. ELECTRICAL MACHINERY AND APPARATUS

Electromechanical combination units, including electrical household pumps.

Storage batteries and parts.

Graphite electrodes.

Electrical switching apparatuses (connectors, relays, motor cases, etc.).

Electrical ovens and parts.

Telephone and telegraph supplies and parts.

Radios and parts.

X-ray equipment and parts.

Welding equipment and parts.

Telesignal supplies, including centralographs, fire-alarm switchboards, railway signal supplies and time-control equipment.

Other electrical machinery and electrical and apparatus supplies, including electric bulbs.

Synthetic resins, pulp, and sheets of synthetic rosin (mainly on melamine basis).

Iron ore.

Machine felts.

Grinder stones, grinding, abrasive, and polishing discs, and abrasive paper.

Refractory and acidproof bricks.

Bus and truck chassis.

Automobile spare parts.

Mr. President, as we learned from sad experience in World War II, storage batteries use strategic and critical materials.

I read further:

Developed films.

Tanning extracts and synthetic tanning materials.

Black gunpowder.

Sundry chemicals.

#### III. IRON AND STEEL

Charcoal pig iron.

Ferro-alloys.

Hot-rolled and wrought iron and steel, including sawblade plate.

High-speed steel.

Rustproof and acidproof steel.

Mr. President, I shall not read further from the list. It is for the most part a repetition of the trade treaties I submitted for the RECORD March 30. As I have said before, the State Department man was right there in my office when I examined the treaties, and did not leave until he could take those secret treaties back with him. He did leave 45 of the



treaties with me, but a large part of them are in foreign languages, as I have previously stated.

Mr. President, I showed that the European nations which are the recipients of ECA funds are using those funds in Asiatic and Near East and South Sea and African countries, in the sterling bloc areas and in the franc and guilder areas, including the colonial areas of the world, and that our Treasury Department has said that this information is a secret of the Bank of England, and that such information as the bank has seen fit to give it is confidential.

In other words, Mr. President, it was impossible for a Senator of the United States to find out what payments had been made from a recipient of the ECA funds to its colonies and to the members of the sterling bloc to hold them under domination, so that we might know exactly what was happening to this money and what it was being used for.

Mr. President, I have visited most of those countries, but at that time I made little attempt to keep detailed information, because it never occurred to me that a Senator of the United States could not get as much information from his own country as he could get from a foreign country. So at the time of my visit with the officials of India, for instance, in New Delhi, and particularly with Mr. Nehru, who is a very fine gentleman and has great influence with his people, and apparently held back nothing in our conversation, which lasted several hours, I obtained information not only from him but later also from his financial assistants, and I learned that they had credit with England in the amount of approximately seven hundred million or eight hundred million pounds sterling; that England was allowing India to trade to the extent of approximately 10 percent of that amount of money each year; in other words, India could buy seventy million or eighty million pounds sterling worth of goods annually against such credit; and that out of that seventy million or eighty million pounds sterling credit, England had given them £15,000,000 in dollars. Presumably that was approximately \$60,000,000 out of ECA funds. Of course, like Holland and other countries, England may say that those funds did not come out of ECA money. However, that is a good deal like a man who has \$100 and borrows \$500 more from a bank, and then buys himself a \$100 suit of clothes; it is easy for him to say that he bought the suit of clothes with his own money, and not with the money he borrowed from the bank. However, in this case it is likely that the dollars would not have been available to India if England had not received ECA funds.

Mr. President, India is still in the sterling bloc, and the export and import fees are still slanted toward the sterling bloc. In other words, such arrangements make it advantageous for a businessman in India to trade with the members of the sterling bloc, instead of with the United States or any of the hard-currency countries. So it is to India's advantage to have the price of the sterling-bloc money—the pound sterling—held up. It has been well shown

here—the distinguished Senator from Missouri and other Senators have made it very plain, and I myself covered the subject on March 30 and 31—that the \$4.03 value placed on the pound sterling is simply an artificial value anywhere from 25 to 50 percent in excess of its actual value or the actual price for which the pound may be purchased. The actual purchase price—black market—is from a little over \$2 up to \$2.50 or \$2.75, differing only in degree throughout the world.

So the money we give England under ECA makes it possible for England to hold the pound sterling to this fictitious value. Thus it is to the great interest of India, Pakistan, Burma, Egypt, and the other countries in the sterling bloc areas that the price of the pound sterling be held up; because if it were to drop to \$2—as it very well could do without our support and without their support of these colonial areas in trading with the sterling bloc countries then the debt which England owes to any of those countries would be cut practically in half. In other words, in that case, instead of the 700,000,000 or 800,000,000 pounds sterling, England would only owe one half or slightly more in dollars—the value of the debt would be cut in two. Therefore the debt itself becomes an asset to England in holding the sterling bloc together. I merely mention Burma, India, Pakistan, and Egypt because they have drawn away from the Commonwealth, and are no longer an official part of it; but they are a part of the sterling bloc, and that in effect is exactly the same.

Mr. President, I have before me a letter from the Treasury Department of the United States, signed by William McC. Martin, Jr., Assistant Secretary. I ask unanimous consent to have it included at this point in the RECORD, to support what I have just said, namely, that this information is confidential. I read directly from the letter the following:

I feel sure that you will understand the concern of the British Government over the confidential character of this information. It relates not only to the transactions of the United Kingdom but also to those of other sovereign nations.

Of course, Mr. President, India and Pakistan would be considered sovereign nations.

I read further:

This information is known to the Bank of England, because that bank acts as banker and agent for the central banks of the sterling area countries. Just as a commercial bank handles the financial affairs of its clients in confidence, so the Bank of England must respect the confidence and trust placed in it by other central banks.

Mr. President, I submit the entire letter for the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT,  
 Washington, March 28, 1949.  
 HON. GEORGE W. MALONE,  
 United States Senate,  
 Senate Office Building,  
 Washington, D. C.

MY DEAR SENATOR: I understand that, in recent telephone conversations with officials

in the Office of International Finance, you reiterated your interest in obtaining information concerning the amount of dollars sold by the Government of the United Kingdom to each country in the sterling area during the postwar period.

As I indicated in my letter of March 25, information on the dollars sold to each sterling-area country is not available for release. The net amount sold to all of the sterling-area countries as a group is available, and these figures were given in the March 25 letter. The information on net dollar sales by the United Kingdom to the major countries of the sterling area available to the United States Government has been furnished by the British Government on the understanding that it will be held in the strictest confidence. I feel sure that you will understand the concern of the British Government over the confidential character of this information. It relates not only to the transactions of the United Kingdom but also to those of other sovereign nations. This information is known to the Bank of England, because that bank acts as banker and agent for the central banks of the sterling-area countries. Just as a commercial bank handles the financial affairs of its clients in confidence, so the Bank of England must respect the confidence and trust placed in it by other central banks.

In response to your request for copies of published agreements, the Office of International Finance has furnished you with copies of those which were available from its own files on short notice. However, we have asked the British Treasury delegation here in Washington to obtain for you a complete set of these agreements. The principal ones are with India, Pakistan, and the Union of South Africa.

In a formal agreement concluded late in 1947, the Union of South Africa agreed to finance its own requirements for foreign currencies after January 1, 1948. Consequently, the United Kingdom has been reimbursed in gold for dollars sold to the Union since that date. India, as you know, concluded an agreement with the United Kingdom limiting its purchases of dollars in the period from July 1948 to June 1949 to \$60,000,000. Pakistan, in a similar agreement, pledged itself to buy no more than \$20,000,000 in this period.

Altogether, in the 12 months from July 1948 to June 1949 the British expected to make net sales of dollars to the rest of the sterling area of \$2,000,000, net earnings of the dependent territories approximately offsetting the net purchases of the self-governing areas. This figure was exclusive of drawings by India from the International Monetary Fund and took into consideration the fact that Ireland was receiving ERP assistance and had agreed to make no net dollar purchases from the United Kingdom during the ERP period.

Very truly yours,

WM. MCC. MARTIN, Jr.

Mr. MALONE. Mr. President, that is an example of what I am trying to say, that we on the Senate floor do not have full information, simply because ECA money going to England and into the Bank of England is distributed in a manner and for a purpose that the Senate of the United States is not allowed to investigate. I want to say further in that connection that the soft currency countries extend around the world; that is, the sterling bloc countries. The guilder and the French bloc contains several countries.

The people of Canada are alarmed about the effect on the wall which we are helping to build between the soft and the hard currency nations. The list of the sterling bloc nations includes 59 such nations, or soft currency countries.



That is an imposing list. I ask unanimous consent that there may be printed in the RECORD at this point a copy of the sterling bloc area nations, approximating 59 nations, with the colonial areas of the Netherlands, France, and Belgium.

The PRESIDING OFFICER. Is there objection?

There being no objection, the list was ordered to be printed in the RECORD, as follows:

#### I. BRITISH COMMONWEALTH AND EMPIRE COUNTRIES

(a) Any dominion: Australia, New Zealand, South Africa.

(b) Any other part of His Britannic Majesty's dominions: India, Burma, Southern Rhodesia, Ceylon.

Principal colonial territories: Aden (colony and protectorate), Bahamas, Barbados, Basutoland, Bermuda, British Guiana, British Honduras, Cyprus, Falkland Islands and dependencies, Fiji, Gambia (colony and protectorate), Gibraltar, Gilbert and Ellice Islands colony, Gold Coast (1) Colony, (2) Ashant, (3) Northern Territories, Hong Kong, Jamaica (including Turks and Caicos Islands and the Cayman Islands), Kenya (colony and protectorate), Leeward Islands, Antigua, Montserrat, St. Christopher and Nevis, Virgin Islands, Malta, Mauritius, Nigeria: (1) Colony, (2) Protectorate, St. Helena and dependencies, Seychelles, Sierra Leone (colony and protectorate), Straits Settlements, Trinidad and Tobago, Windward Islands: Dominica Grenada, St. Lucia, St. Vincent.

(c) Any territory in respect of which a mandate on behalf of the League of Nations has been accepted by His Britannic Majesty and is being exercised by His Britannic Majesty's Government in the United Kingdom or in any Dominion: Cameroons (British), Tanganyika, Togoland (British), South West Africa, Western Samoa, Nauru.

(d) Any British protectorate or protected state: Bechuanaland protectorate; British Solomon Islands protectorate; Malay States (1) Federated Malay States: Negri Sembilan, Pahang, Perak, Selangor; (2) Unfederated Malay States: Johore, Kedah, Kelantan, Perlis, Trengganu, Brunei; State of North Borneo, Northern Rhodesia, Nyasaland protectorate, Sarawak, Somaliland protectorate, Swaziland, Tonga, Uganda protectorate, Zanzibar protectorate.

#### II. INDEPENDENT COUNTRIES

- (a) Iraq.
- (b) Iceland.
- (c) Ireland.

#### Colonial areas of the empire countries (Netherlands, France, Belgium)

	Area	Population
	<i>Square miles</i>	
<b>NETHERLANDS EAST INDIES</b>		
Riau-Lingga Archipelago.....	12,506.0	298,329
Banka.....	4,549.0	205,433
Billiton.....	1,873.0	73,429
Borneo, Netherlands.....	208,286.0	2,169,000
West district.....	56,664.0	827,898
South and East districts.....	151,622.0	1,366,635
Celebes.....	72,986.0	4,232,000
Island of Celebes.....	38,786.0	3,092,749
Manado.....	34,200.0	1,139,251
Molucca Islands (including Dutch New Guinea).....	191,682.0	894,000
Timor Archipelago: Netherlands.....	24,450.0	1,657,000
Bali and Lombok.....	5,231.0	2,402,227
Indonesian Republic:		
Java and Madura.....	50,745.0	47,456,000
Sumatra.....	163,557.0	7,563,499
Surinam (South America).....	55,143.0	189,484
Curacao.....	381.1	105,617

#### Colonial areas of the empire countries (Netherlands, France, Belgium)—Con.

	Area	Population
	<i>Square miles</i>	
<b>FRENCH COLONIAL EMPIRE</b>		
In Asia:		
French India.....	196.0	323,500
French Indochina.....	286,000.0	25,000,000
Total in Asia.....	286,196.0	25,323,500
In America:		
St. Pierre and Miquelon.....	93.0	4,175
Guadeloupe.....	583.0	304,209
Martinique.....	380.0	252,000
French Guiana and Inini.....	65,041.0	36,975
Total in America.....	66,097.0	597,359
In Oceania:		
New Caledonia, etc.....	8,548.0	59,889
Society Islands (Tahiti, etc.).....	1,520.0	39,920
Total in Oceania.....	10,068.0	99,809
In Africa:		
Algeria.....	847,552.0	7,234,684
Morocco (protectorate).....	172,104.0	7,390,428
Tunisia.....	48,313.0	3,015,170
French West Africa.....	1,815,768.0	15,943,000
Togoland (trusteeship).....	21,893.0	780,497
Cameroons (trusteeship).....	166,489.0	2,516,623
French Equatorial Africa.....	959,256.0	4,003,733
Reunion.....	669.0	220,955
Madagascar.....	241,094.0	4,227,381
Comoro.....	790.0	
French Somaliland.....	9,071.0	49,685
Total in Africa.....	4,283,299.0	45,382,156
Grand total in colonies.....	4,645,660.0	71,402,824
<b>BELGIUM</b>		
Belgian Congo.....	902,082.0	10,425,235
Ruanda and Urundi.....	20,535.0	3,767,002

Mr. MALONE. Mr. President, that list is offered to show the Senate the extent of the money manipulations which are based upon our own funds, and such manipulations are not allowed to become a matter of record in the Senate at this time, when we are voting further ECA appropriations, and cannot, according to the Secretary of the Treasury, be made available to a Member of this body.

Sir Ben Smith, who happened to be in charge of coal production in England when I was inspecting the coal mines there late in 1947, stated to me in December of that year that England controlled three-fourths of the strategic and critical materials of the world, and that if necessary they would prevent access to them. This was apropos of the conversation I had had with him previously. I took no issue with Sir Ben Smith, but it showed the attitude. We were talking about the proposed Marshall plan, and I had said I was there to investigate the steel industries and the coal mines. This was in Birmingham, England, about 56 or 58 miles outside London. They seemed not only to resent the fact that we were investigating, with a view perhaps to modifying the program to the extent that the money would be paid back. He finally said to me not only that they could exclude us from the area where three-fourths of the strategic and critical minerals of the world were located, and would do so if it became necessary, but he said we should merely adopt the lend-lease attitude, we should continue lend-lease, and have no thought of payment in return.

Mr. President, Sir Ben Smith was a very important cog in the machine at

that time, in the operation of the industries of Great Britain. I have no doubt that he voiced, perhaps inopportunistly, the European sentiment, that as a matter of fact there is never any thought of paying any money back, that it is not a loan, it is a gift, and that we should not expect it to be repaid; it ought to be continued as gifts rather than loans.

I said also at that time, that I would show that the administration was giving labor lip service on proposed labor legislation—and selling the workmen down the river, through the long range three-part, free-trade program. While I shall not review at any length my argument made on March 30 and 31, which appears in the RECORD as of those dates, I merely want to say the ECA is admittedly making up the trade-balance deficits of all the nations in Europe each year with the hard-currency countries, and that in the Trade Agreements Extension Act, which will be brought to the floor of the Senate almost immediately following the vote on ECA, the State Department has adopted a selective free trade policy based on the 1934 Trade Agreements Act, and is lowering the import fees and tariffs below the critical point of the differential of cost between the manufacture or production of an article in this country and in any certain competitive country, which means that the products of cheap labor will come into this country at will; that they are working on the theory that the more they divide the markets of the United States with the countries of the world, the less their trade-balance deficits will be.

Furthermore, after the trade agreements extension bill comes before the Senate, with the idea of extending it for 3 years, and if it is done, then will come the International Trade Agreement Organization. That will be a treaty, unless it is believed by the administration there would not be two-thirds of the Senate in favor of passing it. Then it will probably be an agreement, like other documents that come to the Senate. But if it comes before the Senate as a treaty, it is an International Trade Organization treaty, and if adopted will become the law of this land. In other words, it will make free trade a permanent and irrevocable policy and principle of this country.

What is the effect? What is the International Trade Organization? It consists of 58 nations. The last we knew, 54 nations had signed the treaty. All of them will sign it, of course, because they have nothing to lose and everything to gain, because we have the only market worth dividing. So what is it? It will be 58 nations, with 58 votes, and we shall have the same vote as Siam or Lithuania. There will be 58 votes, and we shall be 1 against 57. They will sit down once each year and divide the remaining markets and production of the world among the nations of the world, presumably, and the trend will be on a basis of population. Therefore the products of the low-cost labor and of the slave labor of the world can come into the United States to divide up the domestic markets.

Mr. President, I want to say again at this moment that I see no difference in



allowing the products of cheap labor from Asiatic and European countries to come into this country, I see no difference in that method of leveling the standards of living, and in allowing unlimited immigration. As a matter of fact, I make the statement, and I shall be ready to debate it with any Member of the Senate, that a Member that would vote for free trade in this country, in leveling the living standards to the living standards of the world, would have a hard time justifying a vote against free immigration.

Mr. President, I have here, in support of the argument of the manipulation of the foreign countries of the world for trade advantage, a clipping from the *Wall Street Journal* of April 4, 1949. I ask unanimous consent to have it printed in the *RECORD* at this point.

The PRESIDING OFFICER. Is there objection?

There being no objection, the article was ordered to be printed in the *RECORD*, as follows:

**THE POUND STERLING—EUROPE'S TRADERS GET IT CUT-RATE, SO UNDERSELL AMERICAN IMPORT FIRMS—THE TRICK IS PERFORMED FOR WOOL, HIDES, TEA, RUBBER, TIN, SPICES, DIAMONDS—THE SOVIET IS A SPECIALIST**

Many an American importer of commodities is complaining about a new kind of cut-rate competition.

Nub of the trouble is that the pound sterling, officially held at just above \$4 by Britain for dealings which United States and other traders have with the British Empire, is unofficially available at about 15-percent discount in many parts of the world. One New York hide importer sums up the problem: The \$4 rate is "simply an overvaluation of the pound."

Having got hold of this cheaper sterling, Dutch, Belgian, and other traders are able to pay high prices for wool, hides, tea, rubber, tin, furs, skins, pepper, spices, diamonds, and other British Empire commodities which can be bought with pounds. Then these goods are sold in the United States for less than similar commodities imported by Americans who use the expensive \$4 pounds. Sometimes the goods bought with cheap pounds move through European countries; sometimes they are shipped directly here.

#### HUSH-HUSH TRANSACTIONS

That such trade is going on can be learned from almost any importer. Trying to track down details of transactions is far more difficult. Although many traders and some Government folk say there's nothing illegal about this commerce, it is carried on in a sort of hush-hush atmosphere.

Repercussions are heard around the world. Boston wool men have protested to Australia and New Zealand. American businessmen have held a series of conferences in Washington with State, Treasury, Commerce, and Economic Cooperation Administration officials on the subject. The State Department has relayed these protests to London.

The British Government is worried about it, too; dollars paid in America for these commodities get into the hands of other European countries instead of Britain, which badly wants them.

The subject came up recently in the British House of Commons. Sir Stafford Cripps, Chancellor of the Exchequer and Britain's economic czar, said such a transaction, "which twists trade out of its normal channels, is damaging the position of sterling, and the government is approaching members of the transferable account area as the opportunity offers with a view to stopping it."

#### TRANSFERABLE ACCOUNT AREA

This trade is directed largely from what is known as the transferable account area. This includes 15 countries: Britain pays them sterling for the goods they ship her and permits them to transfer it among themselves. Britain's theory was that the total trade of these countries with her was about in balance and the sterling they obtained from selling to the British would be used in buying from them. But traders have found a way to make more money by purchasing commodities where sterling is usable and selling them in the United States where they can get much-sought dollars.

British Treasury and foreign exchange control authorities deny these three-way transactions are done with discount sterling. They say traders pay the equivalent of \$4 for pounds, buy the commodities with this currency and sell them in the United States. They may even take a loss. But with the resulting dollars they purchase such American goods as machinery or autos. These are shipped to some country such as Egypt where they are scarce and where premium prices can be had in sterling.

Many Egyptians are willing to pay premiums because they regard the British pound as not worth \$4 but perhaps \$3.20 or \$3.30. The trade in autos to Egypt has become so large that special, higher prices on cars imported in this irregular way are approved by the Egyptian Government. British officials, well aware of what's going on, refer to this traffic as "Packards for Pashas."

In any event, the trader ends up with more sterling than he started with and is ready to launch another round of this international commerce.

American importers say both kinds of trading goes on—that with \$4 sterling and that with cut-rate pounds. It all adds up, they contend, to the fact that the pound is overvalued.

#### BRITISH BLAME LAX CONTROLS

British monetary officials have steadfastly maintained that the pound must be held at the \$4 rate despite their country's big excess of imports over exports. They say the reason for the cut-rate trade lies in too lax controls over currencies by other European countries. So they've been nudging other nations to tighten up.

United States State Department officials who have been listening to protests are pessimistic about stopping the practice. Says one: "It's too complicated and there's too much to watch."

Another official in Washington explains that Australia tried to solve part of the problem by getting middlemen countries to promise not to reexport raw Australian wool. Now, some of these nations semiprocess the wool, then send it on to America to be offered at cut prices. This is even harder on the American businessman. It takes a part of his manufacturing job from him.

About a month ago the government of New Zealand tightened its export regulations because of the possibility that dollar earnings which should accrue to New Zealand from the supply of hides and skins, pelts, rabbit skins and opossum skins to the United States may be lost as a result of such products being sent through intermediary soft currency continental countries.

From now on, applications for permission to export from New Zealand to many countries must be accompanied by information on what kind of sterling is being used and certificates that the goods being purchased are to be consumed in the buying countries.

#### COMPETITION COUNTS NOW

American importers of commodities are feeling the bite of this cheaper sterling trade because it comes on top of a general world pressure toward lower commodity prices. A

year or so ago when almost everyone could sell almost anything at almost any price, it was no great problem. Now the goods bought with cheap pounds can undersell rival wares.

One New York hide importer says: "Our inability to buy leather raw materials in South America and in sterling area countries is clearly the result of overvalued sterling and there is apparently nothing being done about it by responsible authorities on either side of the Atlantic."

This hide importer says his firm has not as yet engaged in any of these special exchange transactions. He explains that the banks he deals with (two of New York's biggest) have complied with the Bank of England's request not to exchange dollars for low-priced transferable sterling. Now this importer warns: "I've gone along with them but I'm fed up. My competitors, through smaller banks, have brought hides with low-priced sterling—and from my own agents in Australia. They've even sold the hides to my customers here in the United States."

#### WOOL MEN PROTEST

Resentment among wool importers has reached the point of protests to the wool-exporting countries.

John G. Wright, president of the Boston Wool Trade Association, recently dispatched letters to the trade commissioners of Australia, New Zealand, and the Union of South Africa. He urged that American importers be allowed to buy wool with pounds purchased at the rate in the transferable area.

"At present," says Mr. Wright, "trading in wools from these countries is practically at a standstill along Summer Street (Boston's wool center), while American mills also have greatly reduced their direct purchases of wool."

Mr. Wright added this complaint: "Russia is the one that hurts the most. In the first 9 months of 1948 that country sold \$35,000,000 more goods to this country than it bought here, and had that amount of dollars to spend hunting for transferable sterling at \$3.20. (It's now about \$3.30 to \$3.40.) This it could use to buy wool in Australia for shipment to mills in Russia or in satellite countries like Czechoslovakia which can make goods for export here."

This Summer Street expert warns: "Not only is some raw wool now being reshipped from transferable sterling countries to the United States, but soon wool tops (semi-processed yarns), yarn and woolen and worsted goods made from these lower-cost wools will be shipped here, and our American mills will suffer frightfully."

Mr. Wright contends that the Economic Cooperation Administration's aid-to-Europe program tends to intensify the cut-rate sterling problem. Normally, he explains, the European countries would use dollars from their exports to the United States to pay for imports. But with ECA dollars going to Europe, some countries can use their export dollars to shop around for cheaper sterling. The 15 transferable sterling area countries are: Chile, Czechoslovakia, Egypt, Ethiopia, Finland, Iran, Italy, Norway, Netherlands monetary areas, Poland, Siam, Spanish monetary area, Anglo-Egyptian Sudan, Sweden, and the U. S. S. R.

Mr. MALONE. Mr. President, the manipulation of their currency, assisted by the foreign nations, for trade advantage, has been an established practice in Europe for generations. The statement in the *Wall Street Journal* explains the 15-percent advantage of buying the pound sterling on the black market, instead of at the official rate of \$4.03; that is, by the European countries making these purchases, and then competing unfairly with the American businessmen



who are prohibited by law from dealing with other than the official market.

Mr. President, instead of 15 percent, as a matter of fact it is nearer 50 percent in many cases. American businessmen, as outlined in this article, are up against severe, unfair competition and will, without any doubt, lose most of the markets in the long run. One of our plans is to pay technicians and to guarantee investments of our individual firms and corporations abroad to overcome the threat of nationalization and socialization of capital within European countries and Asiatic nations which we ourselves are fostering through ECA financing.

Mr. President, I ask unanimous consent that a clipping from the Wall Street Journal be printed in the RECORD at this point.

There being no objection, the clipping was ordered to be printed in the RECORD, as follows:

LOWER TAX ON INCOME EARNED ABROAD STUDIED AS SPUR TO CO-OP PLAN—EXPERTS CONSIDER CUT TO GET UNITED STATES INVESTORS TO BACK TRUMAN FOREIGN DEVELOPMENT PROGRAM

WASHINGTON.—The Government is studying the possibility of lowering taxes on income earned by Americans from foreign investments as one way to remove obstacles to President Truman's world co-op plan.

Assistant Secretary of State Willard S. Thorp said a tax-relief plan is being considered as one way of getting Americans to invest in underdeveloped areas abroad.

Mr. Thorp, the State Department's economic chief, told about it in discussing the co-op plan with Secretary of Agriculture Charles F. Brannan and World Bank President John J. McCloy over the air.

He said that American reluctance to risk private capital in foreign lands was a sore spot in the whole plan. But, with several hundred Government experts doing spade work, he added, the bold new program sketched by the President in his inaugural address is beginning to take shape. He said the President would be ready to unveil the program soon, perhaps this month, and certainly before Congress adjourns for the summer.

Mr. Truman's co-op idea calls for the United States and other nations to help peoples in underdeveloped lands raise their living standards by furnishing them technical assistance, or show-how, and my fostering capital investment in those countries.

For technical assistance, Thorp predicted the amount Congress will be asked to provide probably will be well below \$1,000,000 for the first year.

As for investment, he said, "no one can give you a figure" as to how much the Government itself may have to lend abroad. But, he said, with the World Bank and the Export-Import Bank already operating, we hope no new Government funds will be needed.

The big problem, Thorp said, is how far should the Government go in reducing foreign investment risks so that enough private capital may flow abroad to meet the need.

Mr. MALONE. Mr. President, if, instead of having a grandiose plan of paying technicians and guaranteeing investments of businessmen abroad, we should bend our efforts, through the Senate and the House of Representatives, the Executive Department, the State Department, and the United Nations, to establish the integrity of investments in those areas, there is plenty of private capital through-

out the world which would take the business risk. But businessmen cannot take the risk of nationalization and socialization of their capital.

We are furnishing the latest equipment and machinery to Europe for industrial production, knowing that with our technical know-how and assembly-line methods, such goods manufactured there with low-cost labor can be shipped to the United States displacing our own production and lower our high-wage living standards.

That is in support of the statement I have made more than once on the floor of the Senate, that we are giving the working men of America lip service through promised labor legislation, and pulling the jobs right out from under their feet, through the three-phase free-trade program.

Mr. President, I ask unanimous consent to have placed in the RECORD at this point in my remarks a clipping from the Wall Street Journal which will explain in greater detail what this particular method means.

There being no objection, the clipping was ordered to be printed in the RECORD, as follows:

COTTON MANUFACTURERS URGE ECA TO PREVENT "TEXTILE IMPORT FLOOD"—POLICY OF PROVIDING EQUIPMENT TO FOREIGN INDUSTRIES CALLED THREAT TO UNITED STATES EMPLOYMENT

PALM BEACH, FLA.—Steps to prevent what it called "a flood of imported textile products" were urged upon the Economic Cooperation Administration by the American Cotton Manufacturers Association.

The association said in a resolution adopted at its fifty-third annual convention: "The apparent policy of providing modern equipment to the low-wage foreign industries is a direct threat to the employment of hundreds of thousands of American textile workers."

It pointed out that textiles are the main manufacturing employment in the south and that rehabilitation of foreign industries at the expense of the American taxpayer would gravely affect southern economy.

A sharp decline in United States textile exports during recent months also was cited. The association said our trade policy would tend to make domestic markets more readily accessible to foreign textiles.

Dr. Claudius T. Murchison, president of the Cotton Textile Institute, Inc., stressed the necessity of protecting American industry against imports where necessary in an "intelligent and constructive" approach to the problem.

Merger of the American Cotton Manufacturers Association and the Cotton Textile Institute was proposed at the association's convention.

Committees representing both groups have been considering the proposal for many months and will recommend merger of these two organizations serving the cotton industry, it was learned.

Broadly, the American Cotton Manufacturers Association represents the southern industry. Similarly, New England manufacturers have their own association, the National Association of Cotton Manufacturers.

Headquarters of the Cotton Textile Institute is in New York and of the American Cotton Manufacturers Association at Charlotte, N. C.

Mr. MALONE. Mr. President, we are dividing the world into two great spheres of influence, in a military way. I think every Member of the Senate would agree that that is exactly what we are doing.

I attended the initial meeting at San Francisco which was called to organize the United Nations in 1945. I was at that time special consultant of the Senate Committee on Military Affairs. I watched the meeting rather closely and wrote several articles in connection with it. One of them was to the effect that each of the 49 nations whose representatives attended the meeting was giving lip service to the organization and maneuvering for trade advantage on every hand. They wanted to divide the markets of the United States. Mr. President, that fact is coming to light. I said at that time, and no one has disputed it, that we said there were five major nations. They included the United States, the Soviet Union, France, England, and China. I said very emphatically at that time, Mr. President, that there were not five major nations in the world, there were not four major nations, and there were not three major nations. There were two—the United States and Soviet Russia, and that the result would be the division of the world into two spheres of influence.

That has become very plain in the past 2 or 3 years, particularly in recent months. What are we doing through the proposed North Atlantic Pact? We are dividing the world into two military spheres of influence; we are establishing such spheres of influence, through military might. Mr. President, one more division is slowly taking form. I want to call the attention of Members of the Senate to the fact that while we are dividing the world into spheres of influence in a military manner, we are also dividing our own sphere of influence into two financial worlds, a soft-currency area, or a pound-sterling bloc, and the dollar areas, located for the most part in the Western Hemisphere. I want to say in that connection, Mr. President, with reference to the sterling bloc, or any kind of a monetary bloc which blocks certain nations in and blocks other nations out, that there are approximately 59 nations and entities included in the sterling bloc which extends around the world. They are practically prohibited economically from trading with anyone else without special permission. They are sometimes allowed to convert some of the pounds-sterling into dollars, as will be found in India, Egypt, or any of those countries which are entirely controlled by the sterling area.

So, Mr. President, it is my earnest opinion at this moment that military division is not the only cause of war, but that the division of our part of the world, our sphere of influence, into financial blocs is another cause of war. In other words, we have trade wars. They start with a division, through monetary influence, through the sterling bloc, the Netherlands guilder bloc, and so forth.

Mr. President, I have here an excerpt, in line with what I have just stated, from a book written by Mr. Elliott Roosevelt. The book is entitled "As He Saw It." I read from page 71 of that book a statement by the late President Roosevelt:

The English mean to maintain their hold on their colonies. They mean to help the French maintain their hold on their colonies. Winnie is a great man for the status



quo. He even looks like the status quo, doesn't he?

That is a direct quotation from the then President of the United States.

Mr. President, I quote this with all the seriousness at my command, because I think it is a correct statement.

Reading on from Mr. Elliott Roosevelt's book, again quoting his father:

The thing is the colonial system means war. Exploit the resources of an India, a Burma, a Java; take all the wealth out of those countries, but never put anything back into them, things like education, decent standards of living, minimum health requirements—all you're doing is storing up the kind of trouble that leads to war. All you're doing is negating the value of any kind of organizational structure for peace before it begins.

Mr. President, the then President quoted a great Englishman, Mr. Winston Churchill. Mr. Churchill said something else that will bear repeating here when the then President suggested that England give up Hong Kong in China which is and has been for generations a source of irritation to China and other friendly trading nations.

Mr. Churchill said "that he did not become the King's first Minister to liquidate the British Empire."

Mr. President, I want to say at this point that I did not come to the Senate of the United States to distribute the wealth of the United States throughout the world and to sell the American workman down the river.

Mr. President, that statement of the Vice President coincides exactly with what I believe in connection with this situation. I have had the honor and the opportunity of visiting most of those nations, and have particularly inspected the colonial systems, where colonies are farmed by the empire-minded nations exactly as one would operate a farm in Kansas. It is not a question of helping the people at all. It has never occurred to the officials of an empire-minded nation to help the people of one of their possessions. The serious thing may be that in order to get away from this system the people would fly into the arms of any other nation or system which promised them relief from the yoke—this could be communism, Mr. President.

Mr. President, in support of the statement I have just made, that the world is being divided into two great financial systems, the soft currency and the dollar areas, I submit for the RECORD and ask that it be printed at this point an excerpt from the Financial Post, of Toronto, Canada, for March 26, 1949.

The PRESIDING OFFICER. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

**MARSHALL PLAN BOOMERANGS—WORLD TRADE DRYING UP BEFORE OUR EYES—GRAVE TROUBLE AHEAD FOR CANADA AS BRITAIN, SOFT-CURRENCY NATIONS DRAW CLOSER TOGETHER IN BARTER DEALS, WHICH SLAM DOOR ON CANADA, UNITED STATES**

(By Kenneth R. Wilson)

OTTAWA.—In the capital cities of Canada and the United States, small groups of men are gripped with a new and chilling fear.

The harsh facts of economics are splitting the democratic world into two. As the United States, Canada, and their western European partners move closer together politically in the contract of the North Atlantic Pact, there is an ever-widening economic gulf separating America and western Europe, creating new perils and problems.

These two worlds are the dollar world led by the United States and the soft-currency world led by Britain.

Russia has her iron curtain splitting the western world, blocking commerce and creating new political problems.

But the currency curtain rising between America and her allies over the Atlantic is equally serious now and portentous for the future.

Paradoxically, this dilemma is created indirectly by the United States' magnificent Marshall plan.

The Marshall plan was to do two things:

(a) Give Europe relief regardless of the fact that Europe didn't have enough dollar currency to pay for it.

(b) Help the countries over the Atlantic get their financial and trade affairs in order, to put them and the whole democratic world back on its feet by letting international trade resume its traditional flow and to restore conditions, which would again make sterling and dollars freely convertible.

#### HOW CRISIS SHAPES UP

It's on the second point that things are going wrong, dangerously and desperately wrong.

How?

Very properly, Marshall aid demanded European self-help. "We'll help" said Uncle Sam, "but you've got to do things and pursue policies which will get you back on your feet."

And, for one thing, this meant that Britain and western Europe, must handle their affairs so that by 1952 their dollar deficit problem would be licked.

So the friends across the Atlantic have been encouraged, if not indeed coerced, into minimizing their purchases for dollars and into increasing trade with each other.

They're doing so well at enlarging trade among themselves and their respective empires that they've built a picket fence around themselves; pulled down a currency curtain over the Atlantic.

The danger is that, by 1952 when the Marshall plan is supposed to end, the division will be so sharp and so deep-rooted that the dollar and sterling worlds won't get together again for decades. And that's good news only for Russia.

Really frightening, especially for Canada which has such a gigantic stake in the restoration of multilateralism and convertibility, is the growing threat that the picket fence around the soft currency world is being strengthened and heightened.

#### THE SCHAFT PLAN AGAIN

Between themselves the Marshall-aid countries have made nearly 300 bilateral barter deals for the exchange of each other's goods.

In most cases, those deals are at prices considerably higher than the prices at which similar goods could be bought in the dollar world if they had the dollars.

This network of high-priced arrangements has at least three serious results:

1. It raises costs within the nondollar area.
2. It cuts off supply which might otherwise be available to dollar countries, thus in turn reducing their dollar-earning power.
3. It inevitably involves the perpetuation of controls, licensing, embargoes, and other restrictions.

#### WHERE PLEASE?

Speaking to a group of Vancouver businessmen last week, Graham Towers, governor of the Bank of Canada, said:

"These deals in their modern pattern are not normally operated on the basis of bartering one commodity for another. It is customary to name a number of things which one country will sell to the other. In some cases, target figures are set, both in respect of quantities of specific articles and the over-all value of trade which it is hoped will be done. The actual results, however, depend in the main on purchases and sales through normal commercial channels, except in the case of the totalitarian states.

"But the vital features of these arrangements is that the parties to them, by restricting or even prohibiting importations from other countries—or at least from countries outside the group—make it more likely that they will achieve the targets set for trade between each other. The element of outside competition is removed or lessened. Price and quality are no longer the final determinants of the course of trade. The policies followed are such as to make classical economists turn in their graves.

"Importers in the countries concerned buy from nondollar countries, even when they have to pay higher prices, because they are not allowed access to cheaper sources of supply, or that access is strictly limited as to quantity. Conversely, exporters can often get higher prices by exporting to others in the group than by exporting to dollar countries. The effect of trade within the protected area taking place at higher prices means that the normal tests of competitive capacity are suspended. This inevitably tends to distort the normal channels of trade, and may very well impair the true productivity of the countries forming the area, as well as their competitive ability to earn dollars. The division of the Western World into two trading blocs has possible political and economic consequences which are not pleasant to contemplate."

#### HERE ARE EXAMPLES

Governor Towers in a report for Parliament said:

"Canadian trade has already been adversely affected by the creation of this protected currency and trading area and it is not possible at this moment to foresee how serious these developments will be from our point of view during the next few years."

Here are some examples:

**Cottons:** British yarn prices at Liverpool are currently 20 percent to 30 percent higher than those reported at New York.

**Fertilizer:** Prices being quoted in sterling area markets are \$20 a ton above comparable Canadian quotations. Canada loses the business because countries behind the picket fence can't afford dollars. In turn their costs are boosted by at least a third on this item, thus further postponing the day when they can again sell competitively.

**Steel products:** New Zealand is reported having to pay three times Canadian prices for essential steel items for building, etc. Shortage of dollars forces them to pay higher sterling prices thus boosting costs and making it harder for them to earn dollars by marketing their goods in North America.

**Hides:** Britain reported paying 32 to 34 cents a pound in sterling for Argentine hides, against a United States price of 24 cents.

**Fats and oils:** Canada is being forced to buy United States oil because of exorbitant premium on nondollar supplies. Sterling prices quoted at 20 and 24 cents a pound against 14 and 16 cents in United States. The price of Norwegian tallow was recently quoted at 20 cents against 9 cents United States.

**Calfskins:** Britain is reported buying almost half the New Zealand output of calf-



skins at 30 percent over the New York market. Again, this creates an artificially high price structure in the sterling area and robs New Zealand of the chance to earn dollars in North America.

**Newsprint:** Australia, which used to be Canada's third largest outlet for newsprint, is now required to buy Scandinavian products at a price \$60 to \$70 a ton above comparable Canadian prices.

**Coffee:** Two-thirds of Canadian supply came from sterling area sources before the war. Now only a trickle is being bought, due largely to price differentials in favor of dollar area coffees.

It is not easy to document many of the serious and alarming items which go to make this disturbing "two worlds" trade picture.

Great Britain herself has nearly 40 individual bilateral or financial arrangements with other countries, almost without exception with countries outside the dollar world.

The total number of such special arrangements, many of them out-and-out barter deals, now exceeds 275.

As well, many of the glaring differences are only now beginning to appear as North America gets into a surplus position on many items formerly in world-wide short supply.

This is the nub of the problem: In the basic commodities which make up perhaps four-fifths of world trade, the non-dollar countries now find themselves on a price plateau far above the competitive range of dollar-country prices. Once these higher raw material costs find their way into production and living costs, the price differential will increase, not lessen.

The Economist (London) in a recent issue said:

"Prices may be falling on the world's markets, but the price of British imports continues to rise because British purchases have been concentrated, for currency reasons, on the dearer markets. And because many basic imports are bought on long-term contracts or bulk purchase arrangements which are very slow to reflect a fall in prices.

"Britain, in fact, is in danger of becoming a permanent high-cost importer. \* \* \* Even if domestic subsidies play some part in checking the rise in wage costs—which is extremely doubtful—this country is becoming permanently burdened with high export costs.

"The position of Britain in the world's export markets when demand begins to fall and when competition begins once again to exert its effects throws a portentous question mark over the country's economic prospects in the early fifties. Yet the country behaves as if there were no question of a challenge to its present habits of spending or to its present standard of living."

At the moment the problem as between Canada and the United Kingdom has been eased by the sincere, if belated, United Kingdom attempts to boost exports to this country.

British exports to Canada in 1948 reached a new record figure of \$300,000,000, an increase of \$110,000,000, or 58 percent, over the previous year. Top-flight missions, sponsored by the British Board of Trade and by private business, have recently made first-hand studies of the Canadian market with a view to further sales.

#### TRADE DRYING UP

For the present, the chief effect in Canada of the "two worlds" picket-fence policy is being felt in a drying up of trade with other nondollar countries and especially sterling areas where Canada before the war was a traditional trader. But if, as is feared, this spiral of rising costs and restrictive trade barriers continues to mount, it cannot be long before Britain's own ability to export to North America is seriously curtailed, if not entirely undermined.

A case in point would be British coal, traditionally an important source of earnings for the United Kingdom in Canada.

Sir Stafford Cripps recently paid some attention to Britain's coal problem. He stated that the chief trouble was the decline in production in South Wales, and that last year, despite this difficulty, Britain sent Canada 70 percent of her total exports in the special sizes we require. He indicated that we would be in line for a larger share this year provided mutually satisfactory arrangements can be made about price.

But it's price, of course, that is the rub.

Despite a British subsidy on coal production, United Kingdom anthracite is selling at several dollars a ton higher than comparable grades of United States anthracite. It is reported that some of the coal which Britain sent Canada last year is still unsold because of the high prices.

#### PROBLEM OF UNITED KINGDOM COAL

Coal used to be a big source of earnings for Britain in Canada. In 1938 we bought a million and a quarter tons of Welsh anthracite. Last year the United Kingdom hoped to send us 200,000 tons; actually shipped 160,000 tons. This year, it's said the United Kingdom would like to double that amount. The Government is sending an expert here to negotiate new sales for 1949-50.

But Canadians won't pay unduly high prices. Many thousands have already changed their equipment so that they can burn oil instead of coal. And fuel oil prices are dropping.

Yet there are fears that Britain may actually have to charge more for her 1949 shipments.

Again, a quotation from Mr. Towers:

"If efforts on the part of the sterling area and ERP countries in the direction of greater exports to dollar countries are inadequate or fail to solve their dollar problem, then it may be expected that these countries will continue to place special restrictions on imports from dollar countries.

"The countries whose exports are affected by these restrictions will be confronted with the choice of finding some alternative use, at home or in other foreign markets, for the goods previously exported to the dollar-short countries or making special arrangements in an effort to retain these markets.

"These arrangements could involve the provision of the exports without payment in foreign exchange, through the extension of grants or credits, or special deals in which the exporting country agreed to use the proceeds of its exports to take more goods from its dollar-short customers even though these goods were higher in price than had to be paid elsewhere. To make room for these relatively high-priced imports it would be necessary to impose discriminatory import restrictions."

For Canada, of course, such an outcome would be almost catastrophic. We have a foot in both these worlds. As well, we have a far greater stake, proportionately, in world trade than any other country on earth.

To illustrate: Last year, Canada, Britain, and the United States all reported new high levels of national income and production. In each country, foreign trade was at or near record peaks. Yet, in the United States, the country with by far the largest foreign trade of all three nations, exports represented only 5 percent of the national income.

Even in Britain, where trade lifelines are desperately important to the national well-being, exports represented only 15 percent of national income last year.

But in Canada, our exports in 1948 represented 23 percent of national income.

Furthermore, three quarters of Canada's overseas trade is with Britain or with United States. These are the two big baskets where our trade hopes—and troubles—now rest.

So long as the currencies of these two nations—the dollar and the pound—were freely convertible, Canada had few trade worries or fears.

#### OUTLOOK NOT ALL BLACK

Fortunately, the outlook is not all black.

There has been considerable satisfaction at Britain's recent decision to purchase 90,000,000 board feet of spruce in eastern Canada. This is half as much again as Britain bought last year when she obtained substantial supplies from nondollar sources. Prices are lower than they were a year ago, but are still satisfactory to Canadian suppliers.

In this instance, Britain is returning to a traditional source of supply.

Perhaps the lumber deal is a hint of better things to come. But at the moment the overwhelming weight of evidence points in the other direction.

What can we do about this?

Do we in Canada try to sit it out; watch our trade dry up before our eyes?

Mr. Towers, in his Vancouver speech last week said "There is no easy financial device by which the difficulties can be overcome." He suggested that a country whose traditional customers can no longer make purchases in their accustomed volume can—

1. Try to find alternative markets for its goods;
2. Try to employ in domestic activities the labor and materials which the export trade can no longer use;
3. Help its traditional customers to obtain their supplies by extending loans or making gifts. (Even if loans are a sensible policy in a period of reconstruction, they can hardly be regarded as a permanent solution);
4. Encourage the maximum amount of imports from nondollar countries;
5. Adopt bilateral trade deals ourselves.

#### WHY CANADA SHUNS BARTER

So far, Canada has avoided direct bilateral trade agreements with other countries. The single exception is the Canada-United Kingdom wheat deal and the yearly agreements to supply United Kingdom with bacon, cheese, and other foodstuffs.

One argument for avoiding such deals is that Canada is in a surplus position with most nondollar countries, but most bilateral deals in the end even out trade between the two parties so we would lose out. We're afraid, therefore, that the end result of large scale bilateral trading would be to bring our trade-in balance—but at the disastrous cost of loading Canada with millions of dollars of nondollar purchases at prices far out of line with those of our own economy.

The end result of such a policy would likely be one of two alternatives: (a) Huge Government subsidies to enable these high-priced goods to be sold at competitive prices to Canadian consumers;

(b) A system of embargoes and controls aimed to isolate us from lower-priced American goods and which sooner or later might put us, in part at least, behind the high-cost nondollar "picket fence."

As indicated recently in the FECB annual report, the Government is presently encouraging private barter deals wherever private business can find an opening behind the non-dollar trade curtain. But there's a fine and firm distinction between these deals and those in which the Government would get itself officially involved.

One final alternative, not mentioned by Governor Towers or indeed by any officials either in Ottawa or Washington, is currency revaluation.

One political party in Canada is urging that Canada revalue its currency.

As Mr. Abbott pointed out during the Parliamentary debate last week, a lower price for the Canadian dollar in terms of the United States dollar would make it still harder for Britain and other nondollar nations to sell to



us. A British manufactured article which now costs \$100 would, after a 10-percent devaluation, cost \$110. And that is just the opposite of what we need to do at this juncture.

#### DEVALUE POUND, FRANC?

What would, for Canada, be helpful is nondollar currencies, devaluation of the pound, the French franc, and so forth. This would help smash down the barriers which are splitting the democratic world into two, each with its own price plateau.

Why does Britain wish to hold the present level of the pound?

For one thing, she has been able to market all her exportable surplus either in dollar or nondollar markets. At the same time, she's getting what raw materials and other imports she requires from dollar sources, at prices which are lower than those she would have to pay if she devalued the pound.

Devaluation of the pound, under such circumstances, is the last thing United Kingdom wants.

How long can Britain and other nondollar countries continue to hold their present currency levels?

Nobody knows.

But the fear that is properly held in Ottawa and Washington is that the network of bilateral deals now in force may permit the United Kingdom and other nondollar countries to isolate themselves almost indefinitely from the normal consequences of an overvalued currency.

This then is the boomerang of Marshall aid—the economic “feet of clay” to present high hopes for Anglo-Saxon political partnership.

The best efforts and intentions of North America to achieve European recovery and eventual convertibility of dollar and nondollar currencies are not going to be, it seems good enough.

The stimulus of Marshall aid is driving Europe into its own trade shell—not out of it.

Right now only a few are acutely conscious of this danger and its fatal implications to multilateral world trade.

Very soon, the implications of this situation will dawn in the minds of millions of people in North America whose livelihood and well-being depend upon the outcome.

Mr. MALONE. Mr. President, further in connection with what is happening in this country, and what is likely to happen in the next few months or, at most, a year or two, I ask unanimous consent to have printed in the RECORD at this point an excerpt from the United States News and World Report for April 8, 1949, entitled “World Commerce—Industry, Washington, Ottawa, London, Paris.”

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### WORLD COMMERCE, INDUSTRY—WASHINGTON, OTTAWA, LONDON, PARIS

As the Marshall plan moves into its second year, there's growing concern on both sides of the Atlantic about where it is heading, what it leads to.

Cost of the Marshall plan looks heavier, as United States business slows down.

European capitals worry less about dollar appropriations for the plan than about subtler costs of European recovery to the American businessman. Increasingly, United States business will feel pressure of competition from western Europe.

This competition already is showing up in unexpected quarters. As it grows, Marshall plan popularity in United States may wane. That worries western Europe.

Oddest result of the Marshall plan is the price plateau it's building up.

United States and Canadian prices for many commodities are well below prices for similar products in western European and colonial trade.

Washington pressure seems to be responsible for this situation.

Marshall-plan countries are urged by Washington to buy more and more from neighbors and dependent areas, less and less from dollar sources.

So Marshall-plan countries are building up a web of bilateral trade deals. There are nearly 300 of these agreements now. Prices of commodities being passed around are high, reflecting inflated costs, overvalued currencies.

A premium has to be paid to avoid buying from dollar countries. Price, quality no longer are so important. The currency involved is more important.

Britain is paying \$167 a ton for Scandinavian newsprint, although Canadian newsprint could be had for \$112. Denmark sells neighbors butter at higher prices than it could be bought for in the Western Hemisphere. Belgium steel is sold in Europe for very fancy prices. But none of these transactions requires dollars. That is the criterion. Result: United States and Canadian exporters lose out.

Also, over the longer term, American and Canadian exporters face a shrinking European market, as the Marshall plan goes on. Marshall-plan countries aim at reducing their imports from North America about a third by 1953.

Biggest declines in shipments to Europe will be in farm products, coal, textiles, machine tools. Fall-off in exports to Europe will be hard to take if business in the United States dips considerably. Then the pressure will be on Washington to bolster exports, in order to make up for declining domestic demand.

Selling the Marshall plan to the United States Congress, thus, may get progressively harder. It's been comparatively easy so far. But more and more toes will be stepped on from now on. Western Europe is off the ropes, bouncing back. Dollar help is battenning up a heavyweight contender for world trade. You will be hearing a lot more of that kind of talk as the months go by.

Dollar shortage gives exporters of western European countries an unusual advantage right now. They are bound to exploit that advantage.

Buyers in most countries prefer not to give up dollars for goods. Dollars are usually reserved for purchases of scarce steel or machinery available only from the United States. Where there is any choice, other sellers get the call.

Argentina, for example, is cutting down on purchases of cheap United States coal, buying more British coal to save dollar exchange.

Price tags on European products are not so important for this reason.

As larger supplies of European goods can be exported, competitive pressure on American exporters mounts. This sort of pressure is very widespread. Almost all important countries except Switzerland, Venezuela, and Cuba are short of dollars. Most other countries restrict imports from dollar areas.

Again, dollar aid in Europe is helping to build up competition for the United States.

But a major aim of the Marshall-plan countries is to build up their exports to the United States. Here comparative prices are important.

Price downtrend in the United States and abundance of goods make United States buyers wary.

To sell more in the United States, western Europeans must meet local competition. That is not going to be easy.

Europe's wage and material costs are high. Productivity is not up to prewar levels in many instances. Methods and machinery

can't match those in United States. Sales promotion, advertising, packaging of European goods are often antiquated.

Selling on the basis of quality alone won't work during a United States downturn.

Cutting prices by ordinary means presents many difficulties. Labor would object to wage cuts; businessmen to profits cuts. Waiting for material costs to drift lower or for productivity to work higher would take too long.

Easiest way out seems to be devaluation of European currencies. Officials in many European capitals are becoming convinced of this.

Devaluing the British pound, say, by 25 percent would have this effect: Three dollars would then buy a pound, instead of \$4 as now. A British car selling for the equivalent of £400 in New York then would cost \$1,200 instead of \$1,600. That would give British cars a big price advantage over the most popular American cars. Of course, the British would earn fewer dollars per car, but would expect to make up for it by selling more cars.

French, Dutch, Swedish products could be made cheaper in the same way by devaluing the franc, guilder, or krona.

The French have devalued the franc twice since the war's end, but each time internal prices rose so much that exports were not long at bargain prices. But, now, inflationary forces in France and most of western Europe seem definitely on the wane. So chances of successful devaluation are much better.

Imports cost more after a country devalues. But United States aid already is paying for many of the imports of western Europe anyway. What's more, prices of food and raw materials, needed most by western Europe, are declining.

Signs point to currency devaluation in several European countries if United States prices continue to weaken and if western Europe finds exports lagging.

This is not to suggest that devaluations are just around the corner or that they might be as large as 25 percent. Each country will have to figure what is best. And the International Monetary Fund will try to mesh the devaluations together so that no important currency will be far out of line. It may be months before anything happens. But clearly the stage is now being set.

Mr. MALONE. Mr. President, I wish to quote briefly from this excerpt I have just had printed in the RECORD:

European capitals worry less about dollar appropriations for the plan than about subtler costs of European recovery to the American businessman. Increasingly, United States business will feel pressure of competition from western Europe. \* \* \*

So Marshall plan countries are building up a web of bilateral trade deals. There are nearly 300 of these agreements now.

These are not unilateral. They are treaties we make with some nations, and every other nation has the advantage of this lowering of import duties or some other advantage. But these are bilateral, they are made one country with another, and no other country gets any advantage whatever. I read further:

Prices of commodities being passed around are high, reflecting inflated costs, overvalued currencies.

A premium has to be paid to avoid buying from dollar countries. Price and quality are no longer so important. The currency involved is more important.

Britain is paying \$167 a ton for Scandinavian newsprint, although Canadian newsprint could be had for \$112.

Denmark sells neighbors butter at higher prices than it could be bought for in the



Western Hemisphere. Belgian steel is sold in Europe for very fancy prices. But none of these transactions require dollars. That is the criterion. Result: United States and Canadian exporters lose out.

At another point the excerpt says:

Biggest declines in shipments to Europe will be in farm products, coal, textiles, machine tools. Fall-off in exports to Europe will be hard to take if business in the United States dips considerably. Then the pressure will be on Washington to bolster exports, in order to make up for declining domestic demand.

Mr. President, I wish to quote from one other place in the clipping submitted for the RECORD:

Easiest way out seems to be devaluation of European currencies. Officials in many European capitals are becoming convinced of this.

Devaluing the British pound, say, by 25 percent would have this effect.

Mr. President, it will be remembered that on the floor of the Senate on March 30 and 31 I outlined how, when the nations of Europe wish to expand their trade by devaluing the currency or allowing it to reach more nearly the actual value, they can come under any kind of competition to this country.

Three dollars would then buy a pound, instead of four dollars as now. A British car selling for the equivalent of 400 pounds in New York—

Which would be \$1,600 at the old prices of \$4.03—

then would cost \$1,200 instead of \$1,600. That would give British cars a big price advantage over the most popular American cars. Of course, the British would earn fewer dollars per car, but would expect to make up for it by selling more cars.

In other words, they would meet the competition in that way, in the same manner as the same countries defeat any trade agreement made with this country under the 1934 Trade Agreements Act through the simple expedient of devaluing their currencies. At one other point it says:

The French have devalued the franc twice since war's end, but each time internal prices rose so much that exports were not long at bargain prices. But, now, inflationary forces in France and most of Western Europe seem definitely on the wane. So chances of successful devaluation are much better.

In other words, they would do the same thing, simply devalue their currency, and come into greater competition with American products.

Mr. President, I ask unanimous consent to have placed in the RECORD at this point a table showing the recovery of the Marshall plan countries for 1946 and 1947 and 1948. It will be seen from an inspection of the table that the recovery of these 16 nations, with the exception of Germany and Austria, was greater during the period 1946 to 1947 than during 1947 to 1948. In other words, these countries, so far as industrial recovery was concerned, were on their way to recovery, and some of them have not recovered as fast during the second year, or the year when the ECA money was available to them, as they had recovered during the previous year.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE I.—Trend of industrial production<sup>1</sup> in 12 Marshall plan countries since the war, based on index numbers for a given prewar year

	Base year=100	1946	1947	1948
Austria.....	1937	-----	48	<sup>2</sup> 72
Belgium.....	1939	83	100	108
Denmark.....	1937	101	116	129
France.....	1938	79	95	108
French Morocco.....	1938	152	170	<sup>2</sup> 190
Germany.....	1936	34	40	60
Greece.....	1939	53	67	73
Ireland.....	1937	107	113	<sup>3</sup> 129
Italy.....	1947	-----	100	107
Netherlands.....	1937	75	95	113
Norway.....	1937	100	115	125
Sweden.....	1937	137	139	144
United Kingdom <sup>4</sup> .....	1935	100	109	121

<sup>1</sup> Monthly Bulletin of Statistics, Statistical Office of United Nations, March 1949.

<sup>2</sup> First 10 months.

<sup>3</sup> First 8 months.

<sup>4</sup> London and Cambridge Economic Service, bull. II, vol. XXVI, p. 51, and bull. I, vol. XXVII, p. 12, May 19, 1948.

Mr. MALONE. Mr. President, I have here a current copy of the American magazine for April 1949. There are some very interesting things in this magazine, as usual.

I note a half-page advertisement in the Wall Street Journal for Monday, April 4, 1949, where a picture of Mr. Hoffman appears, and a bonfire of hundred dollar bills is shown rather spectacularly in the picture, to advertise the American magazine article.

It is said of Mr. Hoffman in this advertisement that he will explain the efficiency and the great help ECA has been, and what the taxpayer has gotten for his money, in the April number of the American magazine. It is a very interesting advertisement.

Let us see what he did say in this article. I shall not attempt to read it all, and I will not ask that it be included in the RECORD, because this magazine is available on the news stands, but I shall quote from some of the more interesting parts of the article. One of them is:

Strictly as a business proposition then, it's in our own interest to help the free nations of western Europe regain their prosperity and become again good cash customers for our goods. Your tax dollars are also achieving this result.

Another quotation a little further on in the article says:

In the Netherlands, factory output today is 22 percent above the prewar high. France is turning out more coal, steel, and electric power than in any previous year. Britain's output of motor trucks and railway freight cars is up 50 percent from 1938; and British power plants are generating twice as many kilowatts of electric energy as they did before the war.

Now let me read another paragraph a little further on in the article:

I wish it were possible for me to take you on a personally conducted tour of the 16 ERP countries—

They are called here ERP countries; the plan is variously known as the Marshall plan, ERP, ECA, and under various names—

and show you some of the tangible things your dollars have bought. I'd start, I think, with a British textile plant in Manchester, where thousands of skilled workers are turning out millions of yards of fine new cloth made from American cotton.

That, Mr. President, is going to be very interesting information, I think, to the New England and Southern States textile industries.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. MALONE. I am happy to yield to the Senator from Missouri.

Mr. KEM. We hear it said on the floor of the Senate and elsewhere that we realize that the competition of these plants and factories built abroad with American Marshall plan money, equipped, under the Marshall plan, with the latest American machines and technology, will be difficult competition for American producers in years ahead. What we hear said is that it is necessary to do this, to submit our own industry to this particularly difficult and perhaps unequal competition in order to save the world against communism, to stop the spread of communism. I want to ask the Senator if Mr. Hoffman in this article deals with what will happen in the world if the American economy becomes undermined to such extent it cannot stand as it does today as a great bulwark against communism in all the world?

Mr. MALONE. Mr. President, unfortunately he does not seem to have touched that interesting subject. Of course, we are already on the way down, and considering the fact that there are nearly 4,000,000 unemployed totally in the United States today, and approximately 9,500,000 partially unemployed which, as I previously said, does not include the men on the railroads on the extra board waiting for the call boy, I think it is a very interesting and opportune comment.

Mr. KEM. Mr. President, will the Senator yield again?

Mr. MALONE. I yield to the Senator from Missouri.

Mr. KEM. Does the sentiment expressed by Mr. Hoffman in the article the Senator is reading comport with the view expressed by him before the Senate committee to the effect that, "I cannot tell you how little concerned I am about European competition"?

Mr. MALONE. Mr. President, in answer to the question of the Senator from Missouri, I will say that Mr. Hoffman apparently has not used that exact language in the article, but there are paragraphs in the article that mean practically the same thing.

As a matter of fact, as the Senator from Missouri so aptly said a few days ago on the Senate floor, we are promised that, by building up this great industrial machine of Europe, we will establish a market for our goods. Whereas what Mr. Hoffman, even in this article, and apparently with all the emphasis at his command, said before the Foreign Relations Committee was that the exact opposite was what they wanted to do. In this matter we are a good deal like we



are in other matters—we have a tough time selling our people that one effect is going to be had, whereas we must then, in order to make it effective, sell the European nations that exactly the opposite is going to happen.

Mr. President, a little further along in the article, in telling the American people the effect, Mr. Hoffman said:

To help pay for the aid they're receiving the Marshall plan countries are holding down consumption and increasing their exports to America.

I would ask the Senator from Missouri whether that is what he had in mind?

Mr. KEM. Yes; it is. And while Mr. Hoffman said when he was before the Senate committee that he was not going to worry about American manufacturers who could not compete, or words to that effect, I wonder if there is anything in the article that indicates any concern about the position of employees of manufacturers who cannot compete, and who find shut-down notices in their pay envelopes?

Mr. MALONE. Mr. President, unfortunately I find nothing in the article that mentions the workingman of America at all.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. MALONE. I yield for a question.

Mr. CONNALLY. Does the Senator mind indicating about how long he will occupy the floor?

Mr. MALONE. I think it probably will be 15 or 20 minutes, not including any debate that might ensue.

Mr. President, I continue to quote from Mr. Hoffman:

To help pay for the aid they are receiving, the Marshall-plan countries are holding down consumption and increasing their exports to America. The Dutch, for example, who love cheese and chocolate, are exporting practically all they produce. From the Netherlands we are also getting garden bulbs and Holland gin—as well as rubber, palm oil, and quinine from the Netherlands Indies, and aluminum ore from Dutch Guiana.

I imagine the fact that cheese is coming from the Netherlands to the United States in increasing quantities will be great news for the citizens of Wisconsin, and the fact that chocolate is coming in ought to be great news to some of the States which have within their borders chocolate factories.

Mr. GREEN. Mr. President, will the Senator yield?

Mr. MALONE. I yield to the Senator from Rhode Island.

Mr. GREEN. The Senator from Rhode Island has listened attentively and with interest for about an hour to the Senator from Nevada, but since the discourse has been rather more discursive than usual, he would like to ask the Senator from Nevada whether he is in favor of or apposed to European recovery?

Mr. MALONE. Mr. President, I suppose I will have to read again, as I did to another Senator who had not been on the floor very much, from what I have previously stated on that subject.

Mr. GREEN. I will say to the Senator from Nevada that I have been here prac-

tically all the time the Senator has spoken today, except about 2 minutes.

Mr. MALONE. I think the best thing to do is for me to read what I have previously stated.

Mr. GREEN. Can the question be answered "Yes" or "No"? I have heard a great many explanations about many subjects allied to this subject; but the question I ask is: Is the Senator from Nevada in favor or opposed to European recovery?

Mr. MALONE. Of course I am in favor of European recovery. I will read to the Senator an excerpt from a statement I made on March 4, last year on the Senate floor and it was made a part of the RECORD in the debate on March 31 of this year. I believe the Senator from Rhode Island will be glad to hear it.

In answer to the Senator, of whom I am very fond, and who I know is a student of these matters, and whose question is directed right to the point, and who has not read my statement of March 4, 1948, and which was placed in the CONGRESSIONAL RECORD, appearing on page 3659, which reads as follows:

#### PEACE AND SAFETY OF THE UNITED STATES

The peace and safety of this Nation is seriously threatened, through the complete absence of a definite foreign policy, telling our own people and the nations of the world what we consider will threaten our ultimate peace and safety, and the complete absence of a military organization spearheaded by an air corps to enforce our pronouncement.

The basic subject of foreign policy has never been discussed with the American people, through two world wars, and now the Marshall plan is in the same category. The basic subject at issue (as it was in 1823 when the Monroe Doctrine was established to protect South America and the Western Hemisphere from encroachment from the European empire-minded nations) is what areas—and naming the nations in the Europeans and Middle East countries, including Asia and the South Seas—is it necessary for us to currently protect for our own ultimate safety? Until this decision is made no plan to make it effective can be intelligently discussed.

I may say to the distinguished Senator from Rhode Island that I said last year that what we wanted to do under the Marshall plan was to feed hungry people, to rehabilitate industry, and to stop communism. I continue to read:

#### HUNGRY PEOPLE—COMMUNISM—REHABILITATION OF INDUSTRY

It is impossible to consider the feeding of hungry people—the stopping of communism—and the rehabilitation of industry as one subject. We only confuse ourselves.

As a result we mix our emotions with the facts and become unwilling victims of the greatest propaganda machine ever established in Washington; let us take them one at a time:

#### FEEDING HUNGRY PEOPLE

Feeding emergency hungry people of Europe or of any other area is a matter of charity and must be so considered apart from other considerations.

Departing from the text for a moment, the amendment which I have just been discussing, which was submitted on Wednesday of last week, was to exclude medicines and food, and then lend money on the same basis on which we lend it to

American citizens for the rehabilitation of industry.

I continue the quotation:

#### FEEDING HUNGRY PEOPLE

Feeding emergency hungry people of Europe or of any other area is a matter of charity and must be so considered apart from other considerations. The Congress of the United States has appropriated nearly \$1,500,000,000 during the last 12 months for that purpose alone, and has appropriated \$24,000,000,000 and handed it to the nations of the world without hope of repayment since the close of World War II in 1945.

We have given them the money. None of it will ever come back. I know that the Senator from Rhode Island is not naive enough to think that any of it will ever be repaid.

#### INDUSTRIAL REHABILITATION

The rehabilitation of the industries of the 16 Marshall plan European countries, entirely separate from feeding hungry people, can then be accomplished as a purely business transaction in the same manner as such industrial plants were financed in this country by the Reconstruction Finance Corporation during depression and World War II years.

A reasonable amount of money, say \$1,000,000,000 could be appropriated and made available to the RFC or to the World Bank for that specific purpose, simply providing that the RFC rules and regulations be applied to any foreign-business loans.

The only difference between that suggestion and the one made in my amendment is that, so long as we have created the ECA, we should let the ECA do it under our RFC rules. What are those rules?

Their rules provide for an investigation of the feasibility of such an industry by an experienced investigator in the respective field, with an estimate of cost, together with a list of the needed machinery and supplies. They further provide for a lien or mortgage to be taken on such equipment—the stock or shares of the existing organization to be hypothecated as additional security for such loan, and then the signature of the applicant is required.

In other words, it is a loan, exactly the same as a loan which might be made to a citizen of Rhode Island.

I continue reading:

It will prove a pleasant surprise to both the Congress and to the State Department the relatively small amount of funds that the European nations will require for industrial plant refinancing, if such loans must be secured on a business basis.

The entire thesis and point of my argument is that the feeding of hungry people, whether located in this or any other nation—the international policy of protecting the integrity of foreign areas in the interest of our own ultimate safety—and the rehabilitation of industrial plants in such foreign nations, must be considered separately to make sense and to be understood by our own people.

The extent that we can and should feed the hungry people of the world—and the amount of money we may loan for rehabilitation of industrial plants on a business basis throughout the world—is the particular business and responsibility of the Congress of the United States—while the international policy, the determination of the areas and nations of the world that we must currently protect for our own ultimate safety is a State Department matter.



## COMMUNISM—INTEGRITY OF NATIONS

Stopping communism through protecting the integrity of the nations of the world that we decide, after full discussion and study, we must currently protect for our own ultimate safety, is a matter of our own integrity and frankness with our own citizens—and with the nations of the world.

If we should decide, after full consideration of our experience through two world wars—and our improved methods of defense and offense—that a threat to the integrity of any member nation of the United Nations Organization, by any other nation would constitute a threat to our ultimate safety—then President Monroe's exact words could be utilized in announcing an extension of the established Monroe Doctrine, leaving out any reference to the Western Hemisphere, and say, in effect, to the world and to the American people that:

"We owe it therefore to candor, and to the amicable relations existing between the United States and those powers, to declare that we should consider any attempt on their part to extend their system, as dangerous to our peace and safety."

We should then build at once a military force, spearheaded by an air corps that would bear silent evidence to all concerned that we were ready and able to enforce the extended doctrine, just as we have enforced the original Monroe Doctrine covering the Western Hemisphere for more than 125 years, and which kept us out of a major war for more than 75 years.

The Congressional Air Policy Board has recommended a long-range military plane purchase program, which would provide a 35,000-plane striking force costing \$16,800,000,000 over a 5-year program. The President's air policy board's recent report closely parallels this document.

The reports were made at almost the same time.

The Armed Service Committees of Congress should immediately check these reports and if found correct recommend their adoption and the appropriation of the necessary funds by the Congress of the United States for the entire 5-year program.

Congress could apply the Marshall plan 4-year funds of \$17,000,000,000 to the \$16,800,000,000 5-year plane purchase program and have approximately enough left to continue the necessary European nations' feeding program until they raise a third crop and to furnish the necessary funds to the RFC or the World Bank for the rehabilitation of the European nations' industry under the Reconstruction Finance Corporation rules, as applied to American citizens.

Under the 125-year-old Monroe Doctrine we would only declare war when we judged that our own ultimate safety was threatened, and we were the sole judge in that event.

I will ask the Senator from Rhode Island if it would seem from that statement that I do not want to help the European nations.

Mr. GREEN. I was seeking enlightenment, but I am sorry to say that I received very little. If I correctly understand—and I think I do—the Senator from Nevada, my good friend to whom I listen with interest, is opposed to the Marshall plan. I believe he is opposed to the present legislation. My question is: Is he opposed to any plan to help the restoration of the European economic situation?

Mr. MALONE. Of course, Mr. President, no one could listen to what I have just read and seriously ask that question. I said on the floor of the Senate last

year, and repeated for the RECORD this year that—let us feed the emergency hungry people—not all the hungry people of the world, because some of them have been hungry for 2,000 years. We cannot feed all of them with our resources. Let us feed the emergency hungry people, who can recover and feed themselves after a reasonable time. If there were a bad fire in the Senator's town, we would send money and food, not to reelect the mayor, but to feed the hungry people. Let us lend money to rehabilitate the industry of Europe on the same basis on which we would lend it, through the Reconstruction Finance Corporation, to rehabilitate industry in Rhode Island, Illinois, or any other State in this Nation. Then let us have a foreign policy, which we have never had.

Mr. GREEN. Some parts of the Senator's argument seem to be against any recovery plan.

Mr. MALONE. I do not see it that way. I want America to feed emergency hungry people, loan money for the rehabilitation of European industry in the same manner as we loan it to American citizens, and name the nations in Europe and Asia whose integrity is important to our ultimate safety. I believe that is as far as we should go.

Mr. GREEN. The argument seems to be that if Europe recovers she will be a dangerous rival to American industry. Is not that a part of the Senator's argument?

Mr. MALONE. Mr. President, we are ready to meet competition, but we should not finance additional competition after the nations have recovered. After a recovery of 190 percent, such as has taken place in French Morocco, or 121 percent in England at this time—the Senator can read the table which I submitted for the RECORD—we should not finance competition, except on a business basis, after prewar recovery is complete. Let us not become the permanent support of the European nations to the detriment of American taxpayers.

Mr. GREEN. Does the Senator believe that Europe has recovered?

Mr. MALONE. The record shows that there has been a recovery beyond the 1938 industrial index. If the goal is 200 percent or 300 percent, it should be made clear on the floor of the Senate. The nations of Europe have recovered beyond the prewar index, as I have pointed out. There are three exceptions, namely, Austria, Germany, and Greece. That is another subject, and lack of recovery is for an entirely different reason. Germany has been deliberately held down by England and France, partly through fear of the future, and partly to secure for themselves industry which Germany formerly had. After a nation has made a 107 to 190 percent recovery, which is the range of such recovery of the ECA nations, with the exceptions noted above, then any further assistance to put them in a more competitive position with our own people should certainly be on a business basis, or on no easier terms than we would lend such funds to the people of Rhode Island, Nevada, or Illinois. Let

us keep on helping them, yes; but let us do it on a business basis beyond that point.

Mr. GREEN. As I understood the amendment of the Senator from Nevada, to which he is supposed to be addressing his remarks, it does not provide for recovery at all.

Mr. MALONE. My amendment simply provides that we do exactly as I suggested a year ago, namely, loan the money for the rehabilitation of industry and for the construction of new industry in just the same way we would make a loan to the Union Pacific Railroad or to a branch of the steel industry in Pittsburgh, or any American citizen, and do it on no better terms or no harsher terms. Certainly it is asking a good deal not to obtain the same security for a foreign loan which we would obtain for a domestic loan, for in making a domestic loan the RFC certainly obtains the best security it can get.

Mr. GREEN. But the amendment does not say "the best security which can be obtained." It says "full security."

Of course, any bank would make a loan on full security. So what help would the Senator give European recovery by offering to have the United States Government make loans on the same terms on which any bank would make a loan?

Mr. MALONE. American banks will not make such loans at all on account of the risks of nationalization and socialization of capital. Let me point out to the Senator that I visited a number of the steel mills in Birmingham, England, and in the Ruhr, in Germany, and talked to the owners and managers of such mills. In one case I talked to a man named Jones, manager of a Birmingham steel plant, he received his training in Pittsburgh, and managed one of the plants. He took great pride in showing me the improvements being made in the plant, and stated that those improvements would cost perhaps \$3,000,000, or \$12,000,000. I said to him, "Where do you get the money? Do you get it from the Bank of England?"

"No," he said, "just from the local banks."

I said, "Do you mean to say that you do not want the Marshall plan money?"

He said, "We just want you to keep out of our hair." We are afraid of nationalization, if we borrow Government money.

Mr. GREEN. Is it the Senator's argument that they do not want recovery and that no one wants recovery?

Mr. MALONE. I do not see how anyone can listen to my statements and then say I do not want them to achieve recovery. If we offer to loan them money to modernize their plants, offer to feed him while the plant is being so modernized and then offer to protect the integrity of the nation, it seems to me we are going beyond anything that they could reasonably expect. Certainly no one would then be justified in saying that we did not wish them to recover.

Mr. GREEN. But is it the Senator's point that Europe has recovered, so it does not need any further help from us



in the way of recovery? After all, all the best authorities say that Europe has not achieved recovery. We are told that Europe is well on the road to recovery, thanks to our help, but that we should give more help in order to help Europe achieve recovery.

Mr. MALONE. Perhaps I have not, even yet, made myself clear. The money is being appropriated to feed them. The money is being appropriated to rehabilitate their industries—I suggest as a business basis. And I further suggest that the executive department, whose responsibility it is to fix foreign policy—name the nations in Europe and Asia whose integrity we must currently protect for our own ultimate safety and then get ready to do it—how can anyone ask more.

Mr. GREEN. Feeding them is not recovery; it is simply charity.

Mr. MALONE. Of course, it is charity any way you wrap it up—then lend the money for rehabilitation of industry.

Mr. GREEN. That is not recovery. Too many loans can destroy a business. Both the Secretary of the Treasury and Mr. Hoffman say it would not assist recovery if those countries were to ask for too many loans.

Mr. MALONE. Naturally they should expend the loans prudently—as American businessmen are required to do—of course you no longer hear of a United States of Europe as was long advocated by Mr. Churchill and others. This suggestion has long since been forgotten in the wake of our tremendous gift loans.

Mr. GREEN. Then I take it that the Senator from Nevada believes he has a better plan than Mr. Hoffman does and a better plan than General Marshall had.

Mr. MALONE. I believe it is a better plan to arrange our activities in line with the best interests of the United States of America, and hold our wage living standards while we are helping Europe.

Mr. GREEN. But lending money can destroy, rather than aid in recovery; too many loans can destroy industry. Also, feeding people is only a temporary alleviation; it does not make for recovery.

Mr. MALONE. I am very glad to know that the Senator believes that lending money to industry simply ruins it. We have done very well using that system in this country for 150 years—well enough to support most of Europe at least in addition to ourselves.

Mr. GREEN. I say that lending money to Europe now amounts to the same thing, for the European countries have taken all the loans they can afford to pay, even after they have recovered.

Mr. MALONE. The Senator from Rhode Island does not mean that they are going to pay any of it, does he?

Mr. GREEN. Then why not give them a grant?

Mr. MALONE. We have done that. I say that now we should continue our assistance in a businesslike manner.

Mr. CONNALLY. Mr. President, the Senator from Nevada told me a while ago that he would need only about 15 minutes.

Mr. MALONE. I told the distinguished senior Senator from Texas that I would

need about 15 minutes in addition to any debate which might ensue.

Mr. President, I continue to quote from the article by Mr. Hoffman, appearing in the April issue of the American magazine:

From Belgium we're obtaining blankets, linens, glassware, leather goods, musical instruments. Britain is sending us cutlery, woolens, industrial diamonds, and Scotch whisky.

Mr. President, all that is very interesting, and I am very much interested to know that Mr. Hoffman is advocating that those materials—such as woolens, linens, glassware, leather goods, and blankets—be shipped into the United States and marketed here at the lower price made by the cheap labor of Europe, and with no protection for the workingmen of America.

I read further from the article:

But Europe needs to step up her exports to the United States still further.

I should like it to be well understood by the Senate that Mr. Hoffman advocates that that be done—through policies established by the administration which I call the three-phase free-trade policy, under which the tariff or import fees are lowered to the point that they do not represent the differential in the cost of production, which means that products of cheap labor will compete in the United States with the products of our own workingmen. Mr. Hoffman says in that connection:

If the 16 Marshall-plan countries could increase their sales to America by merely 1 percent of our present national income, they would be able to pay for all their imports from this country without any further help from us. To this end, we are encouraging European manufacturers to restyle their products to attract American customers. For example, we suggested to one Dutch chocolate manufacturer that he could increase his United States sales by packaging his product in 10-cent bars instead of the present bars that sell for 50 cents. Another way Europeans can increase their sales to us is by letting us see exactly what they do offer. Perhaps a "fair train" touring the country with displays of European merchandise and taking orders from wholesalers and department stores would help.

Mr. President, I have no doubt that it would help greatly to promote sales of European goods produced by cheap labor—to have a "fair train" financed by ECA funds touring the country—and I am very glad to know that Mr. Hoffman is undertaking to bring that about.

Quoting further:

The overseas territories of five Marshall-plan countries—Britain, France, Belgium, the Netherlands, and Portugal—are rich in undeveloped resources. By developing those resources they can make themselves less dependent on food and raw materials from the Western Hemisphere. We are working with them to that end. For example, Britain has asked us to help in opening up a vast territory in northern Rhodesia. The area, virtually uninhabited, is known to contain great mineral wealth and to possess enormous potentials for agriculture.

Mr. President, I have seen many of those areas in Africa. I flew the full length of the Nile. I stopped in the Sudan country, where the English are doing a great work. One little matter

between the English and Egypt has to do with areas in Sudan and Egypt. The Egyptians are afraid that with our money the English will build too many dams on the Nile in the upper Sudan country and not allow the water necessary for Egyptian agriculture to come down the river. That is one place that our money may cause some trouble. Then I proceeded through the Victoria Lake country, Rhodesia, South Africa, the Belgian Congo, the Gold Coast, the Ivory Coast, Dakar in French West Africa, and so forth. As Mr. Hoffman has said, there are not many white people in certain of these areas. But there are other races there, and the areas are being utilized.

In that connection I should like to say, as I have said before here, that twice in my lifetime we have left bloody tracks all over the Pacific in two world wars in order to get the colonial systems back for the colonial-minded nations. I want to say again as I said last Thursday on the floor of the Senate that in my opinion, when it is perfectly evident that the empire-minded nations cannot protect these colonial areas in Asia, the Near East, the Far East, the Middle East, and South Africa, and we must protect them for them, then we should be entitled to equal access to the markets of the areas we are committed to protect. In other words, so long as they could protect their colonial interests and finance their operations themselves prior to World War I, little attention was paid to these nations by us and to the protection of these empire-minded nations.

Now we are not only doing their fighting but their financing, so I conclude that we should be entitled to equal access to the markets of the areas that we are committed to defend. We should be entitled to equal access to the markets of Indonesia, the Malayan States, Indochina, and the area in Africa, including Rhodesia, that Mr. Hoffman mentioned. Those nations could then impose a tariff or import fee on any imports into their countries, for their own welfare, in order to build up industries; but they should not be forced by any colonial nation to impose import and export fees that would have the effect of denying them the privilege of trading with our country on an even basis.

In other words, we should not be made to pay through the nose through empire preferential rates forced on these countries.

Mr. President, I should like to read one further excerpt from Mr. Hoffman's article:

Merely to become self-supporting western Europe must have a further increase of at least 25 percent in industrial production, 80 percent in agricultural output, and 65 percent in exports to the outside world. A tough assignment, but it can be done. In fact, it must be done.

He further says:

Secondly, we must go out of our way consciously to encourage imports from Europe. We must, in certain instances, be ready to reduce tariffs to make it possible for them to trade with us. The Danes, for example, would like to send us more of their good butter in exchange for United States goods; but an inordinate tariff of 14 cents a pound prevents them from doing so.



In other words, we are to reduce our tariffs on the products of Europe, and we have already, I may say, in almost every instance, cut import fees or tariffs below the critical point that makes up the differential between the cost of production of an item here and the cost of its production in Europe, due mostly to the difference in wages and standards of living, because they now have access and are receiving our best, most up-to-date machinery, in each particular industry. Our technical know-how goes with the machinery.

In American Affairs, of January 1947, there is a very interesting article written in part by the Eastern Economist at New Delhi, and then commented upon by the editor. I submit, Mr. President, a marked excerpt from this magazine, which I ask unanimous consent to have printed in the RECORD at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The one brilliant solution that has been offered is that we shall regularly and in a systematic manner give our surplus away instead of lending it and expecting ever to receive it back. This suggestion comes from the Eastern Economist, New Delhi:

"The United States lend-lease plan of helping the Allies in the recent war has been acclaimed as an act of unparalleled generosity, and so it was. But it was also a brilliant and ingenious way of solving what would otherwise have been an intractable problem resulting in a world malaise.

"The productive power of America has multiplied itself so fast that it is now admitted that she cannot continue to give 60,000,000 jobs unless she is able to have a large export trade. But in the long run—not so long as even a decade—exports cannot continue unless imports are allowed to flow in. But United States economic organization is such that the possibilities of her being paid in imports are not very bright. Lending her surplus would mean only a postponement of the day of reckoning and accounting. Sooner or later imports should enter America in a flood. But imports will or at least might create unemployment. In such circumstances it would not be such a foolish thing (as some might imagine) to give away goods to other countries, for on balance it would be better to part with surplus goods than to create unemployment.

"It is not to be assumed that America has reached that stage today or will do so in a year or two. But it is not far off. A new economic policy based on the new conditions and circumstances will have to be devised. What is needed is a peacetime machinery on a semipermanent basis by which the ideas underlying lend-lease and UNRRA may be made the basis of an orderly scheme of transfer of goods and equipment from America to the rest of the world.

"We suggest that from now onward, besides loans to countries through the International Bank which would have to be on the usual commercial basis, a machinery should be set up by America whose purpose would be to provide gifts of loans to countries on certain conditions. These loans, euphemistically, so-called, would be granted both for consumption needs of the poorer communities in the world and for development. In the case of the former, it should be an essential condition of such grant that the goods bought with such money should be used by public development departments for specified purposes. For example, if President Roosevelt's famous freedom from want is not to be a pious wish and a slogan empty of content, it should be the duty of America to organize systematically the outflow of goods

to the poorer countries so that the consumption of the poorer sections of the people may reach a certain basic minimum. Of course, this does not mean that any individual American who parts with his goods will not get the full price therefor. The United States Government will buy the goods, give them as gifts and reimburse itself by additional internal taxation.

"The second type of free loan is for the development of the regions now inhabited by the poorer races. Such gifts should be made to governments for specified purposes which may compendiously be termed public works. Those industries which would not compete directly with American products but which would only improve the general economic well-being of the country as a whole should be entitled to receive them. It should also be made a condition that the proceeds of such gifts would not be used to benefit any private capitalist in any country. There may be other safeguards necessary and several other details requiring to be filled in. But the main outlines should be clear to all."

Here you see, raised to an international dimension, the original Communist doctrine paraphrased thus: From each nation according to its ability; to each nation according to its need.

And yet, this is not to be treated lightly. Whether we so intend it or not, that is what will happen in fact to a great part of the surplus we have loaned to foreign countries. We shall find in the end that we did give it away. Moreover, this idea points the shortest way to arrive at the two principal ends of the complex American proposals, namely, that the American power of competition shall be laid under restraint of the Golden Rule and that the American power of surplus shall be devoted to the common good of mankind with an international economic authority, exercising governmental powers, to see that we do not falter.

Mr. MALONE. I also ask unanimous consent to have printed in the RECORD at this point an article from the New York Daily News of April 1, 1949, entitled "Capitol Stuff," by John O'Donnell.

The PRESIDING OFFICER. Is there objection?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### CAPITOL STUFF

(By John O'Donnell)

WASHINGTON, D. C., March 31.—For the second time in this reporter's life we settled our carcass comfortably before the global movie and after 10 minutes snorted with reasonable irritation as we left:

"This is where I came in. I've seen the picture before under another title. Now I want my money back or at least a rain check for a fresh release."

Last time we growled the observation was in London, on a lovely September morning, Sunday, the 3d, in 1939.

That was the day when Great Britain, under the late Prime Minister Chamberlain, declared war against Germany.

That was World War I all over again—20 years later, 10 years ago.

#### A REPEAT ON LEAGUE OF NATIONS SHOW

And it was 30 years ago, in the winter of '19, that this reporter, fresh from his war discharge at Camp Grant, entered the galleries of the Capitol for the first time in his life and heard those great Americans, California's Hiram Johnson, Idaho's eloquent Borah, Massachusetts' Henry Cabot Lodge, tear apart the fundamental phonies and hypocrisy of Woodrow Wilson's League of Nations.

Late yesterday and again today, in Senate and House, the same movie was put on again. There were different characters, but the theme was identical. Thirty years ago, in the

early spring of 1919, all the betting was odds on that the world-saving Wilson would jam through his Treaty of Versailles and the League of Nations. Then the Congress started to rear up—may the lords that watch over this Republic be praised.

A fortnight ago we would have been willing to bet that United States military aid for the nations of western Europe would bang through the Senate with a whoop and a bellow.

Well, it just ain't true. It won't. What's happening today is the old "This is where I came in" release, dated back 30 years. Truman, the White House palace guard, and the State Department that has figured out it can run the world with British brains and United States cash, are running into heavy going.

All you have to do is shift the actors. Instead of old-time Woodrow Wilson League of Nations foes from the West-Borah and Hiram Johnson, for example—just stick in the present actors, Senators GEORGE (Molly) MALONE, of Nevada, or DONNELL, of Missouri, or WHERRY, of Nebraska, JENNER, of Indiana, KEM, of Missouri, and some of the others now getting in their fighting.

#### THE IDEA BEHIND FOES OF ALLIANCE

The idea seems to be this: O. K. with the so-called Atlantic military alliance if you boys in the White House and State want to kick it through. But to hell with sending money, arms, munitions, tanks, aircraft, and what have we to these nations in Europe that may turn commie or be taken over by commies and so find that we Americans are going to fight against military equipment turned out in New England, Illinois, or California plants.

Now we might point out that Woodrow Wilson, with much pompous whoop-dee-do, signed the Versailles Treaty June 28, 1919, submitted it to the Senate July 10, and then suffered the humiliation and disgrace that were coming to him when the Senate booted it out the window the following November.

Same treatment, as we estimate the way the winds blow, is in store for any measure that makes the Atlantic military alliance mean anything, that is, United States money, munitions, manpower, and military brains. And this is all for the best.

A week ago, we were quite certain that the Congress would O. K. \$1,800,000,000 (just for a 1-year starter) to rearm western Europe and so make the Atlantic pact mean something. And we also figured that the internationalists and global thinkers here in Washington would high-pressure through Capitol Hill the shocking betrayal of the Republic by turning over \$5,400,000,000 to foreigners who were playing economic footsie wootsie with the Kremlin.

#### POINTS TO AID FUNDS STOLEN IN CHINA

In the House, which supposedly controls the purse strings, Representative CLARENCE BROWN (Republican, Ohio) set the boys back on their heels when he placed in the RECORD the statement that between 75 percent and 80 percent of the \$275,000,000 worth of aid that we've poured into China was either stolen by the thieving Chinese leaders we dealt with or was sold directly to the Kremlin-controlled Chinese Communists.

And at the same time, Nevada's Senator MALONE was laying it on the line that Britain, whose socialist economy is being supported by American dollars under the Marshall plan, is aiding Russia with a commercial treaty, impossible without United States financial assistance. And, as MALONE noted, the same goes for France.

What touched off the storm in the Senate was MALONE's assertion that the United States State Department was withholding from the lawmakers as top secret details of treaties which Marshall plan nations had entered into with Pal Joey and his satellite nations and even between the satellites themselves.



There was applause when MALONE observed: "Our United States is getting the greatest economic pushing around that any major nation has received in the last 2,000 years of recorded history."

It increased when he told about the State Department's insistence that 45 of the 88 trade treaties involving Russia and American-aided nations in Europe are restricted and so secret that the State Department can't permit the Senate of the United States to discuss them publicly. And a shout went up when MALONE declared:

"The Members of Congress don't know anything about a loan. All they know is how to give it away."

Yes, we think that getting United States cash out of this Congress for the defense of western Europe is going to be much tougher than the boys thought it would be only a fortnight ago.

Mr. MALONE. Mr. President, it will be remembered that over a long period of time we have advocated in this country siphoning off wages and incomes, too, so it was said, to prevent inflation. Obviously it did not prevent inflation. But what it did prevent, Mr. President, was the supply of money formerly available for new capital investment. The president of the New York Stock Exchange, who was formerly the head of the Securities Exchange Commission of the Government, made a statement not so long ago that new investment capital, the money that formerly had been available from wages and incomes, had through taxes been siphoned off to such an extent that the money was no longer available in amounts that were necessary. Let us see what happens when this money is not available through such wages and incomes. Let us see what happened in England when they did that very thing. It finally came to the point where there was little or no money for capital investment, so then the money was appropriated and collected from the taxpayers of England for new capital investment. Finally, the taxes got to the point where the law of diminishing returns took over. Most of the Senators are entirely familiar with the expression, "the law of diminishing returns." Taxes reached a point where, the higher the taxes, the smaller the receipts; so, what happened? They immediately were attached to our budget. I only wonder, Mr. President, whose budget we can find to attach our Government needs to when we reach that point, when we get the taxes up to the point where the law of diminishing returns takes over.

One more thing. We have for some time, through the United States Treasury, made money available to Federal Reserve Board to furnish a 100 percent market for the low-interest bonds of the United States.

Many people of my acquaintance, bankers and economists, believe that if we withdrew that support, the bonds would immediately go down to 85 or 80 percent, or even lower, as they did after the first war. Any time they go below 90 percent, it is very well understood that the banks of America are mostly broke. As a matter of fact, many believe they would all be broke. So, Mr. President, I submit that the amendment

to the ECA bill I have submitted and described is necessary, as a next step in the European recovery plan. It does not interfere with the money available to furnish food for Europe, for emergency use among hungry people, or to provide medicine for the people; it does not in any way interfere with any international policy that may be adopted to protect the integrity of nations within the areas of Europe and Asia that we think it necessary for us to defend for our own ultimate safety. The effect of the amendment is simply that money extended through loans by the ECA for new industrial development, or to rehabilitate old industries, shall be loaned to those nations or individuals on the same basis as that upon which we would loan money to an American business enterprise.

The PRESIDING OFFICER (Mr. WITHERS in the chair). The question is on agreeing to the amendment offered by the junior Senator from Washington [Mr. CAIN], for himself and the Senator from New Hampshire [Mr. BRIDGES].

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Anderson	Hill	Morse
Baldwin	Hoey	Mundt
Brewster	Holland	Murray
Bricker	Humphrey	Myers
Byrd	Ives	Neely
Chapman	Johnson, Tex.	Robertson
Connally	Kefauver	Saltonstall
Cordon	Kem	Schoeppel
Donnell	Kerr	Smith, Maine
Douglas	Knowland	Sparkman
Eaton	Long	Stennis
Ellender	Lucas	Taft
Ferguson	McClellan	Taylor
Flanders	McFarland	Thomas, Utah
Frear	McKellar	Thye
George	Magnuson	Vandenberg
Green	Malone	Wherry
Gurney	Martin	Williams
Hendrickson	Maybank	Withers
Hickenlooper	Millikin	Young

The PRESIDING OFFICER. Sixty Senators having answered to their names, a quorum is present.

Mr. FERGUSON. Mr. President, the Committee on the Judiciary is in session, and the following Senators are personally present at the meeting: The Senator from Washington [Mr. MAGNUSON], the Senator from Rhode Island [Mr. McGRATH], the Senator from Idaho [Mr. MILLER], the Senator from Maryland [Mr. O'CONOR], the Senator from Wisconsin [Mr. WILEY], the Senator from North Dakota [Mr. LANGER], the Senator from Indiana [Mr. JENNER], and the chairman of the committee, the Senator from Nevada [Mr. McCARRAN].

The PRESIDING OFFICER. The RECORD will so show.

Mr. CONNALLY. Mr. President, I hope we can get a vote on the pending amendment. I wish to say a very few words on it.

The PRESIDING OFFICER. The question before the Senate is on agreeing to the amendment offered by the Senator from Washington [Mr. CAIN] for himself and the Senator from New Hampshire [Mr. BRIDGES].

Mr. WHERRY. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CONNALLY. Mr. President, I wish to take only 2 or 3 minutes of the time of the Senate.

The pending amendment is one offered by the Senator from Washington [Mr. CAIN], who does not appear to be present. I do not like to have a vote on his amendment in his absence, but if he does not think enough of it to be here, that is all right. However, I see present the Senator from New Hampshire [Mr. BRIDGES].

Mr. BRIDGES. The Senator from New Hampshire joined with the Senator from Washington in offering this amendment, and I shall be glad to answer any question the Senator may have in mind.

Mr. CONNALLY. Very well. I thank the Senator, but for the present I do not care to ask him any questions.

The effect of the amendment is to leave the authorization for the first 3 months intact, but after the first 3 months and for the entire next fiscal year the authorization is to be completely cut out and this language inserted, "together with such sums as the Appropriations Committees of Congress shall recommend and the Congress appropriate for the fiscal year ending June 30, 1950."

Mr. President, that means—and this is important—that the ceiling on the amount which may be appropriated and carried in the bill would be removed. Under this amendment the House Committee on Appropriations could not only reduce the amount, but, if it should see fit, it could increase the amount, and if the Congress approved, that would be the law.

It also would strike out the provision of the bill for \$150,000,000 for advanced contract authorizations. That provision would not increase permanently the amount of the expenditures, but it would give the Administrator opportunity to look ahead and make the necessary contracts.

Mr. President, I think the Senate would make a great mistake if it agreed to this amendment and removed the ceiling, making it an unlimited charge on the Treasury if the Committees on Appropriations should see fit to recommend an increase.

The Senator from New Hampshire was formerly chairman of the great Committee on Appropriations, but he is not chairman now, yet his caution and his care in holding down appropriations might not be effective if we removed the ceiling. So I hope the Senate will vote against the amendment.

Mr. BRIDGES. Mr. President, let me say to the Senator from Texas that the idea of this amendment certainly is not along the line he has indicated. He indicated that the ceiling might be raised and the door be wide open.

The objective of the amendment was to allow the Committee on Appropriations to proceed with a searching inquiry into the whole subject of ECA for the full fiscal year, so that after such



Inquiry into not only what has been accomplished, but the methods of administration, and the proposals for the coming year, the Committee on Appropriations would have freedom of action, and would not be handicapped, either directly or indirectly, by an exact amount being fixed in the authorization.

As I said earlier, I recognize that the distinguished Senator from Texas [Mr. CONNALLY] and the distinguished Senator from Michigan [Mr. VANDENBERG] have stated that this is the ceiling in the original bill, and that the Committee on Appropriations is not bound by the ceiling. Nevertheless, I point out to these two distinguished Senators that when a definite figure is put in a bill, the Appropriations Committee is, in a way, under wraps, and the history has been that the members of the committee are subjected to terrific pressure to grant the full authorization amount.

No one by the greatest stretch of the imagination could say that this amendment as proposed has for its purpose the killing of ECA. I personally supported ECA; I am for it today; but I believe the information at hand, some of which I quoted earlier, such as the preliminary report of the European recovery officials abroad, in which they point out the dangers and the trials which they have encountered, should be taken into consideration. Before the Committee on Foreign Relations the testimony was more of one kind, presented by our own officials of the ECA and other distinguished individuals in this country, but I think the whole thing should be balanced, and I think there is no such question as the Senator from Texas indicates. I have not any thought in the world that the Senate is going to appropriate money for the coming year above the figure fixed in the authorization act, but I believe this amendment would give the Committee on Appropriations greater latitude in action, by providing a general authorization, with no exact figure fixed. I realize that ordinarily some dangers are involved in a general authorization, but in this particular instance I think it would give the committee a wider latitude.

I may say to the distinguished Senator from Texas that the present chairman of the Committee on Appropriations, the distinguished Senator from Tennessee [Mr. McKELLAR], is a very able and discerning Senator, and I believe that he and the other members of the committee of both political parties are going to consider with a great deal of care the requests before the appropriations are made. So I think we can be sure that there will be no danger that the appropriations will go over the authorization figure fixed in the bill, which I am attempting, with the junior Senator from Washington, to amend.

Mr. KEM. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. WITHERS in the chair). Does the Senator from New Hampshire yield to the Senator from Missouri?

Mr. BRIDGES. I yield.

Mr. KEM. I should like to ask the Senator from New Hampshire if it is not

true that the countries participating in the Marshall plan have made certain promises or agreements that they will take steps looking toward either economic or political union in western Europe? I should like to ask him further if he believes if the Senate were to take today the action he is asking it to take it would have a very salutary effect in abruptly bringing to the attention of these countries the fact that the American people expect them to do something, and do it soon, to carry out the agreements and understandings we have with them?

Mr. BRIDGES. I think it would; yes.

Mr. CONNALLY. Mr. President, I always enjoy speeches made by the Senator from New Hampshire, and I always enjoy his company. With respect to the matter before us, the Senate must first make an authorization, which means it must place a ceiling. That means the Senate can appropriate so much money, but cannot appropriate a dollar more. The Senator from New Hampshire, however, says he wants to remove that ceiling provision, and permit the Appropriations Committee to appropriate all it wants to. Under the present system the Senate must first screen the proposal, look it over, place limitations on it, and then it goes to the Committee on Appropriations. The Committee on Appropriations has the freedom to cut down the amount, to cut it down further and cut it down still more if it wants to. But the Senator from New Hampshire would say, "Let us take this freedom away from the Committee on Appropriations. That committee cannot resist the pressure which may be put upon it."

The Senator says the committee will have pressure placed upon it to appropriate all we authorize, so he says "Do not give us, the Members of the Appropriations Committee, this power, but give us all the power." That is what the amendment provides. The Senator would have the committee given entire power. Think of the pressures that will be placed upon the Committee on Appropriations, which the Senator from New Hampshire says cannot resist pressures, if no limitation is placed upon the committee, if no ceiling is provided. Will there be any money left in the Treasury if we leave open such a gate as that? Let us make the authorization, with the limitation that is thereby imposed, and if the Committee on Appropriations desires to make a cut below that figure, very well.

Mr. President, I ask for a vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. CAIN] on behalf of himself and the Senator from New Hampshire [Mr. BRIDGES]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BRICKER (when his name was called). On this vote I have a pair with the junior Senator from Wisconsin [Mr. MCCARTHY]. If he were present he would vote "nay." If I were at liberty to vote I would vote "yea." Therefore I refrain from voting.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from California [Mr. DOWNEY] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Iowa [Mr. GILLETTE], the Senator from South Carolina [Mr. JOHNSTON], and the Senator from Georgia [Mr. RUSSELL] are absent on public business.

The Senator from North Carolina [Mr. GRAHAM] is absent because of illness.

The Senator from Mississippi [Mr. EASTLAND] and the Senator from Oklahoma [Mr. THOMAS] are absent on official business.

I announce that on this vote the Senator from Mississippi [Mr. EASTLAND] is paired with the Senator from South Carolina [Mr. JOHNSTON]. If present, the Senator from Mississippi would vote "nay," and the Senator from South Carolina would vote "yea."

I announce further that if present, the Senator from California [Mr. DOWNEY], the Senator from Iowa [Mr. GILLETTE], the Senator from North Carolina [Mr. GRAHAM], the Senator from Oklahoma [Mr. THOMAS], and the Senator from New York [Mr. WAGNER] would vote "nay" on this amendment.

Mr. SALTONSTALL. I announce that the Senator from New Jersey [Mr. SMITH], who is absent because of illness, is paired with the Senator from Washington [Mr. CAIN] who is absent by leave of the Senate. If present and voting, the Senator from New Jersey [Mr. SMITH] would vote "nay," and the Senator from Washington [Mr. CAIN] would vote "yea."

The Senator from Wisconsin [Mr. MCCARTHY] is detained on official business, and his pair has been previously announced by the Senator from Ohio [Mr. BRICKER].

The Senator from Indiana [Mr. CAPEHART] and the Senator from Kansas [Mr. REED] are unavoidably detained.

The result was announced—yeas 15, nays 67, as follows:

#### YEAS—15

Bridges	Jenner	Taylor
Butler	Kem	Watkins
Byrd	Langer	Wherry
Ecton	Malone	Williams
Ellender	Taft	Young

#### NAYS—67

Aiken	Humphrey	Morse
Anderson	Hunt	Mundt
Baldwin	Ives	Murray
Brewster	Johnson, Colo.	Myers
Chapman	Johnson, Tex.	Neely
Chavez	Kefauver	O'Connor
Connally	Kerr	O'Mahoney
Cordon	Kilgore	Pepper
Donnell	Knowland	Robertson
Douglas	Lodge	Saltionstall
Ferguson	Long	Schoeppel
Flanders	Lucas	Smith, Maine
Frear	McCarran	Sparkman
Fulbright	McClellan	Stennis
George	McFarland	Thomas, Utah
Green	McGrath	Thye
Gurney	McKellar	Tobey
Hayden	McMahon	Tydings
Hendrickson	Magnuson	Vandenberg
Hickenlooper	Martin	Wiley
Hill	Maybank	Withers
Hoey	Miller	
Holland	Millikin	

#### NOT VOTING—14

Bricker	Gillette	Russell
Cain	Graham	Smith, N. J.
Capehart	Johnston, S. C.	Thomas, Okla.
Downey	McCarthy	Wagner
Eastland	Reed	



So the amendment offered by Mr. CAIN for himself and Mr. BRIDGES was rejected.

Mr. WHERRY. Mr. President, I offer the amendment which I send to the desk and ask to have stated. It is an amendment relative to participation of small business in the ECA appropriations.

The PRESIDING OFFICER. The amendment offered by the Senator from Nebraska will be stated.

The LEGISLATIVE CLERK. On page 1, line 7, after "Sec. 2", it is proposed to insert "(a)", and, after line 10, to insert the following:

(b) Section 104 of such act is amended by adding at the end thereof a new subsection, as follows:

"(g) There shall be in the Administration a special assistant to the Administrator. It shall be the duty of such special assistant to formulate methods to assist American small business in securing equitable participation, insofar as practicable, in the furnishing of commodities and services for the procurement with funds appropriated pursuant to this act.

"Such special assistant shall receive his instructions from the Administrator and shall report to the Administrator quarterly on the performance of the duties assigned to him."

Mr. CONNALLY. Mr. President, the committee has considered this amendment, and we have no objection, provided it does not provoke debate.

Mr. WHERRY. Mr. President, I accept the suggestion from the distinguished chairman, and I appreciate the fact that he has seen fit to accept the amendment.

Mr. MORSE. Mr. President, I did not understand the condition under which the acceptance was made.

Mr. WHERRY. I suggest to the Senator from Oregon that the time to trade mules is when one has the opportunity to trade.

Mr. MORSE. Unless they are afflicted with spavin.

Mr. President, I think this amendment is closely related to my amendment.

Mr. WHERRY. It is.

Mr. MORSE. I should like to make a few comments, if I may, on my amendment. I do not know what the chairman of the Foreign Relations Committee thinks of my amendment, but I should like to join in the amendment of the Senator from Nebraska if it can be shown me that the principle of my amendment is covered by his amendment.

Mr. WHERRY. Mr. President, I should like very much, indeed, to have the distinguished Senator from Oregon join with me in the amendment. Until a few moments ago I did not know that there was another amendment relating to small business. I had not read all the amendments.

I have taken this amendment up with the chairman of the committee. The amendment is not all I would like to have had so far as small business is concerned. The amendment, which has been accepted by the chairman of the committee, provides for an assistant to the Administrator, whose sole purpose it will be to attempt to assist small business in procuring a part of the business which ECA does in this country.

It also provides that he shall make a report quarterly to the Administrator. My understanding is that under the pres-

ent law the Administrator makes his report quarterly to the President, and in turn the President reports to the Congress. In that quarterly report no doubt will be included the activities of the Administrator in his efforts to obtain business for small business in competition with big business in the procurement of materials and the transactions connected therewith.

There is a long list of amendments, and we cannot always be present in the Chamber because of committee meetings, but several days ago I made quite a detailed argument in favor of the amendment. It is the result of the research which has been conducted in the Small Business Committee relative to procuring contracts.

Although it is true that the participating countries to a large degree do their own purchasing in the United States, which makes it all the more difficult to have a provision of the sort I have in mind carried out, yet I believe that a special assistant assigned to the Administrator will be most helpful in attempting to assist the small-business men of this country to get some of the procurements to which they are entitled under ECA.

Mr. MORSE. Mr. President, let me say to the Senator from Nebraska and the Senator from Texas, the chairman of the committee, that I think in 4 or 5 minutes I can cover this matter in conjunction with the Senator's amendment, although I believe I would be out of order at the present time.

The PRESIDING OFFICER. The Senator would be out of order.

Mr. WHERRY. Mr. President, I am satisfied that the chairman of the committee would not object to having the Senator from Oregon express his approval or disapproval of the amendment in the short period of time he has suggested. Therefore, I ask unanimous consent that he may reply in 5 minutes, to explain the amendment and also to state whether it covers the objects of his amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MORSE. Mr. President, I am very sorry, but I have never talked under a time limitation on the floor of the Senate, and I do not intend to establish a precedent in that respect this afternoon.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nebraska [Mr. WHERRY].

The amendment was agreed to.

Mr. BREWSTER. Mr. President, I call up my amendment A, which I submitted some time ago, and which is on the desk. I offer it at this time, and ask that it be read. It deals with the termination of the allocation of funds to a foreign government which fails to comply with the orders or requests of the Security Council of the United Nations.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

No funds authorized for the purpose of this act shall be allocated to or expended for any

foreign government which fails to comply with the orders or requests of the Security Council of the United Nations until such times as the Administrator is advised, in writing, by the President of the Security Council that such compliance has been effected.

Mr. BREWSTER. Mr. President, I now offer a substitute for that amendment, and I wish to explain briefly the occasion for it. Perhaps it will be in order now to send the proposed substitute to the desk and have it read.

The PRESIDING OFFICER. The substitute for the amendment will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. 113. The second sentence of section 118 of such act is amended by inserting before the period at the end thereof: "or (3) the provision of such assistance would be inconsistent with the obligations of the United States under the Charter of the United Nations to refrain from giving assistance to any state against which the United Nations is taking preventative or enforcement action."

Mr. BREWSTER. Mr. President, this substitute is a result of very considerable discussion of this matter by all concerned. As I understand, the substitute is acceptable in this form to the members of the Foreign Relations Committee—of course, they will state their own position—and to many other Senators who have been concerned.

I should not want the substitute to be regarded as one which would completely accomplish the ends originally proposed to be accomplished by the amendment which I submitted in cooperation with several other Members of the Senate and as a result of discussions with many Members on both sides of the aisle, inasmuch as the amendment originally offered would definitely have cut off the aid now being extended and aid now proposed to be extended to the Netherlands Government, so long as they fail to comply with the orders or directives of the Security Council of the United Nations.

Under the proposed substitute, that matter would be subject to the action hereafter of the Security Council in taking so-called preventative or enforcement action, which is the technical language of the Charter of the United Nations; and the substitute is perhaps, from a purely technical standpoint, more desirable on that account.

The substitute amendment would fit in to the original ECA Act, known as the Foreign Assistance Act of 1948, at page 20, in section 118, where there are provisions regarding the termination of assistance. That act says, in section 118, to which this substitute would be an amendment:

#### TERMINATION OF ASSISTANCE

SEC. 118. The Administrator, in determining the form and measure of assistance provided under this title to any participating country, shall take into account the extent to which such country is complying with its undertakings embodied in its pledges to other participating countries and in its agreement concluded with the United States under section 115. The Administrator shall terminate the provision of assistance under this title to any participating country when-



ever he determines that (1) such country is not adhering to its agreement concluded under section 115, or is diverting from the purposes of this title assistance provided hereunder, and that in the circumstances remedial action other than termination will not more effectively promote the purposes of this title; or (2) because of changed conditions, assistance is no longer consistent with the national interest of the United States.

Mr. President, I may say that is of course a very broad limitation. The substitute however would add a third section, known as "(3)," which would provide that aid shall be terminated if "the provision of such assistance would be inconsistent with the obligations of the United States under the Charter of the United Nations to refrain from giving assistance to any state against which the United Nations is taking preventative or enforcement action."

Of course, that would further tie in the European relief program with the Charter of the United Nations, which is altogether a desirable objective.

However, the substitute would not altogether result in the immediate termination of aid, inasmuch as technically I believe the Security Council has not yet taken what may be termed enforcement action; and it is understood that the taking of enforcement action would be subject to the veto of the five major members of the United Nations Council, and that such veto might be interposed not only by the nation which frequently has interposed vetoes thus far—the Soviet Union, which is the nation which has most consistently used the veto—but also by one or another of the other major powers which, because they have colonial interests, have interests somewhat parallel with those of the Dutch in Indonesia. In fact, the French already have interposed one veto, and it might be that China, which has Asiatic interests peculiar to itself, might also be inclined to interpose a veto. I say this in justice to those who have been most desirous of immediately terminating aid in such cases, so that we may act with the full knowledge of the consequences.

Nor am I impressed with the suggestion that the action we had proposed would be unilateral action, inasmuch as it seems to me that not only the action we here propose may come under that classification, since in certain instances it would result in the termination of aid by unilateral action by the United States in determining that the continuation of such aid was not in our interest, but we also have a precedent for this in the two clauses which I already have read, which are parts of the European Cooperation Act, and which provide for the termination of aid under certain circumstances. I am also impressed with the fact that we have taken unilateral action already in cutting off aid in the amount of \$15,000,000 to Dutch Indonesia because of the conditions which prevail.

Certainly we have taken unilateral action independently of the United Nations, in respect to our original action in Greece and Turkey. We were also more or less involved in unilateral action in Palestine. I think we must consider the entire Marshall plan as unilateral, in a

sense, in that it is a plan proposed by us without regard to the necessary action of the United Nations.

However, having said all that, I myself still have reached the conclusion—and I trust that it is shared by many others who are associated in advocating this solution—that after taking all the factors into account, the cause which we have commonly in mind will best be advanced by accepting the compromise solution which has been proposed. It is for that reason that I am offering this amendment as a substitute.

A part of the considerations which led me to that view was the fact that it seemed likely that the amendment in this form would have the almost complete support of the Senate; and I think that unanimous or almost unanimous action of that character would exercise a most beneficial influence not only on this situation but on others which might arise.

Moreover, I think the fact that those with whom this matter was discussed, representing the point of view of those primarily responsible for the program, were ready to accept the proposition, the defeat of the amendment which had been originally proposed by the Senator from Maine would have very unfortunate consequences, in seeming to give a green light in many cases, with which, so far as I know, no Member of the Senate is in accord, with respect to the action of the Dutch in Indonesia.

Finally, I was influenced also by the fact that many of those who share a very great concern as to the unfortunate consequences of the Dutch action in Indonesia, if it shall go unrebutted and uncorrected by the continuing inaction of the Security Council, would feel very strongly, to put it no more bluntly, that The Netherlands Government, if they still continue in violation, will present a major hurdle to the Senate and to the country in their subscribing to the so-called Atlantic Pact, when, as, and if that comes before the Senate for ratification. That consideration, hanging perhaps as a sword of Damocles over the situation, it seems to me should exercise a very persuasive influence. At least that was the feeling of many of those in the Senate who are earnestly interested in giving major support to the development of the prestige and influence of the United Nations and its Security Council. I pointed this out in my original discussion of the question when I read the language of the Atlantic Pact, which says very bluntly, in so many words—and I quote from article I of the pact:

The parties undertake, as set forth in the Charter of the United Nations, to settle any international disputes in which they may be involved by peaceful means in such a manner that international peace and security, and justice, are not endangered, and to refrain in their international relations from the threat or use of force in any manner inconsistent with the purposes of the United Nations.

I quite realize that the Dutch Government do not consider this a matter of international peace and security or an international dispute, so that they justify their action in the situation by tak-

ing it from under the operation of this clause. However, I think it is the feeling of very many others that the interest and concern which the Security Council of the United Nations, as they feel, properly have manifested in this matter, justifies the differentiation of this situation from one that does not come within the purview of the Security Council of the United Nations. Certainly, the action of the Security Council in going to the extent they have in their Committee of Good Offices is a rather persuasive argument that those members at least feel in their unanimous action that this does come within their purview, and the failure to reach a solution of the Indonesian dispute while we are still considering the matter of appropriations and while we shall in all likelihood be considering the Atlantic Pact, is something which I assume every Member of the Senate and everyone in the country interested will necessarily and properly take into some account. It seems to me inevitable that this will exercise a very persuasive influence on the members of the Dutch Government to take some action calculated to achieve a settlement.

I have read with profound interest the very extended statement of the new Senator from North Carolina [Mr. GRAHAM]. It is unfortunate that he is not able to be present and participate, because of his illness. But his discussion of this matter in the 67-page statement that yesterday was inserted in the RECORD, I can command very cordially to every Member of the Senate, because of the somewhat unique relationship he has occupied as chairman, the supposedly neutral chairman, of the original Committee on Good Offices in the matter of the Indonesians, when he went to Indonesia and spent a very considerable time in studying this problem. It is certainly to be noted that the conclusions of that committee and of the subsequent committees and of the Security Council have so far as I know, been unanimous. As members of the committee on Indonesia, a citizen of Australia was named by Indonesia, a citizen of Belgium was named by the Netherlands, and the two joined in the nomination of a citizen of the United States as the third member of the committee. The Senator from North Carolina [Mr. GRAHAM] was selected as the chairman by those two countries, Australia and Belgium.

This means that we have a very serious question presented in dealing with a country which thus far in 3 months, since the attack in December, has apparently not found it expedient to comply with the orders and directives of the Security Council, and if this sort of thing should be permitted to continue I think everyone concerned with the United Nations can recognize the extent to which it would be calculated to undermine the prestige and the authority of the United Nations and its Security Council. That was the objective which I think almost everyone here had in mind in considering the matter, and it is because, in the judgment of the Senator from Maine, that objective will be advanced by acceptance of the substitute, that I have been moved to offer it as a substitute here today. Many Senators undoubtedly will



not find time to read the very extended statement of the Senator from North Carolina. For that reason, I shall take the liberty of reading one or two of the passages which seem to me to have a very important bearing on our action in this matter.

Mr. LANGER. Mr. President, will the Senator yield for a question before he does that?

Mr. BREWSTER. I yield.

Mr. LANGER. I was called out of the Chamber for a few moments and I am curious how this compromise differs from the original amendment.

Mr. BREWSTER. In the original amendment I proposed the aid to the Netherlands would have been immediately cut off, because I think it is agreed they have refused to comply with an order or directive of the Security Council. Under the substitute, that will not happen until the Security Council has taken so-called preventive or enforcement action, and that would be subject to the veto of any one of the major powers which might in all likelihood be interposed.

Mr. LANGER. I thank the Senator from Maine.

Mr. BREWSTER. The Senator from North Carolina, in his opening statement, says:

The violation of the Renville agreement—

That was the second of the two agreements arrived at in this situation, and it was executed on a United States warship which was at that time in the Dutch East Indies—

The violation of the Renville agreement by the Government of the Netherlands, the violation of the still standing cease-fire order passed by the Security Council on August 1, 1947, the disregard of the functions of the United Nations Committee of Good Offices, the renunciation of the procedures of peace for a recourse to force of arms and continuing defiance this winter of two separate orders of the Security Council, constitute a challenge to the United Nations of grave import for the whole world.

That is the opening statement of the Senator from North Carolina, and the Senator from Maine would completely associate himself with that language, which, it seems to me, is well warranted under the circumstances as they exist.

He goes on further to say:

Justice, freedom, and peace in Indonesia are a continuing responsibility and opportunity of the United Nations. To shirk this obligation is to renounce the Charter of the United Nations, and the moral foundations upon which the United Nations must stand to survive as an effective force for peace in the world.

That is found on page 15 of his statement. Again, I think that is not an overstatement of the problem with which we are faced. He goes on, on page 42, to outline how it happens that, while the sovereignty of the Dutch before the war was still recognized, they had dealt with the Republic of Indonesia as a de facto government. It does remove them somewhat from the status of a merely colonial possession. It is in that de facto status that apparently the United Nations has dealt with it as a de facto national problem. I have not heard that particular phraseology before, but it seemed to me

it must be on such a theory that the Security Council justified its approach in dealing with the problem.

The Senator from North Carolina goes on further to show the extent to which not only the United Nations and the Security Council, but the British Government itself, recognized the Republic of Indonesia as the de facto authority, since the Dutch had not been able at that time to restore their authority in the islands.

The Senator from North Carolina then goes on to state that the activities of the Dutch in taking police action, both in 1947 and in December 1948, presented a very clear challenge to the entire responsibility of the United Nations and the activities which had to be assumed. Near the close of his statement, on page 59, he goes on to discuss the action of the Dutch in, as he terms it, clearly violating both the Linggadjati agreement and the Renville agreement in the very peremptory action which they took in serving ultimatums and going forward without any real opportunity for any of the authorities concerned in the Indonesian Republic or in the Good Offices Committee of the United Nations of the Security Council to observe what was going on or to arrange for some possibly amicable adjustment. He makes clear, also, the very effective way in which the Indonesian Republic authorities had disposed of a Communist uprising in the past year, disposing of the argument that there might be some measure of sympathy for communism in their activities in Indonesia. On page 65, in his closing paragraph, he says:

In case the Kingdom of the Netherlands and the Republic of Indonesia fail to fulfill the hopeful promises within a reasonable time, it is the sense of a large body in the United States Senate that the Security Council should so report to the world, and that the American representative should, along with his colleagues in the Security Council, take the lead for the adoption of enforcement procedures.

That statement, Mr. President, by a Senator from North Carolina, in view of his past association with the subject, in view of his recognized profound sympathy for the aspirations of the people of Indonesia to establish their republic, will carry considerable weight, and I believe he is well warranted in his suggestion that it is the sense of a large number of Senators that we should be entitled to expect compliance in the very near future by the Netherlands Government and by the Indonesian Republic if there is any question regarding their cooperation with the solutions which have been proposed.

The Senator concludes as follows:

If any colonial power, in the face of the moral opinion of the world, should veto the resolution for enforcement procedures, then both the nation which defies and the nation which vetoes should be brought to the moral judgment bar of that great forum of world opinion, the General Assembly of the United Nations. If it should develop that the present fair words should become a cover for more delay, rejection, and defiance, and if the United Nations fails after the exhaustion of its procedures to secure compliance, we believe the Administrator of the ECA would be in moral position to use his executive power

with regard to ECA funds in a way made appropriate by such failures.

He goes on to commend the activity of those who have brought this to attention, stating that the Senator from Maine has performed a public service in bringing the Indonesian question to the floor of the Senate; and then he says:

I am strongly in favor of his position but do not consider this the proper time for his amendment. It now appears, on the assurances of the Secretary of State, that representatives of the two governments are to resume negotiations at an early date.

These are the reasons why it seemed to me we might be warranted, in spite of the tragic record of the past 2 years in the repeated failure to observe the terms of the agreements referred to, in further extending the time to observe the good faith with which the governments concerned shall accept the guidance of the Security Council in trying to work out this affair, not only because of its significance to the peoples immediately involved, but because of the possible profound impact it might have upon the future development of the prestige and authority of the United Nations.

I trust I am not over-emphasizing the suggestion that the tragic experience of Ethiopia and Manchuria in the League of Nations laid a foundation for what later developed into the loss of authority of the League. It is the earnest hope of many persons that no similar failures on the part of the United Nations shall contribute to undermine the very foundations of the structure to which the thought of mankind has been so earnestly devoted.

So, Mr. President, I urge the adoption of the substitute amendment, with the high hope that within the next few weeks we shall see a solution of this problem.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. BREWSTER. I yield.

Mr. VANDENBERG. Inasmuch as the able Senator from Maine and I are now in complete agreement upon this subject—and in this connection I am speaking for the Committee on Foreign Relations—I am sure it is needless for me to add anything except very briefly to complete the record. But before I do so, I want to contribute my own personal testimony in complete agreement with those who complain about the activities and procedures of the Dutch Government, not only in Indonesia, but also particularly before the United Nations, and especially in connection with the Renville agreement. I think the protests made upon the floor are already having their effect. I share the hope of the Senator from Maine that the negotiations which are now to proceed at The Hague will produce an effective and highly salutary result in the very near future. I am very sure that the well-nigh unanimous action of the Senate—I hope it will be that—in here registering this very definite opinion on the subject is calculated to be of immense and highly timely importance in connection with the result.

Mr. President, the thing I want simply to indicate for the RECORD is why it seemed so necessary to some of us that



the language as originally contained in the amendment submitted by the able Senator from Maine had to be changed in order to be acceptable. As the original amendment was written the Senator from Maine proposed to invoke what would essentially be American unilateral sanctions, although I am not arguing that phase of the matter at the moment, whenever any foreign government "fails to comply with the orders or requests of the Security Council of the United Nations." In other words, the language in the original amendment was undertaking to gear our direction, in respect to ECA funds, to the sanctions section of the Charter of the United Nations.

The difficulty which arose was that the Charter of the United Nations looks upon "orders or requests of the Security Council" in the first instance as being merely the joining of an issue, or the creation of an issue, rather than the adjudication of an issue, and the Charter is very clear about it throughout chapter 6, which provides the methods which shall be followed when such an issue is joined. They are all pacific methods of settlement.

When, however, we come to article 41 of chapter 7, we finally reach the point where the question of adjudicating and enforcing the order or request commences to arise. I quote article 41:

The Security Council may decide what measures not involving the use of armed force are to be employed to give effect to its decisions, and it may call upon the members of the United Nations to apply such measures.

Then a number of the measures are set out serially.

Since the pending amendment, while intended primarily for the Indonesian situation, nevertheless, is written in general language so that it would have to apply to any similar question which might arise, it seemed to the Senate Committee on Foreign Relations that it was necessary to write it very definitely within the terms of the Charter of the United Nations itself.

In connection with the statement made yesterday by the Senator from North Carolina [Mr. GRAHAM], to which the Senator from Maine has referred, I think it is particularly interesting to know that, in addition to the other quotation, the distinguished Senator from North Carolina, who is such a profound authority on this subject, himself said, speaking of the substitute language:

We thus, as far as possible, keep our procedures within the framework of the United Nations in the exact language of the Charter. This amendment will serve to support and strengthen the United Nations in its heavy responsibility in dealing with the complex Indonesian question.

I lay great stress upon that opinion from the able Senator from North Carolina. The moment he arrived in the Senate, the day he was sworn in, I hastened to discuss this whole question with him, and not only was profoundly impressed by his grasp of it, but also by his willingness to discuss the proposed amendment in realistic terms, and I found him most cooperative.

Mr. President, I think that is about all I need say. I have made it plain

why the Senate Committee on Foreign Relations found it impossible to agree with the original language, and why it has no objection, so far as I know, to the substitute language. I think the substitute language accomplishes everything which can be accomplished, and I am very hopeful that if it may have the heavy and preponderant endorsement of the membership of the Senate it may invoke a moral authority, even before it may ever invoke any physical authority.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. BREWSTER. It seems to me very useful that we in this body give increasing attention to the provisions of the Charter, and with that in mind, so that we may determine exactly how we are proceeding, I have been quite interested to note the language of articles 38 and 40, and I should be interested to know whether or not the Senator from Michigan, who certainly is recognized as an authority—I think this Charter is almost his Bible—believes that the action of the Security Council up to the present time comes under article 38, where the Security Council, it is provided, "may make recommendations to the parties with a view to a pacific settlement to the dispute," or under article 40, under which it is provided that they may "call upon the parties concerned to comply with such provisional measures as it deems necessary or desirable. Such provisional measures shall be without prejudice to the rights, claims, or position of the parties concerned. The Security Council shall duly take account of failure to comply with such provisional measures." Does the Senator know under which article the Security Council considers its present action comes?

Mr. VANDENBERG. I am afraid I cannot be that specific in my identification to the Senator, but I think their action starts under chapter 6, generally.

Mr. BREWSTER. Yes.

Mr. VANDENBERG. And I think it proceeds progressively, just as chapter 6 proceeds progressively to an ultimate result.

Then, when we reach article 37, we find this provision:

2. If the Security Council deems that the continuance of the dispute is in fact likely to endanger the maintenance of international peace and security, it shall decide whether to take action under article 36 or to recommend such terms of settlement as it may consider appropriate.

We are finally approaching the focus. Then chapter 38 provides:

Without prejudice to the provisions of article 33 to 37, the Security Council may, if all parties to any dispute so request, make recommendations.

We are in a constant progression toward a net result, and when we finally come down to article 40, which, it seems to the Senator from Michigan, is just about the point where the Indonesian dispute now rests, we find ourselves confronting this language, which I shall read again:

In order to prevent an aggravation of the situation, the Security Council may, before making the recommendations or deciding

upon the measures provided for in article 39—

And those are the actions starting to look in the direction of sanctions—

call upon the parties concerned to comply with such provisional measures as it deems necessary or desirable. Such provisional measures shall be without prejudice to the rights, claims, or position of the parties concerned. The Security Council shall duly take account of failure to comply with such provisional measures.

It seems to me that that is just about the point where we are at the present time in connection with the Indonesian dispute.

Mr. BREWSTER. The Senator will recognize that that is somewhat of a problem. Would he say that we may be clear that they have not yet proceeded into article 41?

Mr. VANDENBERG. That is correct.

Mr. BREWSTER. That article 41 would be the point where they take preventive or enforcement measures?

Mr. VANDENBERG. That is correct.

Mr. BREWSTER. Whether they are acting with a provisional measure or whether they are actually recommending a settlement, they have not yet moved to implement that by preventive or enforcement action, as contemplated in article 41?

Mr. VANDENBERG. That is correct.

Mr. BREWSTER. If they should move into article 41, am I clear that the Senator from Michigan feels that at that point they would come within the purview of the substitute amendment which is here proposed?

Mr. VANDENBERG. That is the viewpoint of the Senator from Michigan.

Mr. President, I yield the floor.

Mr. PEPPER. Mr. President, I naturally have followed with acute interest, as all who will read these utterances will, the significant remarks of the Senator from Michigan. I am sure there is no Member of this body who has a greater fidelity to the United Nations and is more concerned that it succeed, than is the Senator from Michigan, who had a large part in its establishment. Am I correct in that assumption?

Mr. VANDENBERG. The Senator is correct in his assumption of the interest of the Senator from Michigan. The Senator from Michigan is unable to underwrite the statement as to the extent of his activity in starting the institution.

Mr. PEPPER. I think if the Senator cares to make any general statement as to his feeling with respect to the necessity of member States to the United Nations Charter in good faith trying to carry out the orders of the Security Council and observing the requirements of that agency, naturally they would be listened to with great interest, not only by his colleagues but by people everywhere who feel that there is a covenant on the part of member states to observe the decisions of the Security Council.

Mr. VANDENBERG. Mr. President, I do not know whether under the existing method of interpreting the rules of the Senate I am entitled to respond to the



Senator, but until I am stopped I shall at least make this brief reply.

Of course, I totally agree with the Senator from Florida that whatever obligations a member nation assumes, the member nation should scrupulously undertake to live up to any such obligations, and I think the Government of the United States is setting and will continue to set an exemplary point of procedure in that regard.

But I think the Senator from Florida must also recognize the fact that mere issuance of a request by the Security Council or the issuance of a preliminary order by the Security Council is not the adjudication of an issue, and does not necessarily create the kind of an obligation which I think the Senator is now undertaking to discuss. When that finally adjudicated obligation arises it is at that point where I shall cordially join the Senator from Florida in his position. Up to that point I think member nations have a right to exhaust whatever rights accrue to them before the issue is adjudicated.

Mr. PEPPER. I am correct, am I not, in assuming that the Senator agrees that there is a deep-rooted sentiment in the Congress and in the country that this conflict between the Netherlands and Indonesia should be amicably resolved in the way that may be established and suggested, if necessary, by the United Nations Organization?

Mr. VANDENBERG. The Senator from Michigan made that categorical statement when he began his brief statement a few moments ago.

Mr. PEPPER. I thank the Senator.

Mr. BREWSTER. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I yield.

Mr. BREWSTER. It would be very interesting to know whether the Senator from Florida and the Senator from Michigan would consider that the action of the Security Council heretofore in any instance constitutes a decision. I do not want to mislead. That is the technical language of article 25 to which I have attached considerable importance. I read the paragraph:

ART. 25. The members of the United Nations agree to accept and carry out the decisions of the Security Council in accordance with the present Charter.

I have been quite interested to know, leaving out the words "order" or "request" or "direction" or "enforcing action," whether heretofore we have had a decision of the Security Council.

Mr. VANDENBERG. I am unable to identify specifically, I will say in answer to the Senator's question. I think we have had decisions. In fact, I know we have had decisions. But I do not recall them in detail at the moment.

Mr. BREWSTER. The Senator means in regard to the Dutch situation.

Mr. VANDENBERG. No; in general.

Mr. BREWSTER. But I mean regarding the Indonesian situation.

Mr. VANDENBERG. No; I think not. We have not had the use of the word "decision" in a final sense.

Mr. BREWSTER. I think that is the point to which we are addressing ourselves.

Mr. CONNALLY. Mr. President, will the Senator from Florida yield?

Mr. PEPPER. I yield.

Mr. CONNALLY. Decisions may be a progressive matter. The Security Council does not have to cover the whole field. It may decide, for instance, to ask the people of a country to lay down their arms. That is a decision up to that point.

Mr. BREWSTER. Of course, if that is correct, and I certainly would not challenge the authority with which the Senator from Texas speaks, it would obviously be impossible for the Netherlands Government to become a party to the Atlantic Pact because they are clearly refusing to be bound by the decision, if we so term it, of the Security Council.

Mr. CONNALLY. I only meant it in a general form. I do not mean to be technical about it. There may be a dozen steps in finally determining a question, but I assume the decision here in question is a final decision of the main issue.

Mr. BREWSTER. That is not the language of article 25. Article 25 uses the words "carry out the decisions." Apparently the article contemplates a multiplicity of decisions by the Security Council. I think perhaps the Senator from Michigan was wise in holding it to the very technical significance which it may have as a word in connection with the other provisions of the Charter. But I assume the matter is still open to possible discussion.

Mr. CONNALLY. I probably was a little expansive in my view. As a lawyer I know, and the Senator from Maine knows, that we come to these questions progressively, and we may have a half a dozen decisions before we have a final decision. In view of the discussion here I assumed that probably what is in mind here is the final determination on some particular sharp-cut issue.

Mr. BREWSTER. It is a very interesting question.

Mr. VANDENBERG. If the Senator from Florida will permit me to add a postscript let me say that when any parties in interest are pursuing any of the procedures outlined in chapter 6, which is the chapter dealing with pacific settlements of disputes, I think they are carrying out the spirit of article 25. In other words, as the Senator from Texas says, and as I said previously, this is a serial process, and it was very carefully put together on the theory that negotiation, conciliation, and arbitration are exhausted before even pacific sanctions such as the withdrawal of Ambassadors, or the creation of economic sanctions, or the suspension of postal communications, are reached; and it is only after all these recourses are exhausted that there is finally reached even a preliminary discussion of the use of force.

Mr. PEPPER. Mr. President, I wish to have incorporated at this point in the Record the original Brewster amendment, and immediately following that I ask unanimous consent to have inserted in the Record the modified amendment of the Senator from Maine, which is the matter immediately pending before the Senate.

There being no objection, the amendments were ordered to be printed in the Record, as follows:

#### ORIGINAL BREWSTER AMENDMENT

At the proper place in the bill insert the following:

"No funds authorized for the purposes of this act shall be allocated to or expended for any foreign government which fails to comply with the orders or requests of the Security Council of the United Nations until such times as the Administrator is advised, in writing, by the president of the Security Council that such compliance has been effected."

#### MODIFIED BREWSTER AMENDMENT

At the end of the bill insert the following new section:

"SEC. 13. The second sentence of section 118 of such act is amended by inserting before the period at the end thereof 'or (3) the provision of such assistance would be inconsistent with the obligations of the United States under the Charter of the United Nations to refrain from giving assistance to any State against which the United Nations is taking preventative or enforcement action.'"

Mr. PEPPER. Mr. President, the modified amendment would follow the authority which is contained in section 118 of the present law for the Administrator to discontinue the aid provided in the act to beneficiary countries. The two conditions under which the Administrator may at present bring about the discontinuation of aid under the act is:

(1) such country—

That is the beneficiary country—

is not adhering to its agreement concluded under section 115, or is diverting from the purposes of this title assistance provided hereunder, and that in the circumstances remedial action other than termination will not more effectively promote the purposes of this title or (2) because of changed conditions, assistance is no longer consistent with the national interest of the United States. Termination of assistance to any country under this section shall include the termination of deliveries of all supplies scheduled under the aid program for such country and not yet delivered.

Mr. President, I favor the modified amendment. I favor the objective which the original amendment sought to achieve, but I agree with the able Senator from Michigan [Mr. VANDENBERG] that under all the circumstances, for the present, at least, the better approach to the matter, the more salutary way of achieving what we seek to obtain, is the modified amendment which the Senator from Maine [Mr. BREWSTER] has offered on his own behalf.

The issue of Newsweek magazine of March 25 contains an article under the title "What World Thinks of United States: Report on a 3-Year Tour—An Interview With Joseph Fromm, Far Eastern Editor, United States News and World Report."

The article has the following to say:

At the end of the war, I was flabbergasted at the amount of American prestige. In Malaya, in Indonesia, people would pick me up and throw their arms around me. In Indo-China it was the same thing. They expected America to be the champion of nationalist movements.

You can imagine the terrific letdown of these people when they decided America was



on the side of the colonial powers. For instance, the first Prime Minister of the Indonesian Republic told me: "America has betrayed us. America is supporting the Dutch." I ran into the same thing in Indochina, where the people are fighting the French.

Mr. President, I am sorry that the people in Indonesia and in Indochina have a misapprehension of the sentiment and purpose of the Government and people of the United States. Whatever may appear to be temporarily to the contrary, the American Government and the American people are not on the side of the colonial powers. The American Government and the American people are not trying to keep any people in continued oppression and subjugation. The American people have not forgotten that at one time they themselves were revolutionaries, seeking their own independence, and that they were able to draw upon the moral opinion of the people all over the earth for great succor and support. The American Government and the American people, when their motives and purposes are properly understood, are not thrusting their fist in the face of any people seeking to gain independence and freedom.

On its face the original Brewster amendment makes an appealing case. It does seem inconsistent with the purposes of ECA and with the position of this Government, so repeatedly announced, and with the action taken by the representatives of this Government in the United Nations, that we should continue to give aid and succor to those who are using it, partially, at least, to exert armed force against others whose right to freedom and independence has been recognized by so high an authority as the Security Council of the United Nations.

However, I think it should be said that the Administrator of ECA, Mr. Hoffman, in reply to a direct inquiry which I addressed to him in the committee, stated that our ECA funds were not being used to wage war against the people of Indonesia. He made it clear, if he did not say so in so many words, that if he found that to be true, under the authority he already has, he would immediately discontinue the provision of such funds to the Netherlands Government. It is well known that the Administrator, on his own initiative, took such action in respect to such funds as were going directly to Indonesia, because obviously the connection could be established there between the funds and the expenditures on the part of the government benefited.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. BREWSTER. The Senator need have no illusions as to the \$350,000,000 a year going to the support of the economy of the Netherlands, as is contemplated under this proposal. That is the amount expected to be allocated to them. Curiously enough, that is almost the exact cost, as it has been estimated, of keeping 125,000 Dutch troops operating in Indonesia. While it may be quite correct that the money we contribute is not going directly to the support of troops in Indonesia, for all practical purposes, without the contribution of these funds it would

be utterly impossible for the Netherlands Government to continue to function.

Mr. PEPPER. I always like to take the observations of the able Senator from Maine at face value, but I am not sure that he is absolutely correct. This is a peculiar situation, in which the principal deficit is the dollar, not the exchange of the country we benefit. A little while ago there was a great deal of misunderstanding about the statement of Mr. Mayhew, representing the United Kingdom. A great many people thought that Mr. Mayhew was saying that their budget was balanced, that their economy had recovered, and that they were again in good shape. Therefore, the inference was that they did not need any more ECA funds.

What Mr. Mayhew meant to say, of course, was that their over-all imports and exports were in a state of substantial balance; but he did not mean to say, and he did not say, that they did not need to supply the dollar deficit. Unhappily, most of their exports were going to countries in the nondollar area. So, when Mr. Hoffman was called back before the Foreign Relations Committee to shed further light on the question, so as to leave no doubt whatever about Britain's need for further American funds, he made it perfectly clear that what I have just stated was true. So it does not necessarily follow that the Dutch would not have currency and wealth of their own which they could employ in this area, where they are not paying out dollars. What we are supplying, of course, is the dollar deficit of the Netherlands Government.

Mr. BREWSTER. Mr. President, will the Senator further yield?

Mr. PEPPER. I yield.

Mr. BREWSTER. I think the English analogy is most excellent. I believe that all those who study the situation understand that we were supplying approximately a billion United States dollars to help support the United Kingdom economy, and that, in turn, enabled the United Kingdom to advance approximately \$1,000,000,000, measured in American dollars, in credits to the sterling countries. So the two factors are intimately related, exactly as in the Dutch situation. If we had withdrawn the billion American dollars, there can be little doubt that the United Kingdom would not have been able to advance \$1,000,000,000 to the other countries in sterling. Does not the Senator agree?

Mr. PEPPER. Of course, if there were a case in which a beneficiary country were taking American dollars and passing them on to some other country, that would be easily discoverable, and to that extent it could be said that they were directly using our funds for their own purposes.

Mr. BREWSTER. I do not mean directly. I mean indirectly.

Mr. PEPPER. Whatever the facts and inferences to be drawn from a particular case are, that situation is not suggested as having occurred with respect to the Netherlands Government.

I am coming to the next point, which is a very distinct and strong disapproval on my part of what the Netherlands Government is doing in Indonesia. But

I thought, in defense of the Administrator, it should be made clear that they are not using American ECA dollars with which to wage war, or whatever they are doing in Indonesia.

Mr. President, my attention has just been called to some data which have recently been obtained with respect to the expenditures incurred by the Netherlands Government in connection with the Indonesian Army operation. The advice is that Indonesian Army expenditures during 1948 aggregated 815,000,000 guilders, or approximately \$307,507,000. Of this total, 55,300 guilders, or \$20,800,000, less than 7 percent, was spent in foreign currency, while 67,500,000 guilders, approximately equivalent to \$28,500,000, or less than 8½ percent, was spent in Netherlands currency, whereas the balance was spent in Indonesia itself, and in Indonesian currency.

I am also informed from what I believe to be responsible sources that none of the foreign currency expended was American money.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. MORSE. Can the Senator from Florida tell me the sources of the figures he has just cited?

Mr. PEPPER. They came to me from representatives of ECA, at my request.

Mr. MORSE. Can the Senator tell me where ECA got them?

Mr. PEPPER. I do not know where ECA got them. I suppose it got them from its offices in the Netherlands or in Europe.

Mr. President, I wish to make a correction. I am in error in the first statement I made, to the effect that none of the fund was United States dollars. The expenditure in the Netherlands exchange and in other foreign exchange, expressed in United States dollars, is \$13,700,000. I was in error in saying that according to these data there was no expenditure of American dollars, although Mr. Hoffman distinctly made the statement, upon my inquiry in the committee, that he was not able to trace definitely and directly any American ECA aid to the Netherlands' effort in Indonesia.

Mr. MORSE. Does the Senator from Florida think it is fair to assume that Mr. Hoffman got the figures from the Dutch Government?

Mr. PEPPER. I do not know where ECA got the figures. I am not at present in position to state that to the Senator from Oregon.

Mr. President, the figures were simply handed to me by the representative of ECA who has been aiding the chairman of the Foreign Relations Committee upon the floor during the discussion of this matter. However, I would assume that ECA has access to sources of information which are reliable and responsible, and I think ECA knows enough of the distinction between the Dutch and the Indonesian Governments so as not to be taken in by either one or the other.

Mr. MORSE. As a very able lawyer, which the Senator from Florida is, would he agree that figures are without meaning until we know their basic source?



Mr. PEPPER. The Senator from Oregon has had some indication of the basic source of the data, so far as I have given it. However, I am not at all asking the Senator from Oregon to accept the data. I am simply asking that it be given whatever credence Senators think it should receive.

Mr. MORSE. That is how I am taking it, and I do not think it is worth much.

Mr. PEPPER. That is the opinion of the Senator from Oregon, of course.

However, let us go beyond this matter, to the broader issue.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. PEPPER. I yield.

Mr. MORSE. I wish to ask about the relationship of the Dutch Government to the larger issue. It is true, is it not, that since the violation of the Renville agreement—

Mr. PEPPER. That is what I was about to address myself to.

Mr. MORSE. It is true, is it not, that ever since such violations have occurred, the Dutch Government has by way of force been seeking to beat down the independence of the Indonesian Republic?

Mr. PEPPER. I know only what I have read in the press. There does seem to have been a violation of the action taken—whether it be a decision or not, yet I think it is, and I shall address myself to that—by the Security Council; and there does seem to have been action taken by the Netherlands Government against the members of the Indonesian Government and against the forces of the Indonesian Government. That also is what I hope to address myself to when my friend the Senator of Oregon will permit me to proceed.

Mr. MORSE. Will the Senator from Florida permit several other questions?

Mr. PEPPER. I yield.

Mr. MORSE. It is true, is it not, that during this period of violation on the part of the Dutch Government, in whatever action may have been taken in Indonesia to carry out that violation, the Dutch have had to rely upon the Dutch economy? In other words, is it not true that their carrying out of the violation was made possible because of their own Dutch resources?

Mr. PEPPER. I should suppose so; I do not know of other resources upon which they are relying to carry out their missions.

Mr. MORSE. It is true, is it not, that during the past year or more the Dutch economy has been augmented with ECA dollars?

Mr. PEPPER. I would say "benefited," if not augmented.

Mr. MORSE. Very well; I accept the use of the word "benefited."

Does not the Senator from Florida think that it is the inescapable conclusion that to the extent that we have benefited the Dutch economy, we have indirectly helped the Dutch to hold down the Indonesians?

Mr. PEPPER. Mr. President, that conclusion does not necessarily follow, as I pointed out a moment ago.

However, if I may proceed to the matter about which both the Senator from

Oregon and I are concerned, let me say that I put this matter upon a much higher plane than a mere question of dollars and cents.

As I said a moment ago, it is my opinion that under article 25 of the United Nations Charter, the action taken by the Security Council in thrice ordering action on the part of The Netherlands Government constitutes three separate decisions by the Security Council. Article 25 obligates the members of the United Nations to accept and to carry out the decisions of the Security Council in accordance with the present Charter. When, therefore, each of those decisions was made by the Security Council with respect to The Netherlands Government, in my opinion it became the duty of The Netherlands Government, under article 25, to observe and carry out and comply with those decisions thus rendered. In failing to do so, I cannot escape the conclusion that The Netherlands Government has failed to live up to the obligations it solemnly assumed when it became a member of the United Nations Organization.

Mr. President, I believe in the United Nations Organization as being the only hope for peace on earth. If that hope fails, I know of nothing that stands between us and the brink and abyss of war. Therefore, I not only believe it is our bounden duty, after having accepted the obligations of the United Nations Charter, to support those obligations; but I believe it is the duty of every person who wants and prays for peace to try to make the United Nations Organization succeed. I know of no way by which we can inculcate respect for authority except by giving what aid we can to bring about observance of the action which appropriate authority may take and may seek to get others, duly subservient to it, to take.

So it seems to me that it is our moral duty, if not our obligation under the Charter, to do what we can to get The Netherlands Government to comply with the three decisions of the Security Council and with any others which the Security Council may appropriately and duly make; and that when The Netherlands Government does not do so, it is our duty, first in the Security Council of the United Nations, and, failing there, in the Assembly of the United Nations, and, failing there, wherever else we can appropriately exercise our effort, to seek to see to it that the decisions of the Security Council are observed.

However, Mr. President, I agree with what the Senator from Michigan has said, namely, that if we were to adopt the Brewster amendment as originally proposed, it would amount to our assuming the obligations of a unilateral enforcement officer of the decision of the United Nations Security Council.

As the Senator has properly pointed out, article 41 contemplates that the Security Council shall determine what measures, not involving the use of armed force, are to be employed to give effect to its decisions. Then follow, in article 41, the steps which may be taken by the Security Council's order—that is, "complete or partial interruptions of economic

relations and of rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations."

However, when one of those steps may be taken, or, if continual disobedience on the part of the Netherlands Government continues, shall be taken, in the future, then this amendment, if we adopt it as modified, would come into play, as the Senator from Michigan has already so clearly said. Then it would be within the power, and I believe it would be the duty, of the Administrator of ECA to discontinue ECA aid to the Netherlands Government. That means when the Security Council makes a decision to do either one of the things enumerated in article 41; I am not so sure that the Senator from Maine was not correct a bit ago when he referred to the provisional action which the Security Council may take prior to an enforcement decision being preventive, because the Charter says that provisional action may be taken to prevent an aggravation of the situation. If the Security Council should issue an order, or if it should make a decision requiring the Netherlands Government to take a certain step, to refrain from action, or to take affirmative action, and that decision was predicated upon the decision of the Security Council that that was in the direction of preventing an aggravation of the situation, I am rather inclined to believe that would constitute preventive action within the meaning of article 2, section 5, of the Charter, which reads:

All members shall give the United Nations every assistance in any action it takes in accordance with the provisions of the present Charter, and shall refrain from giving assistance to any state against which the United Nations is taking preventive or enforcement action.

Mr. President, it seems to me quite logical that a provisional decision aimed at preventing an aggravation of the situation is preventive action within the meaning of section 5 of article 2, which I have just read.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. VANDENBERG. I think it would be very unfortunate if we left any doubt as to the precise meaning which attaches to this situation. I am sure it is the viewpoint of the Senator from Maine, as it is mine, that the latest interpretation given by the Senator from Florida does not apply. I hope we can avoid straining at additional interpretations, because the very purpose of the substitute is to nail things down to the point where there can be no disagreement.

Mr. PEPPER. Mr. President, I am of course glad to have that observation from the Senator from Michigan. I made the statement only as a first impression on my part. I have not made any study of that particular section of the Charter. I have no authority to substantiate the impression I disclosed. However, I want to make it clear that I am not calling the modified amendment to the side of that interpretation, because we all understand that in adopting the modified amendment we mean for it to take effect



when the first step toward enforcement of its decision and order shall be taken by the Security Council of the United Nations. I think we are all clear about that.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. PEPPER. I am glad to yield.

Mr. BREWSTER. I think if the Senator reads it somewhat more carefully he will see that the possible use of the word "prevent" is not in the sense of preventive action, because it is to prevent an aggravation of the situation. Before making the recommendations or deciding upon the measures provided for in article 39, the Security Council may call upon the parties concerned to comply with such provisional measures as the Council may deem necessary or desirable. It then goes on to say that such provisional measures shall be without prejudice to the rights, claims, or position of the parties concerned. All those things would seem to be intended to suggest that it is of a preliminary character. It would seem to me that the more pressing words are in article 25, on decisions. I am not at all clear that we have not already had decisions—that when the Netherlands Government or any other government comes into the North Atlantic pact, it must come with clean hands; and if they come subscribing to that charter and show a violation of decisions of the Security Council, it is a very questionable matter whether they could be recognized as eligible.

Mr. PEPPER. That is the point to which I was coming.

Mr. President, I think however it is clear that the Appropriations Committees of the Senate and House will still have authority to condition their appropriation, and there is no question whatever that they may exercise such power. If they find that by the time this matter comes before them for action, the hopeful prospect of a settlement of this dispute between the Netherlands Government and the Indonesian Government has not materialized, or that substantial and satisfactory progress has not been made toward such a settlement, it will be within the authority of the Appropriations Committee to condition their appropriations in such manner as they see fit; and if they want to withhold the whole or any part of the appropriation under this act which might go to the Netherlands Government, they have the power unquestionably to do so.

Mr. BREWSTER. Mr. President, will the Senator yield at that point?

Mr. PEPPER. I yield.

Mr. BREWSTER. Since the Senator began talking, I have had a request from the Senator from North Carolina [Mr. GRAHAM], who unfortunately could not be here, to read one paragraph of his statement, which has an immediate application to what the Senator is now saying. If permitted, I should like to interpolate it at this point.

Mr. PEPPER. Very well. I yield.

Mr. BREWSTER. The administrative assistant of the Senator from North Carolina just came in. The Senator from North Carolina asked very particularly that I call attention to a paragraph in

his statement, which was so extended that the press necessarily did not have an opportunity to print it all. He states:

In this complex situation in which so much depends on good faith, let us build on good faith and fair hopes wherever we can find them. The Secretary of State has expressed his confidence in the good faith of the present assurances and his hope for the real resumption of negotiations for a peaceful settlement of this protracted and tragic dispute. In the light of development—

I understand by that he means the future developments.

In the light of developments, we can return to the purpose of the Brewster amendment with more timeliness and no less effectiveness.

I take it that applies directly to the comments of the Senator from Florida.

Mr. PEPPER. I thank the Senator, and I share that view. I wish to join in the tribute which was paid by the Senator from Michigan to the distinguished junior Senator from North Carolina, who was painfully disappointed that he was not able to be present and at least to answer the questions of his colleague, if he did not feel, because of his short tenure in the Senate, he should have the temerity to address the Senate on this subject. It is very close to his heart. With others, I conferred with the Senator late into one night, when the question first arose here, and, having been one of the three arbitrators who studied the matter and worked out the agreement, he was extremely sensitive to his obligation to try to further the observance of what he recommended and which came to be the decision of the United Nations Security Council. What he has already, through his distinguished colleague, contributed to this discussion in the RECORD is of invaluable aid to all of us in the study of the question.

Mr. President, if, however, this settlement should not be concluded satisfactorily by the time the Appropriations Committees of the Senate and House act on this appropriation, if it should still be unsettled at the time when the North Atlantic Pact shall come before the Senate and the Foreign Relations Committee, if I remain a Member of this distinguished body and of that eminent committee, I shall certainly feel that I have the right to make inquiry as to whether a nation which itself is appearing as a signatory power in that attempt against aggression stands itself condemned by the Security Council of the United Nations as having been the perpetrator of aggression against a weak and struggling people.

Mr. President, the sentiment which I have expressed I dare say will not be expressed by the Senator from Florida alone; I am sure it is the sentiment of the Senate, of the House of Representatives, and of the country that we do not favor armed aggression by any nation in any part of the world. The American people are against armed aggression. They expect every nation signatory to the United Nations Charter to keep its pledged word. Any nation, Mr. President, which violates that sentiment of the American people will find indignation and resistance in this country and

a painful withdrawal of our confidence and our cooperation from them, because we ourselves are trying to live up to our solemn covenant and, naturally, we expect other nations to do the same in their respective spheres.

So, Mr. President, it is my sincere hope—that reason, wisdom, good judgment, high purpose, and noble instinct will prevail; that the favorable prospects of settlement of this dispute will soon come into reality, and we shall have no further necessity of reexamining this question, either in the Appropriations Committee or when the Atlantic Pact shall come to us for consideration.

Mr. President, it is not temerity nor presumption on my part to suggest that the American people will not be disposed to promise their blood and their treasure to defend against armed attack those who may be adjudicated by the high tribunal of the Security Council to be offenders against that same principle. Our affections for the people of the Netherlands are very deep. We do not mean to make an example of them in this matter. What we say about the Netherlands applies equally to any other nation, and to ourselves as well.

I am very confident that the amicable discussion now in progress will fortuitously and favorably eventuate, so that in the very near future a new star will burst into its full glory in the galaxy of nations, and there shall be independent people in Indonesia and other parts of the Far East and amongst the other backward areas of the earth. Let them know that their aspirations for independence and freedom can be held with the assurance that they have the sympathetic interest of the people of the United States, who have not forgotten, in their greatness, their own struggles in the past.

Mr. MORSE. Mr. President, I do not intend to speak at great length in opposition to the compromise amendment, but I do think it is important, because of the significance of this issue to our future international relations, that at least someone who believes that the compromise amendment is a mistake should make a record against it. Believe it or not, I rise in great humility for fear that my speaking might be interpreted by the majority leader, if he were present, as an attempt to impose my views upon him or upon some other Member of the Senate. But I want only to say, quite good-naturedly, as I hope I made clear earlier today, that I intend, so long as I am in the Senate, to continue to make the record for the principles in which I believe. If making that record does not meet with the pleasure of the majority leader or other colleagues, I shall personally regret it, but I shall make it, because I am satisfied that I shall not fulfill the trust that I owe to those who sent me to the Senate if I do not do so. I wish to keep my trust to a much larger percentage, I am sure, of the American population than of the population of the Senate, who share my views on most of the liberal issues for which I fight in the Senate.

So, this afternoon, Mr. President, I am simply raising my voice in defense of human freedom. I think that is a rather



important interest in the world today. I think it is very regrettable, Mr. President, that my Government is even considering appropriating money under the ECA plan to any nation in violation of the United Nations. At this particular instance it happens to be the Dutch Government, but my view would be the same no matter what nation it might be—

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. MORSE. When I finish this sentence. I say, Mr. President, it is most regrettable that my Government is even thinking of appropriating any money, under ECA, to any country, I care not what the country is—in this instance it happens to be the Dutch Government—while that country stands in violation of the principles of the United Nations Charter, which principles we solemnly adopted and pledged ourselves to support. In this instance our obligation is to protect freedom in Indonesia.

I now yield to the Senator from Florida.

Mr. PEPPER. Mr. President, in the colloquy with the able Senator from Oregon a moment ago, when I was addressing myself to this question, I was not able to say positively that none of the \$13,700,000 reported to have been used by the Netherlands Government in Indonesia had come from the ECA program. Since then an agent of the ECA has confirmed the information I had from the Washington office, and has given the positive advice that those dollars were obtained in some other way by the Netherlands Government and were not acquired as a part of the ECA program.

Mr. President, I ask unanimous consent that that statement may appear at the end of my previous remarks, so that I shall not interrupt the continuity of thought of the Senator from Oregon.

Mr. MORSE. Mr. President, I have no objection, but I should prefer to have the Senator's remarks at this point of the RECORD, because I now want to answer them.

The PRESIDING OFFICER. Does the Senator from Florida desire to have his remarks appear at the end of his address, or at this point in the RECORD?

Mr. PEPPER. I think it would be a little more logical if they appeared at the end of my remarks, although if the Senator from Oregon does not think—

Mr. MORSE. Mr. President, I think it would not be quite logical to have my remarks appear without the remarks of the Senator from Florida immediately preceding them. I had preferred to discuss the matter at a later time, but I think I shall do it now.

I raised a question as to the source of the figures which the Senator from Florida read into the RECORD regarding the expenditures of the Dutch Government in connection with the Indonesian matter.

He suggested, as I think the RECORD will show, that he got the figures from the ECA, and he assumed that the ECA had ways and means of getting very reliable figures on such matters in the Netherlands.

My attention has been called to the hearings before the committee on Senate bill 833, page 320, where the following

questions and answers were given when Dr. Valentine was speaking for the ECA:

Senator GEORGE. What does the Netherlands budget carry now for Indonesia?

Dr. VALENTINE. The Netherlands Government states officially that the only direct or indirect war charges which the Netherlands Government cover are part of the costs of administration of its war department in The Hague.

Senator GEORGE. It does not give the amount?

Dr. VALENTINE. No.

Senator GEORGE. You cannot tell the committee what their budget shows is collected for that trouble in Indonesia?

Dr. VALENTINE. No, sir. We have studied in great detail the Netherlands budget, which is divided into three parts. This is the continental Netherlands budget; the ordinary budget and two extraordinary budgets, both of the two latter being for reconstruction purposes.

We do not find on that budget any large sum which looks as though it could be used, or planned to be used, for military operations in Indonesia. I can only say to you, sir, that our only source of information on such things is from the Netherlands Continental Government.

I merely wish to say in passing, Mr. President, that the spokesman for the ECA himself, as far as I am concerned, proves my observation to be correct, namely, that ECA has been relying entirely upon the Dutch Government as a source for its information as to what the Indonesian affair has cost the Dutch Government.

I merely wish to say as a lawyer that when I have before me a witness whose record shows the type of unreliability and violation of principle which the Dutch Government's record has shown in connection with the Indonesian affair, I am going to reserve my judgment, at least, as to the reliability of any information that witness gives me in respect to anything.

I make no further comment on the colloquy with the Senator from Florida. I simply wish to reiterate my position, that I do not see how we can escape the conclusion that to whatever extent we have been helpful to the Dutch economy under the Marshall plan, we necessarily thereby have been helpful to the Dutch Government in carrying out its violations of what I consider to be one of the most basic principles of our pledges under the United Nations Charter, the pledge that we would seek at least to protect the interests of people in the world who sought to make a fight for freedom as we believe in freedom.

I am not going to labor the point. I simply want to say that as a matter of principle and as a matter of right, on the basis of my view as to the distinction between right and wrong, we should not adopt the compromise amendment. We are dealing with great moral and ethical issues, and I do not think it is right to sanction here, in the adoption of the ECA bill, even for a moment, the giving of approval for the expenditure of American dollars in the Netherlands under ECA, while the Netherlands stands in open defiance on the record of its obligations under the United Nations Charter. I say it has been found guilty of trampling freedom in Indonesia.

I shall let the record speak for itself, because we have the record before us today in a document which has been inserted in the CONGRESSIONAL RECORD, which I believe is a great historic document. I do not use the phrase "great historic document" except advisedly. I think the document which the distinguished junior Senator from North Carolina [Mr. GRAHAM] sent to us for insertion in the RECORD on the Indonesian question is a document which every Senator should read very carefully if he really wants to form a judgment on the facts, which I think are set out in the Graham report in such indisputable logic that we cannot escape the finding that the Dutch Government has not kept faith with the United Nations Charter.

Mr. President, I wish I could engage in the hopeful aspirations of the proponents of the compromise amendment, because they certainly believe, to a degree at least equal to mine, as the Senator from Florida just said, and as I think the Senator from Michigan clearly implied in his language, that the only hope left for peace in the world is through the operation of the machinery and the procedures of the United Nations. But I differ with the distinguished gentlemen just mentioned in respect to this particular incident, because I think the time has now arrived to make clear to one signatory to the United Nations Charter that it cannot follow the course of action which the Dutch Government has followed in regard to Indonesia and at the same time get economic aid and assistance from us, or even a promise of economic aid and assistance from us, until it actually changes its course of action.

Mr. President, I merely say that in these matters nations must be judged by the actions they take. If I have followed the speeches this afternoon correctly, I find no indication that anyone questions the wrongdoing of the Dutch Government in this matter, and if I am correct in that assumption, then I say that I think it is wrong for us to proceed even temporarily to promise any assistance to the Dutch Government under ECA.

That is the only difference I have with the distinguished Senator from Maine, the distinguished Senator from Michigan, the distinguished Senator from Florida, and the distinguished Senator from North Carolina, in regard to this matter. I think it narrows down to the issue as to whether or not now is the time to call the halt as far as our economic relations with the Dutch Government, through the Marshall plan, are concerned, until the Dutch Government ceases its defiant course of action, or whether we should follow the suggestion of the compromise amendment, and play for more time, for more persuasion to be imposed upon the Dutch representatives; in the hope that they may come to the realization that the course of action which they have been following in Indonesia is wrong.

I say that is the narrow difference now between us, but it is a vital difference. I point out that every day the Dutch Government is permitted to continue with its violation of the Renville agreement and with the findings of the Security Council, the hope of independence for



the republican Indonesians fades further and further into the distance. I say that because if I am correctly informed—and some of the excerpts I shall read from the Graham report I think bear out my thesis—as the days pass, the independence group in Indonesia is becoming weaker and weaker and weaker under the police-state methods being imposed upon them by the Dutch Government.

Mr. President, if there is any Member of the Senate who thinks that peace reigns in Indonesia today he is mistaken. I want to say that the order that is being kept in Indonesia this very hour, to the degree that it is being kept, is being kept by the force of Dutch might and Dutch police and Dutch arms.

Mr. President, I think it is going to be very difficult to make a satisfactory explanation to those Indonesian people who by nature anyway are inclined to be suspicious, or to make a satisfactory explanation to the people in that part of the world who do not hold an occidental point of view which is ours in regard to international relations that our action in adopting the compromise amendment is in keeping with good faith. As the result of decades and decades of exploitation by European powers they are suspicious of our professed idealism. They are waiting to be shown that we are willing to practice our idealism in respect to protecting people who are making a fight for their independence and for the guaranties of freedom which are ours. I say, Mr. President, it will be very difficult to make a satisfactory explanation to them and get them to place much hope in some possible future action by the Dutch Government in recognition of their rights when they are confronted at this very hour with the force of Dutch arms and police which are subjugating and trampling down those people in Indonesia who are endeavoring to make a heroic fight for freedom.

It is my honest conviction, which obviously is not shared by many in the Senate, that by not insisting upon action now on the part of the Dutch Government for a correction of the wrongdoing in Indonesia, we are going to be charged wrongly because of the suspicions of the Indonesians that we are aiding the Dutch against them with ECA dollars. They are going to think, I fear, that further discussions with the Dutch through the Security Council is not a good-faith proposal. We know now that the Dutch are in violation of their international commitments under the Charter and therefore we should shut off ECA funds to them.

So I say, Mr. President, it is important that we stand for the abstract principle of right versus wrong in this instance, just as I think it is essential that we continue to be a beaconlight and symbol to the world that this great Republic of ours will not compromise guaranties of freedom under the United Nations Charter.

I hold to the view, Mr. President, that so long as we permit the Dutch to get by with the course of defiant action which has been theirs since the violation of the Renville agreement, we are going to be misunderstood in Indonesia, we are going to be misunderstood elsewhere in the

world where weak people are looking to us to take a dominant role in protecting freedom.

We cannot read the report of the junior Senator from North Carolina without recognizing that the course of action the United States Government has followed to date in regard to the Indonesian affair conforms completely with our obligations under the United Nations Charter. We have made a beautiful record to date with the exception of granting ECA funds. It seems to me the report of the junior Senator from North Carolina makes perfectly clear that within the terms of the United Nations Charter we have followed a proper course of action. But I say, Mr. President, that the authorizing in this bill of further funds to the Dutch Government, in view of the action we have taken to date in connection with the Indonesian affair, creates the only inconsistency in our position, because I say that even by a vote here in the Senate authorizing the fund, we are inconsistent with the steps we have already taken in regard to Indonesia.

I deeply regret the illness of the Senator from North Carolina which prevents him from being here this afternoon to make comment on the floor of the Senate concerning the point I now make, and which I have made to him personally, but with the greatest of respect to the Senator from North Carolina, I shall do my very best, in complete fairness, to state his own rebuttal to the point that I now make. I said to the Senator from North Carolina, "I am afraid that your own position in the matter, your own record in the matter, the report you yourself have written, all are inconsistent with your final conclusion, namely, that we ought to accept the so-called compromise amendment." His reply is that he does not think there is any inconsistency in it, because he thinks the passage of a little more time and the further opportunity on the part of the State Department to try to get the Dutch Government by persuasion to see the error of its ways, may result in a change in the course of action of the Dutch Government.

The Senator from North Carolina also holds to the view, as his report points out, but as he said to me personally, that he does not believe the Dutch people as yet understand this issue. He does not believe that the Dutch people have been fully apprised as to the nature of the dispute which has arisen between their Government and those governments in the United Nations which are protesting the Dutch course of action.

Mr. President, I think there are certain passages in this great historic document filed with us by the Senator from North Carolina which for the purpose of emphasis ought to go into the RECORD again, and I want to read a few of them and comment on them. In his introduction he says:

The violation of the Renville agreement by the Government of the Netherlands, the violation of the still standing cease-fire order passed by the Security Council on August 1, 1947, the disregard of the functions of the United Nations Committee of Good Offices, the renunciation of the procedures of peace for a recourse to force of arms and

the continuing defiance this winter of two separate orders of the Security Council, constitute a challenge to the United Nations of grave import for the whole world.

Mr. President, what a sweeping indictment that first sentence of the Graham report is against the Dutch Government. I submit that the evidence advanced in the report establishes the indictment beyond question of doubt. There we have it, Mr. President:

The violation of the Renville agreement by the Government of the Netherlands, the violation of the still standing cease-fire order passed by the Security Council on August 1, 1947, the disregard of the functions of the United Nations Committee of Good Offices, the renunciation of the procedures of peace for a recourse to force of arms and the continuing defiance this winter of two separate orders of the Security Council, constitute a challenge to the United Nations of grave import for the whole world.

They certainly do. It is such a grave challenge, Mr. President, that I cannot see my way clear, even for a day or an hour, to taking the course of action by way of the compromise amendment, which would be subject to the possibility—and I think the clear probability—of misunderstanding in Indonesia as to the course of action we intend to follow. I know that the Senator from Maine [Mr. BREWSTER], the Senator from Michigan [Mr. VANDENBERG], and the Senator from Florida [Mr. PEPPER] intend to do all within their power to take whatever steps can be taken under the United Nations, in the event that the Dutch continue in their defiance. I shall be there, shoulder to shoulder with them, helping in my small way to the extent I can help, in having whatever sanctions the United Nations may in the future impose upon the Dutch carried out so far as support from our Government is concerned. I shall help to whatever extent my vote in the Senate will be of help.

But, Mr. President, I think we have an obligation right now to take no step which can possibly give ground for suspicion on the part of the Indonesians that we are going to countenance any further defiance on the part of the Dutch Government. In my judgment, as clear evidence as we could give to the Indonesians this afternoon would be to vote for the original Brewster amendment, which says, in effect, that we are not going to grant any funds, in view of the defiance. I know that such a course of action is likely to raise a great many complications, and that it has attached to it a great many serious implications; but I think we ought to be willing to face them.

I know, as I stated the other afternoon, that it may be looked upon as unilateral action; but I want to stress the point that, after all, our obligations under the United Nations Charter are quite separate and distinct from the course of action that we are following under the Marshall plan. The Marshall plan itself is unilateral action on the part of the United States. The Marshall plan itself is in effect an economic understanding or agreement reached with certain recipient countries in accordance with the terms of the Marshall plan, not in accordance with the terms of the United



Nations Charter. In that sense the United Nations Charter has nothing to do with the Marshall plan.

When we find the evidence so overwhelming against the Dutch Government—and I think the Graham report makes it perfectly clear that the evidence against the Dutch Government is overwhelming—then I do not believe that it is a matter of right principle for us even temporarily, under the substitute amendment, in effect to say to the Dutch, "We want you to know that we will reconsider this authorization and any possible future appropriation if you do not at some time in the future, and soon, comply with what we recognize, and what you should recognize, to be your obligations under the United Nations Charter."

I do not think it is right principle even to allow that temporary period of time to elapse. We are now being asked, within the terms of the compromise amendment, to put through the ECA program with an authorization for the Dutch. I am opposed to that because I cannot reconcile doing that with the course of conduct which the Dutch Government has followed in Indonesia. I cannot escape the conclusion—although my good friend from Florida [Mr. PEPPER] does not think it is necessarily a logical conclusion—that to whatever extent we have aided and benefited the economy of the Dutch during the past year we have indirectly, at least, injured the Indonesians in their fight for freedom.

I repeat my opening observation. I wish again to raise my voice this afternoon in support of the fight for freedom which is being made in Indonesia, and which we are going to see made in other countries in the world as men seek to shake off from themselves the shackles of colonial empires and imperialistic exploitation.

I return for a moment to the Graham report, still reading from the introduction:

This challenge will continue until the democratic principle of the Renville agreement, signed by the representatives of the Kingdom of the Netherlands and the Republic of Indonesia under the auspices of the United Nations are fulfilled. Unfulfilled, the Renville agreement remains a sounding board for propaganda against the western democracies all over the eastern world. Fulfilled, the Renville agreement, with its foundation on the Linggadjati agreement, can become, to the greatness of the Dutch and the Indonesians, a charter of freedom for the colonial peoples of the world.

This is the Senator from North Carolina speaking, through manuscript, in a report to the United States Senate. This is the Senator from North Carolina, who was the American representative on the Committee of Good Offices. This is the American representative who, through long days and weeks on the ship *Renville*, meeting with the representatives of the Dutch and the Indonesians, made the findings of fact which have been found to be sound, as I understand the situation, by our State Department, as to the causes and nature of the Indo-

nesian controversy. Listen to his language, Mr. President:

The two main sources of opposition to the democratic principles of the Renville agreement are two small but powerful combinations: (1) The Dutch financial-imperialistic-militaristic-paternalistic combination which first misleads and then misrepresents the great Dutch people; and (2) the Soviet dictators, who first mislead and then misrepresent the great Russian people.

That is the American representative on the Good Offices Committee speaking in a written report. I say that language, strong as it is, is backed up by the Senator from North Carolina with detailed particulars which he sets forth in the historic document which he has filed with the Senate.

In view of that indictment, I must say here this afternoon that I cannot agree to go along with any proposal short of one which says we must stop now any aid to the Dutch Government.

Returning to the Graham report, we find that he says:

And (2) the Soviet dictators, who first mislead and then misrepresent the great Russian people.

Mr. President, let us not forget that the Soviet Government is represented on the Security Council. I may be mistaken; but as I read the compromise proposal, I do not see in it anything which escapes the possibility and, I think, the real probability, judging from past action of the Soviet representatives on the Security Council, that through the compromise amendment we may be walking right into a Russian veto, when we actually get down to the point, within the negotiations of the Security Council, of calling for the imposition of sanctions. I express that fear because the Graham report itself shows that the heroic Indonesians who have been making their fight for freedom happen to be the only native group in that part of the world which today at least have waged a successful opposition to communistic attempts to take over their land. I assume—and I wonder whether in fact I am illogical in making this assumption—that the success of the Indonesians against the attempt of the Communists to take them over was not exactly welcome news in Moscow, and is not today a very welcome bit of history in Moscow. Therefore, I express now the fear that even if we go ahead with the compromise amendment, we may find ourselves, at that last step, in a position where the Russian representative on the Security Council will "throw" a veto. After all, that is almost a matter of habit with the Russian representative on the Security Council.

I hasten to add that if that course of action is followed either by the Russian representative or the French representative or the British representative on the Security Council, then of course we can take action, insofar as ECA is concerned, by withdrawing funds or by refusing to grant additional funds. But I fear that at that point, if those circumstances should develop in that way—although I hope they will not—we might then find

ourselves in such further complications over this matter that a withdrawal of funds by us at that time, after once seeking to carry this matter through the United Nations Security Council, might open us up to the charge—wrong though it would be—that we were then, because we did not like the action of the Security Council, following unilateral action.

Mr. President, at the present time we are in a position, as I view this problem, at least, where our taking the action which I propose to have us take against the Dutch Government would not subject us to any justified criticism for withholding ECA funds, because we would then be acting on the basis of an agreement collateral to the United Nations Charter. But if we seek to process this matter further through the Security Council, and if then a veto is "thrown" by Russia, and if then we seek to take further action in respect to the Netherlands, I am afraid—even though I think Russia's position would be wrong in the premises—that the position would be taken that we were then seeking to take unilateral action independent of the United Nations Security Council. I should like to avoid that, because I simply cannot imagine, in the last analysis, that the Russian representative on the Security Council would join with us in seeking, under the appropriate sections of the United Nations Charter from which the Senator from Michigan read this afternoon, to exercise sanctions against a government which is putting down a people which carried on a successful fight against the Communistic attempt to take over Indonesia. Somehow—I hope wrongly, but I fear not—I hold to the view that if the Russians had to make a choice between supporting the United States or supporting the Dutch under such circumstances, the Russians would support the Dutch.

Mr. GRAHAM goes on to say:

Both the Dutch imperialists and the Russian imperialists are opposed to the basic principles of the Renville agreement such as: Civil liberties at all times, unhampered communication, transportation, and exchange, plebiscites or free elections after full discussion, and a free constitutional convention organized by democratic procedure with representation in proportion to the population. The Dutch imperialists do not intend that these principles of freedom be available to all the leaders of Indonesia for free appeals to the Indonesian people. Free leadership in fair and open discussion would insure that the guiding principle of the United States of Indonesia would not be Dutch domination but Indonesian self-determination.

Incidentally, Mr. President, that is the Senator from North Carolina writing, in this report, his views of Russian policies and principles and ideology in respect to Indonesia. Let me say parenthetically that if anyone ever had a question as to the position of the Senator from North Carolina in regard to American principles of government, in contrast to Russian principles of government, he need only read this historic document to be completely reassured of the great patriotism of the Senator from North Caro-



lina. Mark his language in this report in regard to Russian ideology. He says:

The combination of Soviet dictators not only does not want these principles applied in Korea, Poland, Rumania, Bulgaria, Hungary, Yugoslavia, Czechoslovakia, and Germany, but also does not want them publicized within the Soviet Union itself.

That is a penetrating and piercing comment by the Senator from North Carolina in expressing his views of the Russian iron curtain.

I read further from the report:

Neither imperialism nor dictatorship can long exist with the morally enduring Renville principles of freedom and self-determination. Imperialists, in their case, and dictators, in their situation, will violate agreements by which such principles might get high international sanction for application by peoples in colonies, in satellite states, or in the vast dominions behind the iron curtain.

There will be much talk—

Says the Senator from North Carolina—

some of it partly true, (1) about Republican incapacity to prevent atrocious incidents caused largely, however, by the nonimplementation of the agreement—

Obviously, of course, he is referring there to the guerrilla attempts in Indonesia to fight the Dutch refusal to live up to their obligations under the Renville agreement. Of course, the Indonesians are resisting. And, of course, when people are resisting the aggression of imperialism, it is no tea party, Mr. President; there is blood-letting.

Mr. President, without reading it, I ask to have inserted at this point in my remarks the remaining language of the section in the Graham report dealing with the claims as to the weaknesses of the Indonesian Republic.

There being no objection, the remaining language of the section was ordered to be printed in the RECORD, as follows:

There will be much talk, some of it partly true, (1) about Republican incapacity to prevent atrocious incidents caused largely, however, by the nonimplementation of the agreement; (2) about former collaboration by a few of the present Republican leaders with the Japanese; and (3) about Communist infiltration in some of the political parties and some of the labor unions in the Republic. It should be recalled in this connection that atrocities have not all been confined to one side; that some of the Indonesian Republican leaders fought underground in Holland against the Germans, and that more fought underground in Indonesia against the Japanese. More revealing still was the decisive crushing of the Communist revolt by the moderate Republican Government. There will also be much talk by the Soviet imperialists about American and British imperialism seeking at one and the same time to uphold and to supplant Dutch imperialism. The propaganda about American and British imperialism, Japanese collaboration, and Communist infiltration should not obscure for the United Nations the basic simple fact that Republican aspirations have their main source in Indonesian self-determination.

Mr. MORSE. I shall ask also, Mr. President, to have incorporated as a part of my remarks that part of the Graham report under the subject "The Committee Condemned by Both Extremes."

There being no objection, the portion of the report referred to was ordered to be printed in the RECORD, as follows:

The committee condemned by both extremes: The members of the first Committee of Good Offices, which included Mr. Justice Richard C. Kirby, of Australia; Dr. Paul van Zeeland, of Belgium; and myself, as the American representative, were accused by some of the Dutch imperialists of being in league with the Republic of Indonesia against the Kingdom of the Netherlands. At the same time I was repeatedly accused by the Moscow radio of being a tool of American capitalism and of intimidating the Republicans into accepting the Renville agreement with threats of atomic bombs and American power.

With a position of balance between being an alleged conspirator against the Dutch and being an alleged intimidator of the Indonesians, I have some sense of balance shared by my highly esteemed former colleagues of the committee. Beholden neither to the imperialists of the right nor to the imperialists of the left, but beholden to the principles of the Charter of the United Nations, I make the present analysis of some of the basic factors and issues involved. Having been in the Senate less than a week, I will not make a statement at length here, but will put it in the RECORD for any value it may have for the Members of the Senate.

Part of this analysis is based on our report to the Security Council, February a year ago, and part of it is based on unrestricted documents and on developments publicly reported since our able successors took over from us February a year ago. I hope in this analysis to give one person's glimpse of (1) the two great peoples and their spirit; (2) the international position of Indonesia; (3) the Indonesian nationalist movement; (4) the formation of the Republic of Indonesia; (5) the efforts of British diplomats to help the Netherlands and the Republic settle their dispute, resulting in the Linggadjati agreement; (6) the break-down in negotiations and the Dutch "police action" of July 21, 1946; (7) the intervention of the United Nations with a cease-fire resolution and a Committee of Good Offices; (8) the function, limitations, and work of the committee; (9) the negotiations of the representatives of the two governments; (10) the Renville agreements; (11) the opportunity for good will and early implementation; (12) an analysis of the controversial issues of sovereignty, separate states, and the provisional government; (13) the du Bois Chritchley plan; (14) the Cochran plan; (15) the policy patterns of delays and rejections; (16) incidents and atrocities; (17) the crushing of the Communist revolt by the republic; (18) the breaking of the truce by the Dutch and the second "police action"; (19) the Renville principles and the obligations of the United Nations; and (20) the opportunities of two great peoples through the fulfillment of the Linggadjati and Renville agreements in cooperation with the United Nations to salvage a terrible situation destructive to both peoples and critical for mankind.

Mr. MORSE. Mr. President, I also ask to have incorporated at this point in my remarks the section of the Graham report starting on page 7, dealing with the heading, "The Indonesians."

There being no objection, the section was ordered to be printed in the RECORD, as follows:

#### THE INDONESIANS

The history and people of Indonesia are interwoven with the history and people of Malaya, India, China, Melanesia, Polynesia, Australia, Europe, and America. In Indonesia are some of the earliest relics of man from the Pleistocene age. In Indonesia were

majestic monuments, noble shrines, and an advanced civilization before western men discovered America or rounded Africa to the Spice Islands. The old empires, whether based on Sumatra, such as Atjeh, or based on Java and Sumatra, such as Bantam, had their times of power astride the channels between the seas. Java, the granary of many islands through the ages, was often the central base of the empire of the islands, whether the wide and elaborate Madjapahit of the Indian heyday or Mataram of nostalgic glory.

The Spice Islands of the Indies were the luring motive force which, added to the spirit of exploration, helped to cause the discovery of America, the rounding of Africa, a redirection of commerce, and the commercial revolution.

The East Indies became the eastern pivot upon which in the western world the medieval turned to the modern age.

With the crossing of early southern Pacific stocks and their persisting polyglot dialects have evolved a basic Malayan language, persistent mores, and traditions, and a common Indonesian consciousness. The island of Java, perhaps the most densely populated area in the world, which has been the base of the republican movement, has three distinct groups: The Sundaneese in west Java, the Javanese in central Java, and the Madurese in east Java. The leaders of the Indonesians in the islands east of Java who have cooperated with the Dutch were much disturbed by the Dutch attack on the Republic. These various regional groups, whether in Java, Sumatra, and Madura, the areas of republican activity, or in Dutch Borneo or in east Indonesia, are all parts of the Indonesian nationalist movement. The most militant leadership is in the area of the Republic. A good number of nonrepublican Indonesian former civil servants have chosen to cooperate with the Dutch. Moreover, a number of genuine nationalists have risen to leadership in the nonrepublican Indonesian states. It is significant that the governments of the two most important of these nonrepublican states resigned immediately following the Dutch resort to force in December.

Indonesia, because of its history, location, and values, is a vital subject in the study of anthropology, archeology, the botanical sciences, tropical medicine, and the history of ancient, medieval, and modern times. The peoples of Indonesia have an imposing indigenous tradition of local self-government rooted in the communal village. They preserve a stubborn body of laws and customs handed down in their adats, a stable tradition of irrigation and agriculture, handicrafts, music, dancing, and fine arts. Despite a wide illiteracy, they have a notable intelligence, a high capacity for languages and culture measured by the opportunities available to the few. With all the many high values added by the Dutch in science, technology, economic production, medicine, public health, and civil administration, the Netherlands have not effectively promoted the general education of the youth of Indonesia. It has been estimated that 40 percent of the people in the American Philippines were literate as compared with the 7 percent of the people in the Dutch East Indies. This is one of the sources of the deep sense of grievance for their people on the part of the Indonesian republican leaders who are themselves the products of the excellent training and democratic influences of the historic Dutch universities. The Dutch policy seems to have been to encourage the education of a few leaders, but not to promote the education of the great body of the people.

General among the Indonesian people are a natural intelligence, friendliness, innate courtesy, beautiful rhythm, grace, and human dignity. The 70,000,000 Indonesian people have in common the national aspiration for freedom, independence, and cooperation.



Mr. MORSE. In this section, Dr. GRAHAM proceeds to discuss the Indonesians, their background, and the nature of the fight they are making against Dutch imperialism; and also the nature of the fight they made during the war in an attempt to check the advance of Japanese imperialistic aggression.

We are dealing in this issue with the Indonesian people, Mr. President. We are dealing with a people, as the Graham Report points out, who are on our side in the fight to preserve freedom in the world. I say this afternoon in the Senate of the United States they ought to have a clear demonstration from us that we are not going to countenance even temporarily, for a period of further negotiations, Dutch conduct in Indonesia. We should not authorize any funds to the Dutch to carry on their aggression against these people who are making the fight for freedom, and whose history, as the Senator from North Carolina [Mr. GRAHAM] points out in his report, shows that they have been on our side in this battle for freedom.

I also ask to have incorporated in the RECORD at this point, because I want it reemphasized, that part of the Graham report starting on page 16, under the heading "The declaration of independence by the Republic of Indonesia."

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

THE DECLARATION OF INDEPENDENCE BY THE  
REPUBLIC OF INDONESIA

With the juncture of all those movements, forces, currents, and undercurrents, the most militant leaders of the Indonesian nationalism, some of whom had been imprisoned, at one time or another, before the Second World War by the Dutch, and during the war by the Japanese, seized the hour of the Allied liberation of Indonesia from the Japanese for the liberation of Indonesia from the Dutch. They set up a provisional congress and issued the Declaration of Independence of the Republic of Indonesia with its plans for the inclusion of all the Indonesian people. While acknowledging the sovereignty of the Netherlands throughout the Indies, the Allied commanders dealt with the leaders of the Republic of Indonesia on the basis of the fact that the Republic exercised de facto authority.

Some of the most militant leaders of the Republican movement had fought in the Indonesian underground against the Japanese, some had fought in the Dutch underground against the Germans, and others had collaborated with the Japanese and remained above ground. Whether of the parties of the right, right center, center, left center, or left; whether underground fighters or above-ground collaborators, all had in common the nationalist movement for the freedom and independence of the 70,000,000 Indonesian people.

Mr. MORSE. Mr. President, one cannot read that declaration, one cannot read Graham's inspiring account in chronological form of the history of the Indonesian affair, without being deeply moved by the record of the Indonesians. And, having been moved by it, Mr. President, but having first satisfied myself that the facts are on their side, I think we ought to take steps here this afternoon to make perfectly clear to them that we are not even temporarily going to authorize an appropriation which, un-

less in the future we change our course of action, will result in funds under ECA continuing to go to the Dutch Government; to be used at least indirectly, and I suspect also directly, against the Indonesians.

I ask to have incorporated, again for purpose of reemphasis, the section of the Graham report labeled section VI, "The breakdown in negotiations for implementation and the Dutch police action of July 21, 1947."

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

VI. THE BREAK-DOWN IN NEGOTIATIONS FOR IMPLEMENTATION AND THE DUTCH POLICE ACTION OF JULY 21, 1947

The Linggadjati agreement was initiated on November 15, 1946, and was signed by the governments on March 25, 1947. The negotiations for the implementation of the agreement broke down. The Republicans charged the Netherlands: (1) With making unilateral interpretations contrary to the provisions of the agreement; and (2) with a failure to have recourse to an arbitration provision in the agreement. The Netherlands charged the Republic with both the refusal and the incapacity to carry out the provisions of the agreement. On the night of July 20, 1947, the Netherlands ordered the police action. This police action was undertaken, according to views and assertions of the Dutch, to restore law and order, to punish lawless bands, to prevent massacres of Chinese and others by irregular forces, to stop sabotage, and to step up production in a time of desperate need. According to the assertions of republicans the police action was a military action taken, when the army had been mustered in full force, to prevent the implementation of the Linggadjati agreement, to take over large economic resources and assets in republican areas, to organize new states in former republican territories behind Dutch military lines, to carry out a policy of economic strangling and political spintering of the Republic, and to insure the Dutch control of the proposed United States of Indonesia. The well-trained and mechanized Dutch military forces quickly took over large parts of Java and Sumatra.

Mr. MORSE. It is in this section that again we have clear evidence of the type of police force the Dutch have been using in the past months to trample under Dutch might these Indonesians who have been seeking to resist Dutch imperialism and exploitation. It is not pleasant reading, Mr. President, and I regret that during the period of time while the Dutch have been conducting themselves so ruthlessly in Indonesia we, under ECA, have been giving them a single penny for whatever expenditure their own financial reports may show they have put it to. I do not think our record in that respect is going to read very well in world history.

Mr. President, I ask unanimous consent, for purposes of reemphasis, to have incorporated at this point in my remarks that section of the Graham Report beginning on page 30 and headed "A grave situation." If Senators will only read it, I am sure they will appreciate more fully how grave the situation is in respect to standing for differences between right and wrong in international relations, and for not doing anything which could possibly be interpreted as aiding the wrong side of a great international moral issue.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

A GRAVE SITUATION

While deeply appreciative of the fact that the 12 political principles contained many basic provisions for freedom, democracy, independence, and cooperation, the Republic was most deeply concerned that there was no guaranty of international observation between the signing of the agreement and the transfer of sovereignty; there was no provision for the representation of the Republic in an interim government; and that there was no mention of the Republic by name in any of the 12 principles.

Aware of its own limitations and in the desperate circumstances of the probable break-down of negotiations, the committee decided to make still another new approach to the parties. The committee suggested for the informal consideration of the parties 6 additional political principles in addition to or in reinforcement of the 12. Pending consideration of the 6 principles by both parties, the Republic was pondering the acceptance or rejection of the status quo military line and the democratic political principles in which were missing several guaranties of deep concern to the Republic.

Mr. MORSE. Mr. President, I ask unanimous consent to have incorporated at this point in my remarks section 12 of the Graham Report, beginning on page 40, in which he discusses the problem under the heading "Analysis of three controversial issues," those issues being the issue of sovereignty, the issue of the separate states, and the issue of the provisional government.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

ANALYSIS OF THREE CONTROVERSIAL ISSUES

The lag in negotiations was due to a number of circumstances such as the debates in the Security Council preceding its approval of the Renville agreement, the change in the composition of the Netherlands Government, the differences in the interpretations of some of the provisions of the Renville agreement, and the constant rejection by the Netherlands of the informal suggestions of the Committee of Good Offices. Three of the controversial issues involved sovereignty, separate organization of states, and the provisional government.

A. SOVEREIGNTY

The sovereignty of the Netherlands throughout the Netherlands East Indies, acknowledged in the first of the six principles, has never been questioned by the United Nations or by the member nations of the Committee of Good Offices or their representatives. In acknowledging this sovereignty the committee made clear its views, expressed to representatives of both governments before the signing, with binding force on itself alone, but nevertheless as the unanimous opinion of the Committee of Good Offices: that none of the principles could or were intended to alter the status of the governments as the two parties to the Indonesian dispute on the agenda of the United Nations.

Neither the Dutch, in their over-all sovereignty, nor the Indonesian Republic in the exercise of their de facto authority, quite realize, that, except for the power of the United Nations in general, including the Chinese, the British-Indian and Russian forces in Asia; except for the gigantic American war production for the Pacific fighting; and except for the resistless vast assaults of the American armies, navies, air forces, and marines from Midway to the Solomons to the Philippines to Okinawa, with the heroic cooperation of the Australians and New



Zealanders, there would now be no over-all sovereignty of the Netherlands in the Dutch East Indies and no exercise of de facto authority by the Republic within the Republican areas of Java, Sumatra, and Madura. The Dutch Indies today would be the Japanese East Indies. Japanese totalitarian sovereignty would be now exercised over all Indonesia.

The legal sovereignty of the Netherlands in the Dutch East Indies is derived from history and international law but the actual exercise of sovereignty by the Netherlands in the East Indies proceeds now from the existence and the rights of the United Nations and their victorious armies. But for these, the Netherlands itself would be under the over-all sovereignty and tyranny of the Nazi totalitarian dictatorship. It is one of the ironies of history that the Netherlands should flout the orders of the United Nations from whose victories in World War II it derives not only its present sovereignty but its existence as a free nation.

After the surrender of the Japanese in the Netherlands East Indies to the representative of the Allied command, the British general commanding the British forces and the Dutch units, fully aware of the historic over-all sovereignty of the Netherlands, yet confronted with the existence of the young Republic, chose to deal with the Republic as exercising de facto authority. This balancing of recognized sovereignty and actual equities was carried forward in the chairmanships of two British diplomats and in the continuing responsibilities of the Security Council which holds both the Kingdom of the Netherlands and the Republic of Indonesia as the two parties to the Indonesian dispute on the agenda of the United Nations.

Within the limits of the Republic, reduced not by negotiation or self-determination of peoples but by the arbitrary conquests of the police action of July 21, 1947, the Republic continued to exercise de facto authority. The Renville agreement, formally adopted under the flags of Belgium, Australia, and the United States, on a public ship of the United Nations, under the auspices of the United Nations, was signed by the chairman of the Dutch delegation, on behalf of the Kingdom of the Netherlands, and by the chairman of the Republican delegation on behalf of the Republic of Indonesia.

Both before and after the signing of the Renville agreement, the Republic, in its rightful exercise of de facto authority, had its own civil administration, revenues, currency, fiscal system, police, army, public works, public health and public-welfare agencies, radio and public information, schools and university, political parties, Provisional Assembly, Cabinet, Prime Minister, and President.

After the signing of the truce, the Government of the Republic of Indonesia, in its exercise of de facto authority, evacuated 35,000 Republican combatants from behind Dutch military lines. More recently the Republic, in its exercise of de facto authority, with its own army unaided, crushed the Communist revolt against the Soekarno-Hatta moderate government. The very terms of the Renville agreement impose upon the Republic the duty of exercising de facto authority in the implementation of the agreement.

By solemn agreement of the Government of the Republic with the Government of the Netherlands, the United Nations is committed before the world by principle 1 of the Renville agreement; "That the assistance of the Committee of Good Offices be continued in the working out and signing of an agreement for the settlement of the political dispute in the islands of Java, Sumatra, and Madura, based upon the principles underlying the Linggadjadi agreement." One of the principles underlying the Linggadjadi agree-

ment is stated in article I of the agreement as follows: "The Netherlands Government recognize the Government of the Republic of Indonesia as exercising de facto authority over Java, Sumatra, and Madura."

Unless the United Nations is to renounce the force of agreements for the force of arms that pledge is still binding on the two Governments. To renounce that obligation is to sanction defiance of its own orders, is to violate its own Charter, and is to undermine its own foundations in the conscience of mankind. Even if renounced by the Kingdom of the Netherlands and the United Nations, the agreements, made in their name, will be upheld by a moral sovereignty which will yet prevail over the broken pledges of a kingdom, the combination of colonial powers, and the resulting frustration of the United Nations.

The second Dutch police action which violated the Security Council resolutions of August 1, 1947, has shocked the conscience of mankind. This tragic action will yet serve to strengthen in world opinion the responsibility of the United Nations for the continuance of the dispute between the Kingdom of the Netherlands and the Republic of Indonesia on the agenda of the United Nations until the final settlement of the political dispute is made in accordance with the principles of civil liberties and self-determination of peoples to which both Governments are specifically pledged in the Linggadjadi and the Renville agreements.

#### B. THE SEPARATE STATES

A persisting issue between the Government of the Netherlands and the Government of the Republic is the status of the separate non-Republican states. The Republican declaration of independence was for all the Indonesian peoples to be in one consolidated centralized Government of the Republic of Indonesia. Under Dutch sponsorship separate Indonesian states were organized in the Great East or East Indonesia which included the peoples on the many islands east of Java. Separatist movements, likewise, were organized in Borneo.

In article 4 of the Linggadjadi agreement the Republic agreed: "The component states of the United States of Indonesia shall be the Republic, Borneo, and the Great East, without prejudice to the right of the population of any territory to decide by a democratic procedure that its position in the United States of Indonesia shall be otherwise defined." Article I provided: "The Netherlands Government recognizes the Government of the Republic of Indonesia as exercising the de facto authority over Java, Madura, and Sumatra. The areas occupied by Allied or Netherlands forces shall be gradually incorporated, through mutual cooperation in the Republican territory. To this end the necessary measures shall at once be taken in order that the incorporation shall be completed at the latest, on the date mentioned in article 12 (January 1, 1949).

The Dutch police action of July 20, 1947, overran much of Java, Sumatra, and Madura. Behind the Dutch military lines large areas of territory and many millions of Indonesian people in Java, Sumatra, and Madura have since been held cut off from the Republic. Behind those lines in the former Republican territories Dutch sponsored separatist movements have been under way in Java, Sumatra, and Madura. In the Christmas message informally presented to the parties on December 26, 1947, our unanimous committee recommended (in provision 2), pending the settlement of the political dispute, "that there be meanwhile a cessation of all activities by either government relating directly or indirectly to the organization of states or to the determination of political relationship to the United States of Indonesia of territories in Java, Sumatra, and Madura, which comprise the area involved in the dispute

between the Government of the Netherlands and the Government of the Republic."

In provision 3 of the Christmas message the unanimous committee recommended: "That on the signing of the political agreement the civil administration which was functioning on July 20, 1947, be restored within a period of not more than 3 months and that within a similar period Netherlands armed forces be withdrawn to territories occupied by them on July 20, 1947."

The Republic accepted the Christmas message with these provisions. The Netherlands rejected these provisions among others.

In the counterproposal of the 12 principles the Netherlands suggested in principle 1: "That the assistance of the Committee of Good Offices be continued in the working out and signing of an agreement for the settlement of the political dispute in the islands of Java, Sumatra, and Madura, based upon the principles underlying the Linggadjadi agreement; and in principle 2: "It is understood that neither party has the right to prevent the free expression of popular movements looking toward political organization which are in accord with the principles of the Linggadjadi agreement. It is further understood that each party will guarantee the freedom of assembly, speech, and publication at all times provided that this guaranty is not construed so as to include advocacy of violence or reprisals"; and in principle 3: "It is understood that decisions concerning changes in administration of territory should be made only with full and free consent of the population of those territories and at a time when the security and freedom from coercion of such population will have been insured."

Accordingly the organization of autonomous states are not prohibited pending the settlement of the political dispute. The committee's suggestion for prohibition meantime of such activities was rejected by the Netherlands. But the Renville agreement does not provide with regard to such activities (1) that the right of the free expression of popular movements shall not be prevented by either party; (2) that each party guarantee freedom of assembly, speech, and publication at all times; and (3) that decisions concerning changes in administration of territory should be made with the full and free consent of the populations of those territories; and in principle four of the six principles, that plebiscites (or another method by agreement of the parties) will be held to determine whether the populations of the various territories of Java, Madura, and Sumatra wish their territory to form part of the Republic of Indonesia or another state within the united states of Indonesia, such plebiscite to be conducted under observation by the Committee of Good Offices should either party request such services.

The delineation of the territories in which plebiscites (or elections) were to be held naturally was left for the negotiations of the parties. Geography, history, traditions, administrative values, and the general sentiments of the population would doubtless be among the factors considered in the delineation of a territory. One of the basic principles of the Linggadjadi agreement is that the composition of the united states of Indonesia shall be without prejudice of the right of the populations of any territory in a component state to decide by a democratic procedure that its position in the United States of Indonesia shall be otherwise defined. Both parties are not only committed to the four principles taken from the Linggadjadi agreement and listed among the 12 principles, but are also committed to the working out and signing of an agreement "based on the principles underlying the Linggadjadi agreement." It would therefore be the right of any appropriate territory in the Republic as well as any appropriate territory in any other component state to have the oppor-



tunity of self-determination of its relation to the Republic or its relation to the united states of Indonesia or a special relation to the Kingdom of the Netherlands. The people themselves in the appropriate territories are to decide. If both the parties involved wish to use some method other than plebiscites, they may agree upon the democratic procedures to be used for such self-determination of the people. The Republic by the Linggadjati principle is no exception to this procedure.

#### C. THE PROVISIONAL GOVERNMENT

As pointed out in our report to the Security Council, one of the obstacles in the way of acceptance by the Republic of the 12 principles, which were the Dutch counterproposal to the Committee's Christmas message, was the fact that they contained no mention of the Republic. In the additional six principles proposed by the Committee, it was provided in principle 2 that: "In any provisional government created prior to the ratification of the constitution of the new United States of Indonesia all states will be offered fair representation." The Netherlands proposed and the Republic accepted the reservation: "That point 2 (principal 2 of the 6) will become operative after the signing of the political agreement envisaged in this document."

Postponing the operation of principle 2 until after the signing of the political agreement did not make a change in the substance of the principle of fair representation. Principle 2, with the reservation, requires that, in any provisional government created prior to the ratification of the constitution and after the signing of the political agreement, all states will be offered fair representation. It is presumed that, if for any remotely possible reason overlooked by the constitutional convention, a provisional government were created after the ratification of the constitution and before the transfer of sovereignty, the parties would, as a matter of common sense, agree on the basis of the established precedent, that, in such a provisional government, all states would be offered fair representation. The change in the time of its operability does not cause principle 2 to read that, in any provisional government set up at any other time all states will be offered fair representation except the Republic of Indonesia.

Under the Netherlands right in principle 1 to confer "appropriate rights, duties, and responsibilities upon a provisional federal government" prior to the transfer of sovereignty the language does not read "what the Netherlands Government deems to be appropriate rights, duties, and responsibilities."

Moreover, even by unilateral decision it would not be a conferring of "appropriate rights" on a provisional government—if one should be set up after the ratification of the constitution and before the transfer of sovereignty or if one should be set up before the signing of the political agreement—to grant the right of fair representation in the provisional government to all states except the Republic of Indonesia.

To arrogate to sovereignty such arbitrarily discriminatory power or to confer upon any provisional government the right to exclude a particular one of the states from fair representation would not only not be "appropriate," it would, by any interpretation, be most inappropriate and destructive of reasonable negotiations by its unfair discrimination against this particular state.

Such a position cannot be deduced from the common language of the agreement, or from common sense or from common fairness that only the states which were or are sponsored by the Dutch, no one of which was given a hearing before the United Nations, are the only Indonesian states which will be offered fair representation in a provisional

government set up before the signing of the political agreement. To hold that the Republic of Indonesia, the only Indonesian state, which in its continuing exercise of de facto authority has been and still is a party to the dispute on the agenda of the United Nations and which is the only Indonesian state which has been and still is given hearings by the Security Council, is to be the only Indonesian state denied fair representation in such a provisional government is, by a simple analysis, a clearly inappropriate and unjust use of arbitrary power characteristic of the sovereignty of a totalitarian state rather than the sovereignty of a democratic nation.

Mr. MORSE. Mr. President, I say, again, that if one will read the account of those issues given by the Senator from North Carolina he cannot escape the fact that the Dutch conduct cannot be justified by anyone who believes that the principles of the United Nations Charter should be carried out. If that be true, and I believe it to be true, then I say it is a mistake, and it is aiding the wrong side in this issue for us even to take temporary action which might be looked upon by the Indonesians as aiding the Dutch.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MORSE. I yield for a question.

Mr. LANGER. I regret that the members of the Judiciary Committee had to leave. Perhaps the Senator from Oregon has already discussed this matter, but I should like to know whether it is a fact that the Dutch used American airplanes when they bombed Indonesia.

Mr. MORSE. I do not know the answer to that question.

Mr. President, I ask unanimous consent to have incorporated as a part of my remarks, and for purposes of reemphasis, section XV of the Graham report, headed "Pattern of rejections and delays."

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

#### XV. PATTERN OF REJECTIONS AND DELAYS

Time worked most heavily against the weaker government. In the summary record of the negotiations with the Republic, or lack of negotiations, and of the use of the assistance of the Committee of Good Offices, or lack of use, is revealed a Dutch policy pattern of delay and attrition. In the negotiations for the implementation of the Renville agreement the Dutch rejected the major proposals of the Committee of Good Offices, broke off negotiations over a long period, and refused or failed to use the committee in violation of the first principle of the Renville agreement. The Netherlands Government used the policy of delay to carry on what the Republicans considered a program of economic strangulation instead of the opening of trade as provided for in the agreement and a policy of political fragmentations which were more Dutch-sponsored than the free expressions of popular movements promised in the Renville agreement.

These delays did not help the moderate Hatta Government in its need of tokens of progress in negotiations and in need of strength against extremist elements. The policy pattern of delay and broken negotiations had caused unrest and a major incident in the Republic. The Communists seized the opportunity thus presented by the Dutch to stir up an insurrection against the moderate Hatta Government. President Sockarno and Prime Minister Hatta used the

republican army, with the backing of the whole Government and all the major political parties, to crush decisively the Communist revolt. This was a real demonstration of stability and strength by this moderate government caught between the Dutch delays and the Communist insurrection. While other governments with aid from the democracies failed to stop the Communist march, the blockaded Republic of Indonesia, without aid from any source, crushed the Communist uprising.

Mr. MORSE. Mr. President, I should like to read from page 59 of the report, which is entitled "The Communist Revolt Crushed":

#### THE COMMUNIST REVOLT CRUSHED

This moderate republican government immediately showed its good faith and strength by evacuating an estimated 35,000 republican combatants from behind the Dutch lines without major incidents. In spite of the fact that time itself, with its blockades and splinter movements, was working against the republic, in spite of the suspicion and unrest caused by delays in negotiations, and in spite even of long periods of broken negotiation, this moderate republican government only a few months ago, decisively met head-on a major incident in its own territories, crushed the Communist insurrection and reasserted its de facto authority to carry on negotiations to implement the Renville agreement.

Mr. President, not only my heart, but my sober judgment tells me that I should follow no course of action this afternoon in the Senate which might be even subject to the suspicion on the part of the Indonesians that we are not taking every possible step we can take to make perfectly clear to the Dutch Government that we are not going to stand by and see a people who have made the only successful resistance to communism in that section of the world exposed to the danger of continued subjugation by the imperialistic Dutch Government. That section of the Graham report alone, Mr. President, is sufficient for me to reach the conclusion that I cannot support even any temporary delay in determining here and now whether we should withdraw from the Dutch Government any ECA funds. I say, as a matter of principle, judged from the standpoint of international morality, as those principles are set forth in the United Nations Charter, we cannot justify further financial aid to the Dutch Government. I say that, Mr. President, based upon the Graham report itself, as well as upon other evidence which I have studied in connection with the Dutch conduct in Indonesia. Having made such extensive use of the evidence supplied by the Senator from North Carolina, it is, of course, only fair to have the record perfectly clear that he does not share my final conclusion. My final conclusion is that now is the time to stop any aid to the Dutch until they proceed to change their course of action in Indonesia.

The distinguished Senator from North Carolina, as was brought out by the Senator from Maine earlier in this discussion, says, in the concluding pages of his report:

The Vandenberg amendment to the ECA bill proposes to tie the ECA to the Charter of the United Nations by incorporating in this



amendment section 5 of article 2 of the Charter which provides that: "All members shall give the United Nations every assistance in any action it takes in accordance with the present Charter, and shall refrain from giving assistance to any state against which the United Nations is taking preventive or enforcement action." We thus, as far as possible, keep our procedures within the framework of the United Nations in the exact language of the Charter. This amendment will serve to support and strengthen the United Nations in its heavy responsibility in dealing with the complex Indonesian question.

The Indonesian story is not a one-sided story, all black or all white on either side. Though the Indonesian story has its hopeful lights and tragic shadows on both sides, it is yet written in the record of the United Nations, that it has been mainly the Dutch representatives who have delayed and delayed in the negotiations, rejected and rejected suggestions made by representatives of the United Nations, and defied and defied orders of the Security Council. It is our faith that increasingly large groups of forward-looking and humane people of the Netherlands, with its noble and heroic traditions, are yearning for an early and fair settlement of this increasingly tragic and destructive dispute. We look to both the governments now to follow through in good faith for a decent compliance with the procedures of the United Nations.

Mr. President, I certainly share the hope of the Senator from North Carolina [Mr. GRAHAM], the hopes of the Senator from Maine [Mr. BREWSTER], the Senator from Michigan [Mr. VANDENBERG], and the Senator from Florida [Mr. FEPPER], who in his discussion have expressed opposing views to mine. To each one of the four Senators let me say that I respect most highly the decision they have reached as to what they think is the best course of action to follow in connection with the Indonesian incident in its relationship to the ECA bill. I hope—and this is all I can hope for, because I know that the action will be favorable to the so-called compromise amendment—I hope that at least in some very small way, Mr. President, the protest which I have raised here this afternoon, the points which I have made in opposition to the adoption of the compromise amendment, and the appeal which I have made for the record will make it clear that our Government should always at the first opportunity, as these incidents arise, make it perfectly clear that it cannot be counted on the side of those who transgress and trample upon freedom. I hope my words of protest will help make clear to the Dutch that we will not aid and abet them, directly or indirectly, in their design to destroy Indonesian freedom.

Mr. President, in the hope that the words I have spoken this afternoon may at least be recalled by some in future international negotiations over Indonesia, I have taken the liberty of imposing these comments upon the Senate.

I close by saying that I join with the Senator from Florida in his expression that the United Nations is our only hope for peace, and I regret that so early in its life and history one of the signatories to its charter, the Dutch Government, stands so thoroughly convicted before the world as being a violator of the moral

principles of the United Nations Charter which seek to preserve and protect the freedom of independent peoples.

The VICE PRESIDENT. The question is on agreeing to the amendment, as modified, offered by the Senator from Maine [Mr. BREWSTER].

The amendment, as modified, was agreed to.

Mr. MALONE. Mr. President, I wish to call up my amendment.

The VICE PRESIDENT. The amendment has been read.

Mr. MALONE. I shall make just a brief statement regarding the amendment.

Mr. LUCAS. May I inquire of the able Senator long he will debate the amendment?

Mr. MALONE. I merely wish to explain the amendment to Senators who have not been on the floor while I was discussing it. I would suggest that a quorum call would be in order.

Mr. LUCAS. If the Senator contemplates suggesting the absence of a quorum, I should like to move a recess until tomorrow at 11 o'clock, because some Senators have left, and there are other amendments to be considered. I doubt if we could finish the consideration of the bill tonight under those circumstances. Will the Senator yield for that purpose?

Mr. MALONE. I will.

The VICE PRESIDENT. The pending matter tomorrow will be the amendment offered by the Senator from Nevada.

#### EXECUTIVE SESSION

Mr. LUCAS. I move that the Senate proceed to consider executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. FREAR, from the Committee on Banking and Currency:

Hawthorne Arey, of Nebraska, to be a member of the Board of Directors of the Export-Import Bank of Washington, D. C., for the remainder of the term expiring June 30, 1950, vice William McChesney Martin, Jr., resigned.

By Mr. CAPEHART, from the Committee on Interstate and Foreign Commerce:

Oswald Ryan, of Indiana, to be a member of the Civil Aeronautics Board for the term of 6 years expiring December 31, 1954, to which office he was appointed during the last recess of the Senate.

By Mr. JOHNSON of Colorado, from the Committee on Interstate and Foreign Commerce:

Cornelius Vanderbilt Whitney, of New York, to the position of Under Secretary of Commerce;

Thomas C. Blaisdell, Jr., of the District of Columbia, to the position of Assistant Secretary of Commerce; and

Hugh W. Cross, of Illinois, to be an Interstate Commerce Commissioner for the remainder of the term expiring December 31, 1950.

By Mr. McCARRAN, from the Committee on the Judiciary:

John Brown, of Tennessee, to be United States attorney for the western district of Tennessee, vice William McClanahan, resigned; and

Larry M. Morphis, of Tennessee, to be United States marshal for the middle district of Tennessee, vice Reed Sharp, term expired.

The VICE PRESIDENT. If there be no further reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

#### UNITED STATES ATTORNEY

The legislative clerk read the nomination of Warren G. Moore to be United States attorney for the eastern district of Texas.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

#### DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk proceeded to read sundry nominations in the Diplomatic and Foreign Service.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc, and, without objection, the President will be immediately notified of all confirmations.

#### THE JUDICIARY

Mr. McKELLAR. Mr. President, two nominations have been reported from the Committee on the Judiciary favorably today by the Senator from Nevada [Mr. McCARRAN], and I ask unanimous consent that the nominations be confirmed. One is the nomination of a district attorney in Memphis, and another a marshal in Nashville, Tenn. The cases have been pending a long time.

Mr. WHERRY. Mr. President, reserving the right to object, were the nominations reported unanimously from the committee?

Mr. McKELLAR. That is my information. The junior Senator from Michigan [Mr. FERGUSON] is in the Chamber, and he can state whether there was a unanimous report.

Mr. WHERRY. I do not wish to interpose an objection, but of course the Senator well knows what the procedure is in such cases. Is there need for immediate confirmation?

Mr. McKELLAR. The only reason for the request for confirmation today is that the appointments have been pending for some time. There has been a controversy, but the controversy has been settled.

Mr. FERGUSON. Mr. President, I may say that I attended the meeting of the Judiciary Committee this afternoon when these nominations were ordered reported favorably. It is true they have been held up for some time, but the committee voted unanimously to report them, and I have no objection to their present consideration now.

Mr. WHERRY. Mr. President, I shall not object, since I wish to accommodate my distinguished colleague from Tennessee, but I feel, especially in the case of judges, that the usual procedure should be followed of having the nominations go to the calendar and lie over for a day.

Mr. McKELLAR. These are not nominations of judges.

Mr. WHERRY. I shall not object, because of the statement made by the distinguished Senator from Tennessee and the statement by the distinguished junior Senator from Michigan.











pend more than \$6,300,000,000 in pursuance of their scheme.

What has happened to standards of public service? What sort of political morality is it that men, entrusted by the people to protect their interests, can permit themselves to make deals to close their eyes to gigantic waste? They propose to spend \$6,300,000,000 without any plan except an inside agreement not to expose each other's stories before the public and this Congress.

I direct your attention to the fact, Mr. President, that in the Department of Interior report of the Hoover Commission, the conclusions of the task force are quoted with approval. Some of the passages I have read to you were picked up by Mr. Hoover and his associates. The report finds that Pick-Sloan was not a plan, and the inter-agency committee was not solving the conflicts which really existed, although the public had been told that there were none.

There were dissents about a proper reorganization, but I do not find any member of the Hoover Commission contradicted any of the statements which I have quoted.

There is a growing criticism of, and lack of confidence in the work of the Army engineers and the Bureau of Reclamation. The country can fairly hold the Army engineers to the highest standard of professional morality and accuracy. They are lifetime servants of their country, most of whom were educated at the country's expense. They are very proud of themselves and have no hesitation in promoting their own interests. Certainly they are entitled to severe criticism in this situation.

From matters that have recently come to the attention of the Senate committees, of which I am a member, conditions in the Bureau of Reclamation are actually scandalous. There are charges of corruption, incompetence, waste, and extravagance to a degree that makes one wonder if the Bureau set-up should not be completely overhauled and revised.

The Senate has not been without warning as to the actual situation with regard to the Pick-Sloan plan failing to answer the whole problem in the Missouri River Basin. There is no Senator with whom I more frequently disagree than Senator MURRAY, of Montana. I do, however, want to give Senator MURRAY credit for standing on the floor of the Senate and utter repeated warnings very much along the lines that the Hoover Commission report finds justified—that the Pick-Sloan plan is not a coordinated or unified program of development. Senator MURRAY has not yet convinced me that his MVA plan is the answer, but the Hoover Commission report has certainly made valid all of the criticism that he has uttered. That report also makes crystal clear the absolute necessity for immediate consideration, by objective and competent engineering judgment, of the economic feasibility of many of these Pick-Sloan projects. Some of them are fantastic and apparently are completely lacking in justification. Time is of the essence in stopping a wholesale waste of taxpayers' money.

In view of the disclosures made, it must be obvious that there must be a complete, thorough, and searching investigation so the people may know the huge expenditures have a justifiable basis. I call your attention to another statement made by the Hoover Commission Task Force. On page 18 of their report is found the following:

"It would be foolhardy to undertake a further expenditure of billions of dollars without thorough revision of both policy and organizational arrangements; and unless and until such revision is forthcoming, the committee recommends to both Congress and the Executive at least a partial moratorium on further projects."

I have clung to the hope the Interagency arrangement would work out the conflicts and confusion of the rival Pick and Sloan plans. But it has not done so. Appropriation requests are before Congress now asking for more tens of millions which do not reflect an iota of correction. Witnesses are telling the same old story, which has now been exposed as false.

Mr. President, above all things the people out in the Missouri Basin must not be punished for the mistakes that have been made. They have been abused enough by floods and pestilence and bureaucrats. But this Congress should not whip the people of the Missouri Basin—punish them further—for mistakes which were not theirs.

Congressman ALBERT COLE of Kansas, sensing the truth about Pick-Sloan, a month ago proposed over in the House that there be a 3-year investigation of the Pick-Sloan plan by a joint committee of 27. The Hoover Commission advises us of projects about which the Army and the Bureau were sharply critical before they made their deal.

There should be an investigation of the most searching sort.

The Missouri Basin is rich in resources. It has millions of acres of rich, irrigable lands, waiting to produce an abundance of food for the Nation when it is watered. The basin has mineral resources awaiting development including materials now in critical shortage. The basin can prosper and be a stronghold for the Nation.

Today, except for the State of Kansas, the basin is losing its population, its young people move away, it is fearful of floods and drought, its resources are underdeveloped or not developed at all.

These requests for funds are before us now in a dozen different items. They are not submitted in one package but are to be found in Interior appropriations, Army appropriations, Agriculture, and probably others.

I want to see proper development of the Missouri Basin as much as anyone in the Senate. It becomes obvious, however, as demonstrated by the Hoover Report, we cannot permit the Pick-Sloan plan to continue if we are to honestly and sincerely represent the citizens of this country and especially those living in the Missouri River Basin.

I, therefore, propose to the Members of this Senate what I consider necessary steps to permit us to arrive at an honest appraisal of the needs of the Missouri River Basin. I suggest the following:

1. The appointment, by the President, of a board of competent, independent engineers, to make a comprehensive study, investigation and survey of the Missouri River Basin.
2. The Board to make its report and recommendations to the President and Congress on or before September 30, 1949.
3. That Congress restrict appropriations for the Missouri River Basin until such report is received by the President and Congress. I earnestly believe, in light of the findings of the Task Force of the Hoover Commission, and of the existing circumstances, that this is the only practical solution of the problems of the Missouri River Basin.

#### ADDRESS BY SENATOR WHERRY TO THE SENTRY CLUB OF PHILADELPHIA

[Mr. CAIN asked and obtained leave to have printed in the RECORD an address delivered by Senator WHERRY before the Sentry Club of Philadelphia, April 6, 1949, which appears in the Appendix.]

#### INTERVIEW WITH SENATOR HOLLAND ON THE PROGRAM MEET THE PRESS

[Mr. RUSSELL asked and obtained leave to have printed in the RECORD an interview with Senator HOLLAND by newspaper reporters, on the radio program, Meet the Press, on March 4, 1949, which appears in the Appendix.]

#### POLITICS HAS A PART IN INTERNATIONAL OIL—ARTICLE FROM LIFE MAGAZINE

[Mr. BREWSTER asked and obtained leave to have printed in the RECORD an article entitled "Politics Has a Part in International Oil," published in Life magazine, which appears in the Appendix.]

#### SENATOR WILEY'S LEGISLATIVE RECORD

[Mr. WILEY asked and obtained leave to have printed in the RECORD a list of bills introduced by him in the first session of the Eighty-first Congress, which appears in the Appendix.]

#### COMMENTS ON LABOR LEGISLATION BY REPRESENTATIVE WERDEL, OF CALIFORNIA

[Mr. CAIN asked and obtained leave to have printed in the RECORD comments on labor legislation recently made by Hon. THOMAS H. WERDEL, a Representative in Congress from the State of California, which appear in the Appendix.]

#### PROPOSED CONSTITUTIONAL AMENDMENT TO ABOLISH THE ELECTORAL COLLEGE

Mr. LODGE. Mr. President, I hold in my hand a copy of a letter which was published in this morning's Washington Post, and which refutes in a very wise, and I believe accurate and authoritative manner, the complete misconception which exists in a few quarters regarding the operation of Senate Joint Resolution 2, which is the proposed constitutional amendment to abolish the electoral college and count the electoral vote in proportion to the popular vote. The letter is very brief; and because it relates to a constitutional amendment which I hope will soon be before the Senate, I ask unanimous consent that it be printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

#### ELECTORAL-VOTE REFORM

The April 4 letter from Mr. J. Harvie Williams criticizes the constitutional amendment which abolishes the office of presidential elector and provides for an automatic counting of electoral votes in direct proportion to the popular vote on the grounds that it is "based squarely on the principle of proportional representation" and would encourage, therefore, a "multiplicity of parties."

There is actually no resemblance at all between proportional representation as applied to the election of a group (such as a legislature or board of aldermen) and electing a single officeholder as proposed in the pending constitutional amendment. Electing a legislature by proportional representation gives a voice to so many shades of opinion that it often becomes impossible to find a common meeting ground on any course of action. We have seen this weaken government in many of the parliamentary democracies of Europe. But in the case of a single officeholder that reasoning does not apply. Even the cleverest surgeon cannot divide one man up—proportionally or otherwise—and expect him to live.

The reform we propose does not, of course, seek to do that. It seeks, as the Washington Post has often pointed out, simply to reflect more accurately the will of the people in counting the electoral votes. If we were electing three Presidents to hold office concurrently as a sort of modern triumvirate, Mr. Williams' criticism would have some validity. But the reform proposed in the pend-



ing constitutional amendment is no precedent for that sort of election at all.

The Brookings Institution very ably summarized the often-heard and wholly unsound contention that this amendment would foster multiple parties. In a letter to me last year, it was said of this proposal that—

"It will practically remove the chance that small minority groups can attain and exercise great power over Presidents, presidential candidates, and political parties because they hold the balance of power in pivotal States. These minority groups will have no power beyond that justified by their number of voters in a presidential election."

The proposed amendment would strip splinter parties of their bargaining power (so evident in the 1948 elections, as for example, in New York) and would oblige them to seek popular support on the basis of their real appeal rather than on their ability to shift so-called pivotal States to one or the other of the major parties under the present all-or-nothing system. This reform would, therefore, definitely discourage rather than encourage a multiplicity of splinter parties. Their future success cannot conceivably depend on the very slight advertising value which might accrue from their being credited with an unimportant number of electoral votes.

HENRY CABOT LODGE, Jr.,  
United States Senator from Massachusetts.  
WASHINGTON.

#### ARMED FORCES DAY

Mr. LODGE. Mr. President, I note that the new Secretary of Defense, Hon. Louis Johnson, has announced that next year Army Day, Navy Day, Marine Corps Day, and Air Force Day are all to be merged into one Armed Forces Day. I feel this is a step in the right direction, that it gives moral support and prestige to the new loyalty which must develop if we are to have real national security, and I therefore applaud Secretary Johnson for taking this forthright stand. In this connection, I ask unanimous consent to have printed in the RECORD an editorial from the Washington Post entitled "Armed Forces Day."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### ARMED FORCES DAY

Gen. Omar N. Bradley said many things of significance in his Army Day speech Tuesday night, but none was of more importance nor more quickly realized than his proposal to end the separate service commemoration days in favor of a single day for all the armed services. Within 24 hours it came to pass. Secretary of Defense Louis Johnson, to whom unification means unification, has made calendar history by merging four days into one. No more Army Day, Navy Day, Marine Day, or Air Force Day, but henceforth only Armed Forces Day. This is a significant contribution to unity. Why not go further and, we tremble to write it, abolish the Army-Navy game? Is it not time to recognize in all these symbolic ways that the real mission of the three services is to be part of a larger entity—the defense of the United States?

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MALONE].

Mr. MALONE. Mr. President, I wish to speak briefly on the amendment. The amendment which I have proposed, would simply provide that loans to the ECA countries for rehabilitation and construction of industry would be placed on a basis comparable to loans to American citizens through the Reconstruction Finance Corporation for the same purpose.

In that connection, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an excerpt from a statement by Sir Stafford Cripps, of England as contained in an article entitled, "Enlightened United States Tariff Held Vital by Cripps," called in the body of the article an enlightened policy of importation by the countries of the Western Hemisphere, published in the New York Journal of Commerce of April 7, 1949.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### ENLIGHTENED UNITED STATES TARIFF HELD VITAL BY CRIPPS

LONDON, April 6.—Sir Stafford Cripps told the House of Commons today that Britain's ability to earn enough dollars to exist was dependent on an enlightened policy of importation by the countries of the Western Hemisphere.

The Chancellor of the Exchequer made this statement in the course of presenting his 1949-50 budget in which he disappointed most hopes for reduced taxes.

#### MEANING DEBATED

Whether his reference to imports, by Western Hemisphere countries, was to be regarded as a bid for further tariff concessions by the United States or a warning that Britain might have to take further cuts in purchases in the United States and Canada if imports fell off was a matter of conjecture here.

"In broad terms," Sir Stafford said, "We have succeeded in carrying out the policy of restricting our dollar expenditure to what can be covered by our dollar earnings together with the aid at our disposal, and we intend to continue that policy for the rest of the ERP period."

Mr. MALONE. Mr. President, this statement of Sir Stafford Cripps leads directly to the consideration by this body of the second step of the three-part free trade program—the 3-year extension of the 1934 Trade Agreements Act—under which the State Department has adopted a selective free trade principle upon the theory that the more they divide our markets with the countries of the world, the less their trade balance deficits will be—then Mr. President the next rivet is to be driven into the coffin of joblessness—the International Trade Organization.

I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article entitled "ERP Goal Shifted to Economic Union," published in the New York Times of April 7, 1949.

This article points the way to an economic union of which we would eventually be an integral part, through the three-part free-trade program, which would bring into this country the products of low-wage living standard labor of Asia and Europe, unhampered by any tariff or import fee, equalizing the standards of living.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### ERP GOAL SHIFTED TO ECONOMIC UNION—WESTERN NATIONS, WITH TOP UNITED STATES BLESSING, CONSIDER UNIFORM MONEY AS A FIRST STEP

(By Michael L. Hoffman)

GENEVA, April 6.—The groundwork is being laid for a complete revamping of the Marshall plan soon after Congress completes action on next year's appropriation.

Separate strands of the ideas growing in Europe and in top Government circles in the United States are being pulled together in preparation for a drastic new action to make European economic integration a reality instead of just so many words. One big idea for 1950 already deeply implanted in the convictions of top United States and European officials responsible for directing the recovery program is that the time has come for both Europeans and North Americans to take some risks on creating a permanent economic union in western Europe.

On the European side, it is now recognized that the United States Congress is unlikely to appropriate huge amounts for a third year of the Marshall plan on the basis of a dated-up version of the same recovery story. To come back again with nothing more to report than greater output, improved exports, better balanced budgets and frustrated Communists, the Europeans realize, will fail to impress either Congress or the United States public. That story is true and important, but it has been told too often.

#### PRESSURE OF CONGRESS IS FELT

Straws in the wind are the reactions during this year's hearings on the Marshall plan of individual Congressmen who are favorable to aid to Europe but nervous about the lack of progress toward what looks like something durable in the way of a more viable economic system. At least as important is the pressure from continental countries, particularly Belgium, for some progress toward the goals of freer trade, greater convertibility of currencies and the opening up of long-barricaded market avenues.

On the United States side, the feeling is that, having made irrevocable commitments in the military sphere, it is time for western Europe to make irrevocable commitments in the economic sphere. It is felt that little more can be gained from more planning, more committee meetings, more long-term projects. This feeling is shared by the highest officials of the Organization for European Economic Cooperation, who see the workings of European cooperation from the inside.

One such unity measure now in high favor is to establish now, while United States aid is still available, a complete currency union in western Europe. This means not just removing exchange controls and restoring the prewar freedom of convertibility, but literally having the same colored paper, bearing the same pictures, circulating throughout the area. This is the kind of step that brings a host of the other measures of coordination in its train, not as a matter of mere good intentions but as a matter of inherent necessity from which national governments cannot escape.

#### RISKS ENTAILED FOR UNITED STATES

To establish a uniform currency now would entail great risks for all the participating countries. Some would suffer unemployment in industries now protected by exchange control regulations; others would have to impose new taxes or forego popular social progress.

The step would also entail risks for the United States. Instead of allocating dollars, the United States role would become that



of underwriting the dollar deficit of the participating countries. For some time the whole area would have to adopt some controls to keep dollar expenditure within bounds.

The immense advantage over the present system, however, would be that European business could at last begin the painful process of adapting itself to competitive conditions. Ultimately, continental experts feel, this would bring about such an improvement in productivity that Europe's inferiority to United States industry would be reduced to unimportant differentials.

Some of the keenest European observers of United States congressional and public opinion believe that it is in the nature of the North American character to be prepared to take a considerable risk in exchange for certain achievements of a broad political ideal—and Europe has finally recognized that the United States desire for European unity is a basic American urge.

The Benelux countries already have begun to plan for the inclusion of western Germany in a western European economic union. The logic of incorporating west Germany in any such plan is that it is better to have a rapidly growing German industry under the same roof than to deal with it as foreign competition.

Continental economists do not believe that Britain can or should join any tight European economic union: the complications of Britain's position as the center of a worldwide currency system of her own are too great. What they hope is that Britain at least will not seek to prevent some risky experiments in unity on the Continent. The British record in the European economic organization does not give them much hope that this will be the case.

**Mr. MALONE.** Mr. President, I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article entitled "British Oil Due Soon To Invade Dollar Markets," published in the New York Journal of Commerce of April 6, 1949.

The purport of this article is that the British Government expects, through the free-trade policy to bring into this country the petroleum and petroleum products produced in the low-wage living standard countries—without any import fee or tariff to equalize the high-wage living standards of this country with the low-wage living standards of the European, Middle East and Asiatic areas.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### BRITISH OIL DUE SOON TO INVADE DOLLAR MARKETS

A British Government agency made it clear yesterday that the United Kingdom was planning to increase its oil refining capacity in order to export oil products not only to sterling area countries but also to invade dollar oil markets.

Declaring that Britain was pushing ahead on an eightfold increase in its petroleum refining capacity, the British Information Service, which identifies itself as an agency of the British Government, said: "One objective is to cut down imports from dollar sources," and added:

#### CAN SUPPLY STERLING AREA

"At the same time British oil companies will be able to play an increasing part in supplying sterling area countries, western Europe, and other parts of the world with petroleum products which can be paid for in sterling, and not dollars."

"Britain's oil expansion program is not confined to multiplying here home refining ca-

capacity," the agency added. "Plans are underway," it said, "to increase foreign oil production of British companies by 1953 to double the 1947 rate, and to increase overseas refining capacity 40 percent during the same period."

"The plans now in hand for increasing overseas resources include a new refinery in Venezuela, and the enlargement of existing refineries in the Middle East and East Indies. Increasing output from the Middle East will entail additions to existing pipe lines and the laying of new ones. Including current maintenance, all the various plans will call for 3,500,000 tons of steel between now and 1953."

#### UNITED STATES GAP SEEN FILLED

Describing the gradual shift of the United States from a net exporter to a net importer of oil as a significant development in world markets, the agency said: "British oil concerns are taking a big share in filling the gap which this has created."

**Mr. MALONE.** I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an article entitled "Connecticut Jobless Found at 11-Year Peak," published in the New York Journal of Commerce of April 6, 1949.

This article outlines in some detail the unemployment situation in one of the 48 States of this Union, and is a part of the present nearly 4,000,000 jobless and of the 9,500,000 part-time presently unemployed of this Nation, brought on through the administration's three-part free-trade program.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### CONNECTICUT JOBLESS FOUND AT 11-YEAR PEAK

HARTFORD, CONN., April 5.—Unemployment has reached an 11-year peak in Connecticut.

The State labor department reported today that for the week which ended Saturday, a total of 67,974 claims for unemployment compensation were filed.

Lay-offs because of lack of work in all fields of manufacturing in Connecticut were blamed.

New claims stood at a 7,888 total as compared with 6,919 for the previous week. Such claims have averaged about 7,000 a week since the first of the year, the department said.

The total number of claims filed for the same week a year ago was 24,383, of which 2,582 were new claims.

Idle pay allowances for the past week amounted to \$1,122,967.

**Mr. CONNALLY.** Mr. President, I am very hopeful that Senators will aid us in speeding the bill along today. We have been considering this measure for 2 weeks. The debate has been rather ample. We do not desire to shut off any Senator. However, there has been a great deal of debate on matters not directly related to the bill. I hope Senators will help us to speed along and get this bill out of the way. A number of other important measures await action. We cannot proceed with the legislative program, in which many Senators on both sides of the aisle are interested, until we dispose of the pending bill.

I appeal to every Senator to be as brief as possible in his discussions. It is not difficult to form a conception of these problems without long and extended debate. I very much hope that Senators

will bear these things in mind and aid us in speeding along.

**Mr. DONNELL.** Mr. President, will the Senator yield for a question?

**Mr. CONNALLY.** I yield.

**Mr. DONNELL.** I am fully in sympathy with the sentiments expressed by the Senator. I should like to ask him a question.

This morning I received over the telephone some information which is not official or verified, but I should like to ask the Senator whether he has received information of a similar character. The information was to this general effect:

A young man who has just recently returned from Italy is of the opinion that the ECA is not doing any substantial good for the people of Italy in the southern area of that country. He mentions that in the city of Naples alone there are 40,000 people out of work. He made the statement, in substance, that today the price of labor, generally speaking, in Italy—I am not sure whether this applies throughout the country, but in some parts—is between 400 and 500 lira a day, which I understand is about a dollar a day. He also states that a small-sized loaf of bread, the weight of which I do not know, but which was described to me as a small-sized loaf, sells at 150 lira, which would mean that if a man were working for 450 lira a day, or a dollar a day, he must spend, for one small loaf of bread, about a third of his daily wage. I wonder if the Senator has any information along that line, and if he can tell the Senate what, in his opinion, is the actual operation of the ECA.

I ask this question with the utmost earnestness, and without any desire to impede the progress of the bill.

**Mr. CONNALLY.** The Senator from Texas has no detailed information at the moment, but many American visitors who go abroad for a few days seem to think that they have all the answers.

**Mr. DONNELL.** As I understand, this young man has been there for about 2 years. He is with one of the Government commissions, so I do not believe that he has the inadequate basis of knowledge to which the Senator refers.

**Mr. CONNALLY.** Did he lose his job?

**Mr. DONNELL.** I do not know. I think he went there for a 2-year period, and has now returned at the end of that period.

**Mr. CONNALLY.** I do not want to undertake to discredit the young man, but I have received a great many letters and have talked with a great many persons about conditions here and there. I find that some American visitors can spend two days in a country and tell more about conditions than one could accumulate in a year of intensive study.

I was in Italy last year. I saw Mr. Zellerbach, our representative in Italy, in Rome. He had just returned from a trip to southern Italy. I know that he is giving attention to the conditions there.

No organization can merely wave a wand and restore everyone to a job, and give everyone all he wants to eat and wear. Such a thing is not possible. The theory of this bill is to provide for the people, not by giving them doles of bread from day to day, but by providing instru-



mentalities and industries which will give them employment so that with their earnings they can buy the things in which they are interested and which they need.

Mr. DONNELL. Mr. President, will the Senator permit an interruption at this point? My question included a recital of the information which came from the young man to whom I referred. It was not he who spoke to me, but his mother. She had been informed by him that in Naples there are 40,000 persons out of work at this time. The Senator spoke about the purpose of providing opportunities for work.

Mr. CONNALLY. The unemployment problem in Italy is bad, and has been bad, because of the fact that the country has a surplus of population. There are not sufficient jobs to go around. The bill carries a provision, which was adopted a few days ago, for ships for Italy in which to send their surplus population to South America and Central America. We are doing all that is humanly possible to relieve that situation, but it cannot be done by writing a line or two in a bill. It cannot be done by eloquent speeches. We have to solve the problem by reasonable, sensible means, and that is what we are trying to do. Mr. Zellerbach, who is in charge of the American program in Italy, was here two or three weeks ago. We conferred with him. We stimulated him. I think he is doing everything humanly possible with the resources at his command.

Mr. DONNELL. I thank the Senator.

Mr. IVES. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. IVES. Does not the able Senator from Texas think it is appropriate in this instance to point out that as between northern and southern Italy there is a vast difference in the economy? From the standpoint of pure economics, it might be said that they are two entirely separate countries. Whereas constant improvement is being shown in the condition in northern Italy, the problem in southern Italy has not yet been solved.

I should like to point out in that connection, and as a part of this question, that every effort is being made to solve the problem in southern Italy, which is primarily an agrarian problem. I think progress has been made. Does not the able Senator from Texas believe that that fact should be made clear?

Mr. CONNALLY. I agree with the Senator, and I thank him very much for his interruption.

Everyone knows that northern Italy is the industrial section of Italy. The main factories and industrial plants are located in northern Italy. In southern Italy the economy is quite different, as suggested by the able Senator from New York. There it is largely an agrarian economy. We are working on it and the ECA is working on it. We are doing all we possibly can, with the resources at hand and with the machinery which has been set up, to solve that problem.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. WHERRY. Does the Senator from Texas mean to imply that ECA does not work as well in agricultural and agrarian

areas as it does in industrial areas and centers?

Mr. IVES. Mr. President, will the Senator yield on that point?

Mr. CONNALLY. I yield.

Mr. WHERRY. Just a moment, please; I have not finished my question.

Mr. CONNALLY. I thought the Senator had finished; it seemed to me it was a good, long question.

Mr. WHERRY. It is a double-barreled question, and I hope it will be listened to by the Senator from Texas, for whom I have the most profound respect.

Mr. CONNALLY. I hope that will be printed in the RECORD.

Mr. WHERRY. I hope so, too.

Mr. President, there seem to be some difficulties in respect to southern Italy, because if ECA can help only in industrial centers, but not in agricultural areas, that fact, if it be one, would prove conclusively that the question before us is only one of financing foreign trade to help industrial centers, rather than to help the whole economy.

Mr. IVES. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. IVES. In that connection, I should like to emphasize what I previously stated in the question I posed to the able Senator from Texas, namely, that the problem in southern Italy is primarily agrarian. But that does not mean that the ECA undertaking is restricted primarily to industrial projects and foreign trade applicable only to industrial projects and industrial undertakings. For the most part, the land in southern Italy is a very poor type of soil. The mountains are not conducive to very much production of agricultural commodities or to very much agricultural activity. The soil there must be built up.

Under the ECA program, measures are being taken to build up the soil, so as to put southern Italy into such a condition that, from an agrarian standpoint, it will be able to take care of itself.

Furthermore, I wish to point out that the great population problem in Italy is peculiarly acute in southern Italy, and that also bears on this matter.

But let it not be understood that the ECA is not interested in this type of effort or is not doing anything in this field. I, myself, happen to have had some direct contacts in southern Italy in recent months, and I know that a particular effort is being directed in that area of Italy, all under ECA.

Mr. CONNALLY. I thank the Senator.

Mr. President, I hope the Members of the Senate will recall the plea I made a little while ago to help speed the bill along today and be as brief as possible in the discussions and debates, so that we may obtain some action, because this bill and the disposal of it are affecting the entire legislative program of the Senate.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MALONE].

Mr. MALONE. Mr. President, in connection with the remarks made by the distinguished Senator from Texas, I should like to say that I have made it a

point to listen carefully to the debate on the floor of the Senate for the past 2 weeks. I have heard no Senator depart from the economic subject that so vitally affects our Nation. I have listened carefully to the Senator from Utah [Mr. WATKINS], for example, the Senator from Missouri [Mr. DONNELL], the Senator from Nebraska [Mr. WHERRY], the Senator from Missouri [Mr. KEM], the Senator from Indiana [Mr. JENNER], and other Senators; and I wish to say for the RECORD that none of the Senators have departed from the debate on the economics of our Nation as this bill affects them.

Mr. President, this measure is the first of a three-part or three-phase program for free trade for the American people, and it strikes at the heart of the workingman of America. The next thing we shall have before us will be the 1934 Trade Agreements Act extension bill. That is the act under which the State Department has adopted a selective free-trade policy over a period of 10 or 12 years, on the theory that the more the markets of the United States are divided with the nations of Europe and of the rest of the world, the less will be their trade-balance deficits; and it is well known and acknowledged that the purpose of the ECA is to make up their trade-balance deficits with the hard-money countries each year in cash—our chief export is cash.

Mr. President, with 4,000,000 persons out of work in this country, and with nine and one-half million of our people on part-time work, and with 67,974 claims for unemployment compensation in 1 week at Hartford, Conn., as shown by a dispatch coming from there, it ill behooves this Nation to worry too much about the 40,000 jobless in Italy, while our own people are being forced out of their jobs through our own actions here in fostering the importation of the low-wage living standard labor of Europe.

I wish to emphasize again, Mr. President, that the bill, presently before the Senate, is but one part of the three-part free-trade program, and that many other bills which are or will be before the Congress will shove us further along the road of economic equality with Europe and Asia—forgetting that we broke our economic ties with Europe in 1776 because of the treatment we were then receiving as a colonial possession of Great Britain. The pending measure is No. 1 of that group; the 1934 Trade Agreements Act extension bill will be No. 2; the International trade organization bill will be No. 3; and after it there will be many more, which can be named. All of them constitute one large over-all program to level the wage-living standards of this Nation with the low-wage living standards of Europe, Asia, the South Seas, and Africa; and Mr. President, it will not be long before the people of the United States will realize that fact.

Mr. MORSE. Mr. President, I wish to take a minute or two to join in the comments of the Senator from Nevada in regard to the importance of this issue and the other great issues which are about to come before the Senate, and also to add my word in emphasizing the importance of subjecting them to full debate. I think we may just as well face



the reality that the Senators who have been speaking in opposition to ECA in this debate—and as the voting record shows, I do not share their opposition—have nevertheless been representing what I consider to be a growing sentiment in the United States in regard to United States foreign policy. I think it is well and wise that they present their point of view on the floor of the Senate and that those who entertain an opposing point of view answer them, because I think that unless they are answered and unless we can have a full and lengthy debate on this subject, we may discover in the not-too-distant future that increasing numbers of the American people will be asking for the answers. I know of no better place to give the answers than here on the floor of the Senate. I join with the Senator from Nevada in saying that I think the record of this debate on these issues speaks for itself. The debate thus far has been on the merits of the issues.

It was not so long ago, Mr. President—and if Senators on the Democratic side are so anxious to make haste in the Senate on this issue, they should reflect upon this—that the entire program of the Senate was bogged down as the result of a prolonged extraneous discussion which certainly had nothing to do with the need of efficiently and effectively transacting the business of the Senate. We saw the spectacle of a large number of Democratic Senators, on the Democratic side of the aisle including the Senator from Texas [Mr. CONNALLY] engaging the Senate for days in what constituted a filibuster. The Democrats who participated in that filibuster were not heard to cry for speed in considering civil rights legislation.

We have had approximately 2 weeks of debate on the ECA subject which involves the expenditure of several billion dollars of the taxpayers' money. Yet we on this side of the aisle are frequently almost constantly, being needled by Democratic Senators to make haste. I say the type of haste they are asking for will make for a great deal of waste, too, if we do not have a full and lengthy discussion of these issues.

Mr. President, I repeat now, and I shall say it again in the future, that so long as the Democrats seek to steam roll issues through the Senate, there will be resistance from the Senators on this side of the aisle.

DR. EDWIN G. NOURSE'S COMMENTS ON ECONOMIC SITUATION

Mr. KEM. Mr. President, I think the statement just made by the eminent chairman of the Foreign Relations Committee, the Senator from Texas, is most surprising, in view of the article that appeared in the newspapers this morning giving an account of the address made by the chairman of the Council of Economic Advisers, Dr. Edwin G. Nourse. I hold in my hand a copy of the account of the meeting at which he spoke, taken from the Washington Post of this morning. I am sure it must have caught the eye of the Senator from Texas, if he read the Washington Post this morning. The headline is, "Cost of arming Europe may curtail defense and

ECA spending." Under it is the sub-heading, "Economic Chief's Warning Serves To Complicate Security Set-Up." I read from the article:

America's current security programs—defense and ECA—should be trimmed to offset at least part of the cost of sending arms to Europe, President Truman's chief economic adviser declares.

This warning from Dr. Edwin G. Nourse, chairman of the Council of Economic Advisers—delivered at the Pentagon with Mr. Truman's advance approval—had immediate repercussions throughout Washington.

It certainly would influence the forthcoming Senate fight over ratification of the North Atlantic Pact, as members had already been asking questions about the cost of implementing it with arms.

So, Mr. President, I do not think any Senator who asks such a question on the floor of the Senate need apologize. The article continues:

#### CERTAIN TO AFFECT ECA BILL

The ECA appropriation authorization bill, now before the Senate, was certain to be affected.

Further, the job of whipping the administration's military aid bill into shape for presentation to Congress and the course of that legislation on Capitol Hill was further complicated.

And, Nourse's suggestion of further cuts in America's armed forces caused not only concern at the Pentagon, but promised to affect plans of the House Appropriations and Armed Services Committees.

The former was reported early this week to be ready to boost Air Force appropriations by some 800 million dollars, through trimming Army and Navy funds. Many members of the House Armed Services Committee plan amendments to increase the latter outlays also when the armed forces spending bill reaches the floor next week.

The article then recounts certain statements made yesterday, on the occasion of Army Day, with reference to the necessity of maintaining the armed strength of America throughout the world.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Nebraska for a question?

Mr. KEM. I am glad to yield.

Mr. WHERRY. I read that article, and I ask the Senator, does he interpret Dr. Nourse's statement to mean that if we were to ratify the North Atlantic Pact and pass the implementing legislation, a review should be made with the idea of taking money from ECA funds and placing it in the fund to implement the North Atlantic Pact so far as arms are concerned? Did the Senator from Missouri get that interpretation from Dr. Nourse's remarks?

Mr. KEM. I can answer that in the direct words of Dr. Nourse, as quoted in the article.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I prefer not to yield now.

The VICE PRESIDENT. The Senator from Missouri declines to yield.

Mr. KEM. Dr. Nourse is quoted in the article as follows:

"It would be wrong to conclude," Dr. Nourse said in alluding to this plan, "that we can, without concern, add these expenditures,

whatever they are, to the present budget items for national security."

Does that answer the question of the Senator from Nebraska?

Mr. WHERRY. In other words, if I understand correctly—and I ask the Senator if this coincides with his interpretation—a review should be made, with the idea of examining the complete set-up and taking funds here and funds there, adding them together, and not going beyond the danger point suggested by Dr. Nourse as being recognized by him.

Mr. KEM. There can be no other conclusion. The article continues:

Additional taxes or deficit financing would follow such a budget increase, he said. Nourse added—

I ask the Senate to attend particularly to this language—

The VICE PRESIDENT. The Senate will be in order. Did the Senator make a request?

Mr. KEM. No. I saw the attention of the Presiding Officer was engaged, and I waited as a matter of courtesy until he was free.

The VICE PRESIDENT. I thank the Senator. The Chair was engaged momentarily, but he should not have been. The Chair sometimes is engaged in fighting off Senators who want to engage the attention of the Chair.

Mr. KEM. The article continues:

Nourse added that the basic issue is—

"Does the North Atlantic Pact increase our national danger and therefore require us to make additional outlays to restore the proper measure of military security? Or do we propose, by joining in a plan of mutual assurance, to lessen the danger to each of the parties, and particularly to ourselves as a prime target of possible aggression?"

Nourse agreed with the latter and went on to say:

"Under this integration we expect to buy better security at the same cost or even, in due time, at lower cost than would otherwise be required."

Nourse also said that Marshall plan funds must be regarded as an integral part of the plan of American security. He continued:

"The relative parts to be played by military and by industrial preparedness in each of the participating countries, and the relative roles to be played by each arm of the military service at the most effective points must be reexamined in the light of the new strategic concept and with no dangerous backward look at traditional positions of prestige, historical rolls, or impressive trappings."

"We cannot afford to make the costs of its implementation a simple addition to other military plans as they stood before the new alignment."

So, Mr. President, it seems that what has been said on the floor of the Senate, perhaps in some detail and perhaps with some repetition, in regard to the ECA program, by those who are seeking to have the present appropriations reduced, is not without recognition in the very highest counsels of the Administration.

Mr. CONNALLY. Vote!

Mr. KEM. Mr. President—

Mr. CONNALLY. I beg the Senator's pardon.

Mr. KEM. I thank the Senator for his courtesy, but I shall continue to speak until I have expressed my view in much more detail than may be agreeable to the Senator from Texas.



Mr. CONNALLY. Mr. President, I want to say to the Senator I thought he had concluded. I meant no discourtesy whatever.

Mr. KEM. I shall make it clear to the Senator from Texas, by resuming my seat, when I have completed my remarks.

Mr. CONNALLY. Of course. I do not deny the Senator's right to do that. I meant no discourtesy. I thought the Senator had concluded his remarks. I apologize if he took any offense. It was not so intended.

Mr. KEM. I should like to say to the Senator from Texas, if he thinks by performances of that kind he can in any way intimidate the Senator from Missouri or curtail the remarks he otherwise may make, he is very much mistaken.

Mr. CONNALLY. I thank the Senator for the cordial way in which he accepted my apology and my explanation.

Mr. KEM. Mr. President, I do accept the apology of the Senator from Texas. But may I indulge in the hope that during the course of the debate he will not repeat the practice which he has started.

In addition to repercussions felt here in Washington, it is apparent that the effect of what has been said on the Senate floor has been felt abroad. On the first page of the New York Times this morning there is a very interesting dispatch from Geneva. I quote:

GENEVA, April 6.—The ground work is being laid for a complete revamping of the Marshall plan soon after Congress completes action on next year's appropriations.

Separate strands of the ideas growing in Europe and in top Government circles in the United States are being pulled together in preparation for a drastic new action to make European economic integration a reality instead of just so many words. One big idea for 1950 already deeply implanted in the convictions of top United States and European officials responsible for directing the recovery program is that the time has come for both Europeans and North Americans to take some risks on creating a permanent economic union in western Europe.

On the European side it is now recognized that the United States Congress is unlikely to appropriate huge amounts for a third year of the Marshall plan on the basis of a dated-up version of the same recovery story. To come back again with nothing more to report than greater output, improved exports, better balanced budgets, and frustrated Communists, the Europeans realize, will fail to impress either Congress or the United States public. That story is true and important, but it has been told too often.

Straws in the wind are reactions during this year's hearings on the Marshall plan of individual Congressmen who are favorable to aid to Europe but nervous about the lack of progress toward what looks like something durable in the way of a more viable economic system. At least as important is the pressure from continental countries, particularly Belgium, for some progress toward the goals of freer trade, greater convertibility of currencies, and the opening up of long-barri-caded market avenues.

The article concludes with this interesting statement:

Continental economists do not believe that Britain can or should join any tight European economic union; complications of Britain's position as the center of a world-wide currency system of her own are too great. What they hope is that Britain at least will not seek to prevent some risky experiments in unity on the Continent. The British rec-

ord in the European economic organization does not give them much hope that this will be the case.

Mr. President, I ask unanimous consent that the two articles from which I have read, one from the Washington Post and the other from the New York Times, be incorporated in the RECORD as part of my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post of April 7, 1949]  
COST OF ARMING EUROPE MAY CURTAIL DEFENSE AND ECA SPENDING—ECONOMIC CHIEF'S WARNING SERVES TO COMPLICATE SECURITY SET-UP

(By John G. Norris)

America's current security programs—defense and ECA—should be trimmed to offset at least part of the cost of sending arms to Europe, President Truman's chief economic adviser declares.

This warning from Dr. Edwin G. Nourse, Chairman of the Council of Economic Advisers—delivered at the Pentagon with Mr. Truman's advance approval—had immediate repercussions throughout Washington.

It certainly would influence the forthcoming Senate fight over ratification of the North Atlantic Pact, as Members had already been asking questions about the cost of implementing it with arms.

#### CERTAIN TO AFFECT ECA BILL

The ECA appropriation authorization bill, now before the Senate, was certain to be affected.

Further, the job of whipping the administration's military aid bill into shape for presentation to Congress and the course of that legislation on Capitol Hill was further complicated.

And Nourse's suggestion of further cuts in America's armed forces caused not only concern at the Pentagon, but promised to affect plans of the House Appropriations and Armed Services Committees.

The former was reported early this week to be ready to boost Air Force appropriations by some \$800,000,000, through trimming Army and Navy funds. Many members of the House Armed Services Committee plan amendments to increase the latter outlays also when the armed forces spending bill reaches the floor next week.

#### MORE TAXES OR DEFICIT

Dr. Nourse's warning that an arms-for-Europe program "would contribute to the need for additional taxes or to the making of a budget deficit" was made Tuesday. He spoke before a closed session of top defense officials and prominent civilian guests attending the Second Joint Civilian Orientation Conference. Nourse made the statement public yesterday.

The impact of his address was particularly felt, as officials previously had indicated that the military-aid program could be piled on top of the President's defense budget and ECA spending plans without economic trouble.

The Nourse statement came as military leaders delivered a series of Army Day addresses, emphasizing that America must prepare to hold western Europe in the event of war, and not count on defeating an aggressor in Europe by atomic attack from the air.

Army Secretary Kenneth Royall said that if an aggressor is allowed to overrun Europe, the war will last 10 to 20 years or even longer. Former Under Secretary of the Army, William H. Draper, declared that American strategy must contemplate indefinitely a retention of strength on the continent of Europe.

Gen. Omar N. Bradley, Army Chief of Staff, set the pace for the Army Day speeches

in an address in New York Tuesday night. He firmly backed arms aid to western Europe, declaring that we would be foolish to follow any strategy of letting an enemy overrun the Continent and attempting to come back later.

Their statements were regarded as the opening guns of the administration drive to ratify the Atlantic Pact and back it up with arms assistance. Legislation now being readied for Congress is reported to total \$1,800,000,000 for arms shipments—including continuation of Greek-Turkey aid and the value of supplies sent to western Europe from current American stocks.

"It would be wrong to conclude," Dr. Nourse said in alluding to this plan, "that we can, without concern, add these expenditures, whatever they are, to the present budget items for national security."

Additional taxes or deficit financing would follow such a budget increase, he said. Nourse added that the basic issue is:

"Does the North Atlantic Pact increase our national danger and therefore require us to make additional outlays to restore the proper measure of military security? Or do we propose, by joining in a plan of mutual assurance, to lessen the danger to each of the parties, and particularly to ourselves as a prime target of possible aggression?"

Nourse agreed with the latter and went on to say:

"Under this integration we expect to buy better security at the same cost or even, in due time, at lower cost than would otherwise be required."

Nourse also said that Marshall-plan funds must be regarded as an integral part of the plan of American security. He continued:

"The relative parts to be played by military and by industrial preparedness in each of the participating countries, and the relative roles to be played by each arm of the military service at the most effective points must be reexamined in the light of the new strategic concept and with no dangerous backward look at traditional positions of prestige, historical rolls, or impressive trappings."

"We cannot afford to make the costs of its implementation a simple addition to other military plans as they stood before the new alignment."

[From the New York Times of April 7, 1949]  
ERP GOAL SHIFTED TO ECONOMIC UNION—WESTERN NATIONS, WITH TOP UNITED STATES BLESSING, CONSIDER UNIFORM MONEY AS A FIRST STEP

(By Michael L. Hoffman)

GENEVA, April 6.—The groundwork is being laid for a complete revamping of the Marshall plan soon after Congress completes action on next year's appropriation.

Separate strands of the ideas growing in Europe and in top Government circles in the United States are being pulled together in preparation for a drastic new action to make European economic integration a reality instead of just so many words. One big idea for 1950 already deeply implanted in the convictions of top United States and European officials responsible for directing the recovery program is that the time has come for both Europeans and North Americans to take some risks on creating a permanent economic union in western Europe.

On the European side, it is now recognized that the United States Congress is unlikely to appropriate huge amounts for a third year of the Marshall plan on the basis of a dated-up version of the same recovery story. To come back again with nothing more to report than greater output, improved exports, better balanced budgets, and frustrated Communists, the Europeans realize, will fail to impress either Congress or the United States public. That story is true and important, but it has been told too often.



## PRESSURE OF CONGRESS IS FELT

Straws in the wind are the reactions during this year's hearings on the Marshall plan of individual Congressmen who are favorable to aid to Europe but nervous about the lack of progress toward what looks like something durable in the way of a more viable economic system. At least as important is the pressure from Continental countries, particularly Belgium, for some progress toward the goals of freer trade, greater convertibility of currencies, and the opening up of long-barricaded market avenues.

On the United States side, the feeling is that, having made irrevocable commitments in the military sphere, it is time for western Europe to make irrevocable commitments in the economic sphere. It is felt that little more can be gained from more planning, more committee meetings, more long-term projects. This feeling is shared by the highest officials of the Organization for European Economic Cooperation, who see the workings of European cooperation from the inside.

One such unity measure now in high favor is to establish now, while United States aid is still available, a complete currency union in western Europe. This means not just removing exchange controls and restoring the prewar freedom of convertibility but literally having the same colored paper, bearing the same pictures, circulating throughout the area. This is the kind of step that brings a host of the other measures of coordination in its train, not as a matter of mere good intentions but as a matter of inherent necessity from which national governments cannot escape.

## RISKS ENTAILLED FOR UNITED STATES

To establish a uniform currency now would entail great risks for all the participating countries. Some would suffer unemployment in industries now protected by exchange control regulations; others would have to impose new taxes or forego popular social progress.

The step would also entail risks for the United States. Instead of allocating dollars, the United States role would become that of underwriting the dollar deficit of the participating countries. For some time the whole area would have to adopt some controls to keep dollar expenditure within bounds.

The immense advantage over the present system, however, would be that European business could at last begin the painful process of adapting itself to competitive conditions. Ultimately, continental experts feel, this would bring about such an improvement in productivity that Europe's inferiority to United States industry would be reduced to unimportant differentials.

Some of the keenest European observers of United States congressional and public opinion believe that it is in the nature of the North American character to be prepared to take a considerable risk in exchange for certain achievements of a broad political ideal—and Europe has finally recognized that the United States desire for European unity is a basic American urge.

The Benelux countries already have begun to plan for the inclusion of western Germany in a western European economic union. The logic of incorporating west Germany in any such plan is that it is better to have a rapidly growing German industry under the same roof than to deal with it as foreign competition.

Continental economists do not believe that Britain can or should join any tight European economic union: the complications of Britain's position as the center of a world-wide currency system of her own are too great. What they hope is that Britain at least will not seek to prevent some risky experiments in unity on the Continent. The British record in the European Economic Organization

does not give them much hope that this will be the case.

Mr. JENNER. Mr. President, we have been admonished and criticized rather consistently, supposedly for delaying tactics in connection with the Marshall plan. It has been stated several times that many extraneous matters have been injected into the debate. I rise for a moment to explain my position. I did make one extended speech on the subject in the past 2 weeks. I think I took approximately 2½ hours of the Senate's time. During the 2 years and 3 months in which I have been a Member of the Senate, I have used very little of the Senate's time. I thought I made my position clear. I admit that in my remarks I talked about the North Atlantic Pact and other projected pacts; I talked about our domestic problems; I talked about our great national debt; I talked about our taxes and the proposed increase in taxation.

It is my sincere belief that because the Marshall plan is a piece of legislation to be considered at this time, we cannot completely isolate it and separate it from the other great problems which confront us, both in connection with our foreign policies and in connection with our domestic policies.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. JENNER. I yield for a question.

Mr. MALONE. Then the Senator does not agree with the tactics which have been employed in the past few years with reference to each one of these matters, the Marshall plan, the ERP, the ECA, all one plan, referring to them as legislation to meet a great emergency; and he does not agree that the trade agreements extension bill is to meet a great emergency, or that the International Trade Organization matter, which will level the living standards of this country with those of Europe, is a great emergency, standing by itself. Or does he believe, in view of Sir Stafford Cripps' remarks this morning in a newspaper interview, that America must be educated along the lines of lower tariffs and import fees so that British products can more easily enter the United States, that there should be some general plan of operation?

Mr. JENNER. That is what I was trying to make plain to my colleagues. I do not think we can consider any one of these programs and isolate it, and say we will talk about the ECA program, then we will talk about reciprocal-trade agreements, then about the North Atlantic Pact, then about the labor bill, then education for the people of the United States, then about reclamation for the benefit of the people of the Nation, and then about taxes, as isolated matters. I do not think that can be done. I have tried to make my position plain.

I am not trying to delay the business of the Senate. It is my honest belief that we cannot accomplish all the things we need to accomplish at home, and all the things which may be necessary in the world at large, and still remain an economically and militarily strong Nation. The Marshall plan itself may be fine; the North Atlantic Pact may be fine; I

think all these things may be necessary, but if the ultimate end means bankruptcy for the Nation, then we shall have destroyed the last stronghold of freedom in the world.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. JENNER. I yield to the Senator from Missouri.

Mr. DONNELL. I take it the Senator is not implying that the North Atlantic Pact is a necessity or that it is advisable. Is that correct?

Mr. JENNER. I am not. All I am trying to do is to make my position clear. It is not easy for a Senator to take the position which I take in the Senate. He is lost in a hopeless minority. A Senator who takes the stand which I take is branded as a know-nothing, an isolationist, and a reactionary. It is not easy to be in a hopeless minority, as has been evidenced by the vote on my amendment. I offered an amendment to the bill, and it was rejected. Knowing that agriculture is one of the basic industries of this Nation, knowing that we had had approximately 7 years of bumper crops, and that another bumper crop was in prospect, I offered an amendment which merely provided that when the American farmers have raised a surplus of key crops, such as cotton, wheat, corn, rye, soy beans, and so forth, the Administrator of ECA should not be permitted to take the American taxpayers' dollars and purchase such products in a foreign country, such as Canada, as was done last year. The Administrator purchased \$354,000,000 worth of Canadian wheat at a time when we had 360,000,000 bushels of surplus wheat. On the 360,000,000 bushels of surplus wheat a subsidy equivalent to the parity price had to be paid. My amendment received 32 votes out of a possible 96 votes.

What I am trying to say, Mr. President is that it is not easy to fight for what one honestly believes in, when he is in a hopeless minority, and when all these various proposals are put together and coupled up with the other problems confronting our economy. The propaganda has already started on the North Atlantic Pact, and it is a 100-to-1 bet that it will be ratified by this body.

The pact itself, standing by itself, might be all right; I am personally inclined to think it is; but when we put the price tag along with the pact, we must reflect that we are going to assume to rearm Europe, that we are to commit ourselves to arm for a ground war in Europe, at a probable cost of around \$20,000,000,000. Certainly we start with a billion eight hundred million, but that is merely the ante in the poker game. Twenty billion dollars is a truer figure than \$1,800,000,000.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. JENNER. I yield for a question.

Mr. DONNELL. Am I correct in my impression, however, that notwithstanding the Senator's remarks about the Atlantic Pact as a separate entity, he is holding his mind open to hear all the arguments on the Atlantic Pact before he arrives at a final conclusion?



Mr. JENNER. That is true.

Mr. DONNELL. He is not intending to state to the Senate that he has arrived at the conclusion that the Atlantic Pact is either necessary or desirable, is he?

Mr. JENNER. No; I have not arrived at any final decision. I merely say that the pact itself, just a piece of paper with the 12 names written on it, probably means that the American taxpayer will have to spend a tremendous amount of money.

Mr. DONNELL. It may mean, however, may it not, that the American Government is obligating this country to go to war in the event of certain contingencies, and without requiring the approval of the Congress of the United States?

Mr. JENNER. It may mean that, but my personal reasoning is that we have gone to war in Europe twice when there was no pact in existence. As a matter of fact there were neutrality laws in which we took the exact opposite view from that reflected in the pact. Therefore I would assume, the American people being what they are, wanting liberty and freedom preserved throughout the world if possible, that they would probably go to war a third time pact or no pact. What I am trying to show, and I think what the debate has brought out, is that when we take a 42 or 45 billion dollar budget for the costs of the Federal Government; then include five or six billion dollars, the cost of the Marshall plan; include another billion dollars for the cost of the occupation of Germany and Japan; include, in addition, probably \$600,000,000, or perhaps more, for Greece and Turkey; include, to begin with, a \$1,800,000,000 for the North Atlantic Pact, with a projected figure of probably nearly \$20,000,000,000; and when we include the possibility of lend-lease with which to do the same thing we are doing in the North Atlantic; then include a Pacific pact; then bring in all the domestic problems, and consider that we now need \$12,000,000,000 to rebuild and bring up to par our national defense and strategic materials; and when we think of the fact that there are 6,000,000 children in this country who have to go to school in the next five years, and there are not sufficient physical facilities to enable them to attend school, which will mean the expenditure of a billion or two billion dollars to bring the school facilities up to what they should be, unless we are to raise a Nation of hoodlums; when we think of the old people in this country, with whom we play politics in each election, who are getting the miserable pittance of \$21 a month; and when we think of the old age group increasing in number all the time; when we think of the problems of power and reclamation; when we think of the problems of conservation; when we think of the fixed obligations of the Government—when we consider all these things, I say we can not isolate the Marshall plan and talk about it exclusively.

When we couple with all this the projected Fair Deal of Mr. Truman, which it is estimated will take another ten to

twenty billion dollars a year, I say we cannot take seventy or eighty billion dollars out of the American economy and continue as a strong, solvent, free Nation. That is why I oppose the New Deal and Fair Deal. I do not think it is the sincere purpose of their proponents to preserve a free and strong economy in this country. I think they are gradually, step by step, through hopping from one emergency to another emergency, from one crisis to another crisis, deliberately leading this great free Nation into socialism.

Mr. President, I hold in my hand a document which is being circulated among Government employees, not down on Pennsylvania Avenue, but here in this very Capitol, here in the very shadow of the Senate Chamber. Let me read parts of it; it is too long to take up the time of the Senate to read it all, and I do not care to be accused of delaying tactics, but I am fearful we are being led to overextend ourselves, as the Senator from Georgia [Mr. GEORGE] has said, and when we overextend ourselves and head into bankruptcy, then we are going to lose our liberties, we are going to lose freedom in this country, and then who is going to be the great leader we are now supposed to be in the world?

I ask Senators to listen to this. It refers to an ADA study trip to Britain in the summer of 1949. This has been circulated among Government employees here in the shadow of the Senate Chamber. Worse than that, it has been circulated to young boys, 15, 16, and 17 years old, here within the shadow of this very Senate Chamber. Do we hear talk about preserving freedom and liberty? Listen to this:

This is a summer trip of 1949 under the auspices of the Americans for Democratic Action.

Oh, Mr. President, how the word "democratic" has been abused and perverted. One would think we were a democracy. If you want to sell a program to the American people, call it democratic.

Mr. President, we are not a democracy. We never were intended to be a democracy. This Nation is a Republic, a representative Republic, and there is no reference in the Preamble, in the Constitution, in any of the debates at the Convention which framed the Constitution, or in any of the sacred documents of this great Nation, which calls us a democracy. But we are fast getting to be a democracy, because we are becoming a government of organized gangs.

Here, circulated in this building, is this pamphlet from the "Americans for Democratic Action." The address of this organization is 1740 K Street NW., Washington 6, D. C. The telephone number is Executive 8160. The officers are listed, headed by one of our distinguished colleagues from Minnesota, "Mr. HERBERT H. HUMPHREY." He is the national chairman of this organization, and the other officers are listed. I do not care to read all this, but let me read portions of it so that Senators may see what is going on.

ADA has a deep and sympathetic interest in the program of Britain's Labor govern-

ment. ADA has held that what Britain is accomplishing may be one answer to the challenge of communism. For here freedom and planning—

Both those words are underlined, Mr. President—

are essentials of a mature and vigorous democracy.

There is that word again.

Britain has lost none of her democratic practices with the planing she has had to do to rebuild. In fact she has added new privileges of citizenship with the broadened participation required by her health, housing, town and country planning, and other social welfare legislation.

Let us stop right there. Britain has lost none of her freedoms. Those who prepared this document are writing to our young men, employees, if you please, of this very Senate, urging them to go to England and study the great British Labor government, when we are today spending billions of dollars to keep that great British Labor government on its feet.

They have lost no freedoms over there. My wife was born in that country. Her relatives are still in that country. I know from first hand information that if a man is a coal miner and wants to quit his job and go into some other industry he cannot do so without receiving permission. He must go to the bureaucrats to receive permission.

By the way, there are more bureaucrats in England today than there are in this great country, but there are only 45,000,000 people in that country, whereas there are 145,000,000 people in our country.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Missouri for a question?

Mr. JENNER. I yield for a question.

Mr. DONNELL. I ask the Senator from Indiana if the language which he has quoted in regard to Great Britain has a very striking similarity to the language which occurs in the speech of Christopher Mayhew, Member of Parliament, to the United Nations Economic and Social Council on Wednesday, February 23, as follows:

The years since the war have seen a great ferment of ideas and social experiment in Britain. We have set in train a great expansion of education—including technical education—a unique system of national insurance, linked with a comprehensive system of industrial injury insurance and a complete national health service, great plans for town and country planning—

I pause to ask the Senator: Is not that a program for town and country planning contained in the document which the Senator has just read?

Mr. JENNER. Yes; of course.

Mr. DONNELL. I continue reading from Mr. Mayhew's statement:

And the reorganization of our key industries and services under public ownership. Some have asked if we can afford all this. They have missed the point that these developments are an integral part of our great economic expansion.

Does not the Senator think that the language and the sentiment expressed



both in the document he has read and the statement of Mr. Mayhew are strikingly similar?

Mr. JENNER. They are very similar. This thing, Mr. President, is going on in the shadow of the Capitol. From my background I suppose I should be one of the great give-away boys, because my generation has not been a very happy one. We came through one great world war, and then we lived through an economic catastrophe in this country for about 10 years, and then our generation ended up in the middle of a second world war. So it would be easy enough for people of my age and my understanding to be numbered among the great give-away boys.

But think of men circulating in this very Senate Chamber to young boys like the page to whom I referred telling 15-year-old boys to try to go to England to look over the great privileges offered by that great Labor Government, under which a man cannot work where he pleases, under which he must obtain government permission to get a job, or to change from one job to another—a country the government of which tells a man where he shall live, how much he shall pay for his quarters, what he may buy, where he must line up to obtain almost everything he needs and which issues a man a \$50 toupee paid for by the taxpayers of the United States, and when it is found that a \$50 toupee is not good enough, says "We will call back the \$50 toupee and give you another one." And we in this country suffer heavy taxes to pay for such damn foolishness.

Of course, Mr. President, I shall take all the time I want to talk about these things.

Mr. HUMPHREY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Minnesota for a question?

Mr. JENNER. I yield for a question.

Mr. HUMPHREY. Inasmuch as an organization with which I am affiliated and of which I serve as the active national chairman, has been brought up for discussion on the floor of the Senate I should like to ask a few questions pertaining to the remarks of the distinguished Senator from Indiana. Did I understand you to say that democracy was nothing more or less than an organization of gangs?

Mr. JENNER. I said the type of government we are getting in this country is organized gang rule. If you have the biggest gang if you wield the biggest political club, you are going to have the biggest power. I say we are intended to be and always were intended to be a representative republic, and I hope and pray to God that we do not degenerate into having gang war and being dominated by organized gangs. This organized gang situation weighs on my mind. They do not care what happens to America. It is time somebody stood on the floor of the Senate and denounced all gangs. It is time somebody stood on the floor of the Senate and stood for America regardless of his political future. What will anyone's political future amount to in

this body if we lose our freedom, if we lose our liberty and if we lose the greatest country under God's sun. I am not going to have a part in bringing about such loss.

Mr. HUMPHREY. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Indiana yield further to the Senator from Minnesota for a question?

Mr. JENNER. I yield for a question.

Mr. HUMPHREY. I was wondering whether the Senator in discussing what he calls the rule of gangs was again trying to identify the rule of gangs with the concept or principle of democracy. I gathered that from his remarks.

Mr. JENNER. If you want to get into what I think is a true definition of democracy, I will say true democracy exists when the people themselves actually run the government. That is not the intention of our Government. We did not become this great Nation under a democracy. We became this great Nation as a Republic in which the people exercise the right of a free ballot, in which the people of a district elect a Representative to Congress who speaks for them. If the people do not like their Representative they can recall him. But the idea of the people, the gangs, dictating the laws and the legislation is what I am objecting to.

Mr. HUMPHREY. Am I to understand—

The VICE PRESIDENT. Does the Senator from Indiana yield for a further question?

Mr. JENNER. I yield to the Senator from Minnesota for a question.

Mr. HUMPHREY. Am I to understand that you are opposed to the people dictating—using your words—the laws of this country?

Mr. JENNER. I do not want the people as a gang dictating the laws. I want the people to elect their representatives and then let their representatives in Congress speak and represent them as they honestly think is best. If the people do not agree with the thoughts of their representatives they have the right, in the case of a Representative in Congress, to recall him within 2 years; yes, even sooner than that, because the primary comes earlier in the year; and if the individual is a Senator the people can recall him at the end of his term.

Mr. HUMPHREY. Mr. President, will the Senator yield for a further question?

The VICE PRESIDENT. Does the Senator from Indiana yield for a further question?

Mr. JENNER. Yes.

Mr. HUMPHREY. I wonder whether the Senator will find within his understanding of the term "democracy" such basic freedoms as freedom of speech, freedom of the press, freedom of religion, freedom of assembly? Would you find those factors—

Mr. JENNER. I find all those factors incorporated under the Republic of this country.

Mr. HUMPHREY. Does the Senator find all those within his understanding of the concept of democracy?

Mr. JENNER. I find all those incorporated, I answer the Senator again, under the Constitution of the United States, which created the Republic:

We, the people of the United States, in order to form a more perfect—

Not democracy, but a more perfect republic.

Mr. HUMPHREY. Will the Senator yield for another question?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Minnesota for another question?

Mr. JENNER. Yes.

Mr. HUMPHREY. Is it not true that the Constitution says "in order to form a more perfect union?"

Mr. JENNER. That is correct.

Mr. HUMPHREY. Not a republic; a more perfect union.

Mr. JENNER. In order to form a more perfect union and in order to establish and retain this Republic.

Mr. HUMPHREY. Is it not possible for us to have a republic which is a structure and a form of government which utilizes the procedures and the structural organization of government within the spirit, within the concept of what we call democracy?

Mr. JENNER. Not if organizations such as the ADA, of which the distinguished Senator from Minnesota is the national chairman, go around trying to get young men 15 or 16 years old to go to London, England, this summer and study the great progress of the British Labor Government. No; we will not stand for that.

Mr. HUMPHREY. Mr. President, will the Senator yield for a further question?

The VICE PRESIDENT. Does the Senator yield for a question?

Mr. JENNER. I yield.

Mr. HUMPHREY. Am I to interpret from the Senator's remarks that he does not believe that people ought to have the privilege or ought to enjoy, let me say, the opportunity to study forms of government and political organization by visiting our neighboring countries, our allies?

Mr. JENNER. Let me read again the purpose ADA has:

ADA has held that what Britain is accomplishing may be one answer to the challenge of communism. For here freedom and planning are essentials of a mature and vigorous democracy. Britain has lost none of her democratic practices with the planning she has had to do to rebuild. In fact, she has added new privileges of citizenship with the broadened participation required by her health, housing, town and country planning, and other social-welfare legislation.

I do not know what town and country planning means, but I was over there. I visited some friends, a man and his wife, who had a son and a daughter. It came time to go to bed. There was one bedroom. The little girl was about 15 years old. I said to my friends, "Where do we sleep?" They said, "Well, if you do not mind, you will have to sleep with the children." I, a grown man, slept with a little girl 15 years old



and her brother. The mother and the father slept in the other bed.

I said, "Why does this situation exist?" They said, "Well, the city of Kirkcaldy, Scotland owns this housing project, and we have to live in a one-bedroom apartment until Mary is 16 years of age. Then the government will give us an additional bedroom."

Mr. President, I do not want that kind of a government, and I do not think it is a good idea for the boys and girls of this country to be spending their money to go to England to see what broad additional privileges the great socialistic experiment has given the people of England.

Mr. HUMPHREY. Mr. President, will the Senator yield for a further question?

Mr. JENNER. I yield for a question.

Mr. HUMPHREY. Is the Senator of the mind that any government which may be termed a labor government is ipso facto undesirable and unworthy of our consideration, our study, and our concern?

Mr. JENNER. What are you trying to do, put me on the political spot? Are you playing to the gangs again, young man?

Mr. HUMPHREY. Mr. President, may I ask a further question?

Mr. McMAHON. Mr. President, I ask that the rules of the Senate be observed.

Mr. WHERRY. Mr. President, I ask for the regular order.

The VICE PRESIDENT. The Chair must admonish all Senators that they are prohibited by the rules and by immemorial practice from addressing one another in the second person.

Mr. WHERRY. I ask for the regular order.

The VICE PRESIDENT. The regular order is that the Senator from Indiana has the floor, and he has yielded to the Senator from Minnesota for a question.

Mr. DONNELL. Mr. President, will the Senator yield for a question?

Mr. JENNER. I yield to the Senator from Missouri for a question only.

Mr. DONNELL. Would the Senator be kind enough to read us the names, one by one, of the other officers of ADA, which he says are on the document?

Mr. JENNER. I shall be glad to do so. I read the name of the Senator from Minnesota [Mr. HUMPHREY], the national chairman. The other names are: Joseph L. Rauh, Jr., chairman of the executive committee; George Edwards; Hugh Ernst; Paul A. Porter; Emil Rieve; Franklin D. Roosevelt, Jr., vice chairman; Louis H. Harris, treasurer; David Ginsburg, Secretary, National Board; James Loeb, Jr., national executive secretary; Mrs. Frances Adams, study-trip director, 3720 Thirty-ninth St. NW., Washington, D. C., Woodley 1754; Fritz Mondale, executive secretary, Students for Democratic Action; and David Williams, director of the London office.

Mr. DONNELL. Mr. President, will the Senator yield for a further question?

Mr. JENNER. I yield for a question.

Mr. DONNELL. I am wondering if the Senator has any information as to whether or not the David Williams mentioned is the labor member of Parliament from the Neath Division of Glamorgan.

Mr. JENNER. It may appear in this mimeograph circular. The circular was handed to me by one of the pages this morning. It enraged me to think that here in the Chamber of the United States Senate, in this great free country, organizations are stimulating young men and women to go abroad to see the progress of the socialistic experiment in England which we as taxpayers are paying for through the legislation which is before us at this very moment.

Mr. DONNELL and Mr. HUMPHREY addressed the Chair.

The VICE PRESIDENT. Does the Senator from Indiana yield, and if so, to whom?

Mr. JENNER. I yield to the Senator from Missouri.

Mr. DONNELL. Does the Senator know if Paul A. Porter, to whom reference is made, is the same Paul A. Porter who was formerly Deputy Administrator in charge of the Rent Division of the Office of Price Administration?

Mr. JENNER. I am not sure, but it would be a natural connection, I should say.

Mr. DONNELL. Mr. President, will the Senator yield for a further inquiry?

Mr. JENNER. I am glad to yield for a question.

Mr. DONNELL. Can the Senator tell me whether or not the name as it appears on his document is "Paul A. Porter"?

Mr. JENNER. It is "Paul A. Porter."

Mr. DONNELL. I thank the Senator.

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Minnesota?

Mr. JENNER. I have read only the first short paragraph, and I should like to proceed and read some more of this very interesting circular:

ADA's purpose in organizing a group of its active members from all parts of the United States for summer study in Britain is to forge a stronger link between our two great English speaking democracies—

There is that word again—

as well as to give the participants an opportunity to study at first hand just what have been the accomplishments of the Labor Government since 1945.

Mr. DONNELL. Mr. President, will the Senator yield for a further inquiry?

Mr. JENNER. I yield for a question. I should like to read a little more of this, so that we may know what we are discussing. I yield for one further question.

Mr. DONNELL. Does the Senator know that Paul Aldermandt Porter, whose name is listed in Who's Who in America, was the campaign publicity director of the Democratic National Committee in 1944?

Mr. JENNER. No; but I would surmise it.

I read further from the circular:

We believe that this summer will be particularly interesting in view of the planning which will be going on for the general elections of 1950.

Transportation will be via planes which have been procured at special student rates by Youth Argosy, Inc., "an educational, philanthropic, nonprofit making and tax-exempt organization cooperating with mutually interested groups and individuals which exists

for the following purpose: To provide safe and inexpensive transportation for all worthy young people to the ends that they may find friendships that will link youth with youth the world over; may enjoy the educational and cultural benefits of travel; and may come to have a greater knowledge, understanding and love of the world." Departure date will probably be some time around the second week in July. You will be advised as soon as we have definite confirmation, as to date, time, and point of departure.

The group will be composed of undergraduate and graduate students who are affiliated with SDA and persons past college years who are active in civil, labor, religious, political, and other community activities. All members will be carefully selected and will be required to present a written report on the summer program when they return in September.

The group will be provided with reading lists and will be expected to study this source material before they come to Washington or New York for orientation. The orientation program will be given during 2 or 3 days preceding the date of embarkation.

The orientation program will tackle the dual job of (1) preparing the group for England to help each member get the most out of the experience, and (2) to help each person be a more effective ambassador of good will for the United States. To this end, the group will meet with British people from the Embassy, the British Information Service, British newspaper offices, and others. On point (2) the group will meet with ADA and SDA officials as well as representatives from the labor movement, from the ECA and from Government agencies such as the Department of State and the Department of Labor, which are particularly concerned with projects of this nature. The students will be expected to focus their own projects and aims during this period of orientation, and a syllabus containing the kind of questions to which the summer should provide the answers will be prepared. The 8 weeks in England will be spent at summer sessions of the Labor Party, Fabian Society, Workers Education Association, and Trade Unions Congress.

Mr. President, I believe the Fabian Society was originally organized by George Bernard Shaw.

I read further:

In addition, there will be trips to industrial and rural areas.

On arrival in England, there will be further preparation and orientation before the students go out to the summer sessions. ADA's London representative will work out several seminar sessions where the group will meet Government, labor, and educational officials who will help to guide them in their studies. The group will be housed in London on a low-cost basis, and headquarters will be maintained during the 8-week period so that those who are not out at sessions will have a home base in London.

Following is an estimated cost for the project.

Then it goes on to tell about the program in England and about the Fabian schools that will help them study, and about the Labor Party schools, the League of Youth Rally, the Workers Education Association, and the Trade Unions Conference. Mr. President, I should like to have this circular printed at this point in the RECORD, as a part of my remarks.

There being no objection, the circular was ordered to be printed in the RECORD, as follows:

ADA has a deep and sympathetic interest in the program of Britain's Labor government. ADA has held that what Britain is



accomplishing may be one answer to the challenge of communism. For here freedom and planning are essentials of a mature and vigorous democracy. Britain has lost none of her democratic practices with the planning she has had to do to rebuild. In fact she has added new privileges of citizenship with the broadened participation required by her health, housing, town, and country planning and other social welfare legislation.

ADA's purpose in organizing a group of its active members from all parts of the United States for summer study in Britain is to forge a stronger link between our two great English-speaking democracies as well as to give the participants an opportunity to study at first hand just what have been the accomplishments of the Labor government since 1945. We believe that this summer will be particularly interesting in view of the planning which will be going on for the general elections of 1950.

Transportation will be via planes which have been procured at special student rates by Youth Argosy, Inc., an educational, philanthropic, nonprofit making and tax-exempt organization cooperating with mutually interested groups and individuals which exists for the following purpose: to provide safe and inexpensive transportation for all worthy young people to the ends that they may find friendships that will link youth with youth the world over; may enjoy the educational and cultural benefits of travel; and may come to have a greater knowledge, understanding and love of the world. Departure date will probably be sometime around the second week in July. You will be advised as soon as we have definite confirmation, as to date, time, and point of departure.

The group will be composed of undergraduate and graduate students who are affiliated with SDA and persons past college years who are active in civic, labor, religious, political, and other community activities. All members will be carefully selected and will be required to present a written report on the summer program when they return in September.

The group will be provided with reading lists and will be expected to study this source material before they come to Washington or New York for orientation. The orientation program will be given during 2 or 3 days preceding the date of embarkation.

The orientation program will tackle the dual job of (1) preparing the group for England to help each member get the most out of the experience, and (2) to help each person be a more effective ambassador of goodwill for the United States. To this end, the group will meet with British people from the Embassy, the British Information Service, British newspaper offices and others. On point (2), the group will meet with ADA and SDA officials as well as representatives from the labor movement, from the ECA and from Government agencies such as the Department of State and the Department of Labor, which are particularly concerned with projects of this nature. The students will be expected to focus their own projects and aims during this period of orientation, and a syllabus containing the kind of questions to which the summer should provide the answers will be prepared.

The 8 weeks in England will be spent at summer sessions of the Labor Party, Fabian Society, Workers Education Association and Trade Unions Congress. In addition, there will be trips to industrial and rural areas.

On arrival in England, there will be further preparation and orientation before the students go out to the summer sessions. ADA's London representative will work out several seminar sessions where the group will meet government, labor, and educational officials who will help to guide them in their studies. The group will be housed in London

on a low cost basis, and headquarters will be maintained during the 8-week period so that those who are not out at sessions will have a home base in London.

Following is an estimated budget for the project. It is understood that this represents the most accurate estimate possible, but should living costs in England exceed the amount, members of the group will be required to pay any additional costs. On the other hand, should costs be lower than estimated (and we have tried to make maximum allowance for all items) the saving will be refunded at the end of the trip.

Each member of the group will be required to pay \$640 before leaving the United States. This will cover the following budget:

Round trip flight via Youth Argosy planes	\$379
8 weeks' lodging (this will include board, room, and tuition at school sessions, and board and room in London and visits to other parts of England)	240
Registration and leadership fee (not returnable in case of cancellation for reasons beyond our control)	21
Total	640

#### To be noted:

1. This does not include train fares in England and other out-of-pocket expenses. These will vary depending on the program selected by student.

2. A small number of students may defray a portion of their expenses as much as \$50 weekly by electing a week of work in harvest camps.

3. Persons who wish to spend 1 or 2 weeks of the time on the continent will be refunded the amount which is not used for board and room in England.

4. Low-cost accommodations will be arranged for the 2- or 3-day Washington or New York orientation period and are not included in this budget.

5. Each person making the trip will be required to make his own arrangements for the following:

- Trip to orientation headquarters.
- Passport and visas.
- Vaccination and inoculation.
- Insurance.

#### PROGRAM IN ENGLAND

Each member of the group has the opportunity to make his own program insofar as is practical. Sometimes he will have to accept his second and third choices, but his wishes will be our guide in planning his summer program. He may elect the number and type of summer sessions, amount of time to be spent in London, or in the field, or any combination thereof. He may also elect harvest camps, visits to Birmingham, Manchester, mining, and rural areas.

#### LONDON

London will be headquarters, and there will be a program including visits to Government ministries, the Parliament (insofar as circumstances permit) conferences, housing projects, community centers, and other activities including a recreational and cultural program.

#### FABIAN SCHOOLS (FROM THE FABIAN APPLICATION FOLDER FOR 1949)

Ever since the early days of Bernard Shaw and Sidney Webb, the annual summer schools of the Fabian Society have been a special feature in the calendar of the British labor movement. What happens at a Fabian summer school? You will find a hundred or so Fabians in a large house in the country, at Cirencester in Gloucestershire, or Beatrice Webb House, near Dorking, in Surrey. At the Beatrice Webb House there will be a lecture each morning by some celebrity, such as a Member of Parliament. After lunch you can swim, play tennis, walk, talk,

or sleep. After tea there are discussion groups which you can join or not, according to your fancy. After supper there may be a debate or brains trust or dancing or a visit to the local pub. At Cirencester the program will be similar, but there will be more study-group periods instead of lectures. There is great value in the informal discussions which are encouraged by the free and friendly atmosphere of the schools. You could not find a better introduction to the British labor movement than a week spent at a Fabian summer school. If you would like to spend one or more weeks at a Fabian summer school you would be made very welcome.

The Fabian Society will be holding five schools in 1949. Three weeks will be spent at the Beatrice Webb House, Pasture Wood, near Dorking, Surrey in lovely wooded country. At the first week (July 23-30) the lectures will deal mainly with the Labor Party election program for 1950; at the second (July 30-August 6) the lectures will cover a variety of home and international subjects; and the third (August 6-13) will be devoted to international, including commonwealth, affairs.

Two weeks will be spent at the Royal Agricultural College, Cirencester, in the famous Cotswold country. Here the study-group method will be applied first to Labor's Election Program (August 13-20) and then to the problems of Socialism and the Individual (August 20-27).

#### LABOR PARTY SCHOOLS (FROM 1949 FOLDER)

The 1949 series of national summer schools, the last before the general election, will be held at the centers:

Oulton Hall Hotel, Clacton-on-Sea, from June 11 to 25; at St. John's College, University of Durham, from July 2 to 16; and at Beatrice Webb House, Leith Hill, Surrey, from August 27 to September 17.

Key workers are given valuable training and experience to fit them for competent and responsible leadership in their local parties and trade-union branches. This year the approach of the general election lends a new perspective to our educational activities and makes it more vital than ever for the party to have as many active and well-informed members as possible.

The educational program: At each of the schools there will be a number of general lectures by authoritative speakers including members of the Government and the national executive committee. In addition, students will be divided into groups to make a more detailed study of particular subjects under the guidance of expert tutors.

At Durham and Beatrice Webb House, there will be courses in local government as well as the general-election program, and electoral organization and publicity.

A fourth subject, International Policy, will be available at Beatrice Webb House during the 2 weeks beginning August 27 and September 3.

Social and recreational activities: These activities are a most important feature of the summer-school program, and full advantage will be taken of the excellent facilities provided at the various centers. Students are encouraged to make their own program of entertainment during the week and are asked to come prepared with suggestions and to take active part in the social arrangements.

#### LEAGUE OF YOUTH RALLY (FROM 1949 FOLDER)

This will be a get-together for the youth division of the Labor Party. Classes will be arranged on home policy, international affairs, and local government as well as individual lectures on topical subjects. There will be classes in public speaking, as well as the finals of the national contest.

This will be the first annual rally of the Labor League of Youth at Butlin's holiday



camp at Filey, Yorkshire, for 1 week, from September 17-24, 1949.

#### WORKERS EDUCATION ASSOCIATION

A joint committee representing labor and academic thinking have made plans for a series of summer sessions to be held at several universities. WEA courses deal with a variety of subjects, some aimed directly at labor education, others of a cultural nature, and others with emphasis on contemporary affairs.

#### TRADE-UNIONS CONFERENCE

TUC schools are particularly concerned with labor problems, labor law, and other areas of particular interest to the trade-union member. This summer's sessions will also take up organized labor's part in the election program for 1950.

#### HARVEST CAMPS

The British have organized camps where participants help with the harvest. There is opportunity to see life in rural areas, as well as to earn something toward the trip.

#### INDEPENDENT PROJECTS

To provide for persons who would like to make other plans for housing and study in England but whose general purposes are in keeping with those of the group, a limited number of students with their own project plans will be permitted to join the group. Each of these students will be required to submit a detailed project plan which must be approved by the selections committee. Cost for these students will be air fare plus registration fee.

#### ABOUT THE DIRECTOR

The project director attended summer schools in Britain last year and was so enthusiastic about them and about the Labor Government's program, that she proposed making such a trip possible for other ADA members at as low a cost as possible.

Mrs. Adams is a graduate of the University of Minnesota. After a stint as director of research for a Chicago advertising agency, she and her husband went to Mexico. Later they worked in Ecuador where Mrs. Adams was radio representative for Nelson Rockefeller's Office of Inter-American Affairs. As consultant to the Inter-American Institute of Education, she organized special educational projects, and was also active on the coordination committee which was charged with responsibility for Inter-American cultural exchange including exchange of persons. She is particularly interested in the exchange of peoples between nations as a means of building international understanding, and as a member of ADA believes that there should be more exchange of like minded liberals throughout the world.

At present, she is active in the Washington chapter of Americans for Democratic Action as well as in other community activities.

Last summer she was recreation director (also assisting with orientation and evaluation) on the Tabinta and Volendam student ships.

ADA study trip to Britain, summer 1949, auspices of Americans for Democratic Action, Washington, D. C., Hubert H. Humphrey, national chairman; Joseph L. Rauh, Jr., chairman, executive committee; George Edwards; Hugo Ernst; Paul A. Porter; Emil Rieve; Franklin D. Roosevelt, Jr., vice chairman; Louis H. Harris, treasurer; David Ginsburg, secretary, national board; James Loeb, Jr., national executive secretary; Mrs. Frances Adams, study trip director; Fritz Mondale, executive secretary, Students for Democratic Action; David Williams, director, London Office.

Mr. JENNER. Mr. President, again I wish to apologize. I did not intend to take more than a moment of the time of the Senate. But when this matter came to my attention this morning, I thought it sufficiently important to be presented to the Senate so that every Member of the Senate could know what is going on.

Mr. President, when we take all these proposals and add them together, the total is staggering. So I come back to my original proposition. I do not think it is possible to separate the Marshall plan from the North Atlantic Pact, from the other proposed pacts, from our great domestic problems, from the projected Fair Deal, from our already-existing cost of government. In other words, regardless of how beneficial or how good all these proposals may be, we come back to the one question which we must ask ourselves, namely, Can America afford it?

It is my belief that when we connect the programs of the ADA with the forthcoming agricultural program and the other proposals, we shall be staggered by the total. Apropos of the forthcoming agricultural program, Mr. President, let me say that I understand from a news article in regard to Secretary of Agriculture Brannan that today or perhaps tomorrow the story is to break about the forthcoming agricultural program. At the present time we do not know what it will be; it is very "hush-hush." But I am sure that when it comes to us there will be a great deal of favorable propaganda about it, both in the columns of the press and over the airwaves, and America will be "sold" overnight on the proposition that "This is it."

However, Mr. President, I venture to hazard the guess that, in line with the ideas of Socialist-minded persons who now are connected with our Government, the new agricultural program, as it is to be proposed, will tell the American farmer, "We will give you perhaps 100 percent of parity; but in exchange for that you are going to let the planners and the bureaucrats in Washington tell you how much you will plant, where you will plant, how much you will sell your crops for, and what you can grow on your own farm."

I say again that all such proposals cannot be separated from the consideration of the measure now before us, because the quicker we drag down our economy the easier it will be for the Socialists and Communists, if we wish to say so, to fish in our troubled waters.

Mr. President, we have had troubled waters before, and we shall have them again. Dr. Nourse has told us now that there is a limit to the aid we can give. The distinguished Senator from Georgia [Mr. GEORGE] has told us that there is a limit to what we can do. The time I have taken on the floor of the Senate, Mr. President, I have taken knowing that I would be laughed at and ridiculed and knowing that I was in a hopeless minority, but I have taken it because I know in the bottom of my heart that the future hope and future peace of the world are based only on the possibility of the pres-

ervation of a solid, strong, free America, not on any British labor socialism or any socialism anywhere or fascism or nazism or communism or anything else.

In closing, Mr. President, I wish to say that the newspapers reported that at the signing of the North Atlantic Pact—this item strikes me as rather humorous—the Marine Band played I Got Plenty of Nothing, and that the great Marine Band also selected for another one of its numbers a piece entitled "It Ain't Necessarily So." Mr. President, I should like to know whether the playing of those numbers had some subtle connection with the bill now pending before us—the bill for the extension of European aid. Is the significance of those selections by the Marine Band on that occasion clear? It is not clear to me. Does the playing of the number I Got Plenty of Nothing mean that we are getting nothing in return for our aid to Europe, or does the playing of It Ain't Necessarily So refer to the jumbled information and double-talk we have received from the administration when we have asked for clarification and enlightenment?

In regard to the particular piece of legislation now before the Senate, Mr. President, if anyone could give us the assurance that at the end of its projected period it would have accomplished the things which it has been intended to accomplish; namely, the feeding of hungry people, the stopping of the spread of Communism, and the aiding of world peace, and if we could be assured that at the end of the 4-year projected period we would not have to continue to finance the deficit budgets of the countries of Europe and to finance socialistic experiments in England, we might feel differently about the requests which are being made of us. But after all, Mr. President, we have many people in our own country who need free hearing aids and free false teeth and free babies, and who would like to have free hospitalization; and some of them who happen to be unfortunate enough to have bald heads, no doubt, would like to have good toupees to keep them warm. Certainly the American people would like to have those things. We also have a school problem which we must face. We have the problem of the depletion of our own natural resources, which we must face. Secretary Krug says we are now a have-not Nation in respect to zinc, lead, copper, and oil; and he recommends the immediate expenditure of \$12,000,000,000 to bring our natural resources up, in order to preserve our position in regard to national defense.

Mr. President, I honestly do not think we can do all these things all over the world and do all the things which are required here at home and not destroy the freedoms of liberties of our great Nation and not black out for 100 years to come the peace and the hope of the world, which must be maintained if we are to live in peace and be a prosperous and happy people.

#### THE FARM PRICE-SUPPORT PROGRAM

Mr. AIKEN. Mr. President, this morning Secretary of Agriculture Brannan



foreign state-owned industry financed or subsidized with the money furnished by the American taxpayers.

Mr. HUMPHREY. I do not know of such fact.

Mr. KEM. I should now like to ask the Senator a further question. Does he think that such competition is the kind of equal competition which is in keeping with the American tradition?

Mr. HUMPHREY. I certainly do believe that the Economic Cooperation Administration, and the money it expends for recovery in the free nations of the world, are 100 percent in the American tradition. I think nothing can be worse for American industry than to have a monopoly in the world markets. I think nothing could be worse for the American people than to find ourselves without any competition.

Mr. KEM. Mr. President, will the Senator yield again?

Mr. HUMPHREY. I yield.

Mr. KEM. Does the Senator look with equanimity and satisfaction to a period in which the American workingmen will be competing with industries employing low-cost labor, built with Marshall-plan money, and equipped through the Marshall plan with American technique and technology?

Mr. HUMPHREY. I should like to submit to the Senator from Missouri that since he has such deep concern over low-cost labor, I want him to join with me and the British Trade and Labor Congress to promote better wages in Great Britain. I want him to join with me to help raise the wages of the unorganized people in America. American workers in this country are up against unfair competition from their own underpaid unorganized brothers. There are areas in this country that could give adequate testimony to that effect. I say to the Senator that if we are going to argue about the ECA because it is going to hurt America, then we have surely arrived at an argument that is without one basis in fact. One can argue that it does not work, that it is a foolish expenditure of money because it will not work in the long run. That is a matter of judgment. But to argue that it is working so well that it ought to be limited and checked is an argument that the purposes of ECA have been and will be fulfilled. Recovery is being accomplished.

I yield the floor because the debate has continued too long, and I look forward to the opportunity of voting.

Mr. KEM. Mr. President, will the Senator yield for one more question?

The PRESIDING OFFICER. The Senator from Minnesota has yielded the floor.

#### COMMITTEE MEETING AND TEMPORARY LEAVE OF ABSENCE

Mr. MAGNUSON. Mr. President, I ask unanimous consent that a subcommittee of the Committee on the Judiciary may sit at 2 o'clock. The subcommittee is composed of the Senator from West Virginia [Mr. KILGORE], the Senator from North Dakota [Mr. LANGER], the Senator from Maryland [Mr. O'CONOR], and myself.

The PRESIDING OFFICER. Without objection, the leave is granted.

Mr. MAGNUSON. Mr. President, I further ask unanimous consent that I may be excused from attending the session of the Senate at 3 o'clock, in order that I may attend the International Joint Commission Conference.

The PRESIDING OFFICER. Without objection, consent is granted.

Mr. BRIDGES. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BRIDGES. What committees now have permission from the Senate to meet? I want to know how many Senators may be absent.

The PRESIDING OFFICER. The Appropriations Committee and any subcommittee thereof.

Mr. BRIDGES. Any others?

The PRESIDING OFFICER. None others except as permission was just granted the Senator from Washington [Mr. MAGNUSON].

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. HENDRICKSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HENDRICKSON. May we have the pending question stated?

The PRESIDING OFFICER. The question is the amendment of the Senator from Nevada [Mr. MALONE].

Mr. MALONE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MYERS. I suggest the absence of a quorum.

Mr. MALONE. I suggest the absence of a quorum.

Mr. MYERS. My reason for suggesting the absence of a quorum is that I believe it is fair to Senators who are absent to be given an opportunity to come to the floor of the Senate for the vote.

Mr. WHERRY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Pennsylvania withhold his suggestion of the absence of a quorum for a moment?

Mr. MYERS. Yes.

Mr. WHERRY. I wish to know whether the yeas and nays were ordered.

The PRESIDING OFFICER. The yeas and nays were ordered.

Mr. MYERS. Mr. President, I withdraw my suggestion of the absence of a quorum.

Mr. WHERRY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Alken	Connally	Fulbright
Anderson	Cordon	George
Brewster	Donnell	Green
Bricker	Eastland	Gurney
Butler	Eaton	Hendrickson
Cain	Ellender	Hickenlooper
Capehart	Ferguson	Hoey
Chapman	Flanders	Holland
Chavez	Frear	Humphrey

Ives  
Jenner  
Johnson, Colo.  
Johnson, Tex.  
Kem  
Kerr  
Knowland  
Langer  
Lodge  
McCarthy  
McClellan  
McFarland  
McGrath

McKellar  
McMahon  
Magnuson  
Malone  
Miller  
Millikin  
Mundt  
Murray  
Myers  
Neely  
O'Connor  
Pepper  
Reed

Russell  
Schoeppel  
Smith, Maine  
Sparkman  
Taft  
Taylor  
Thye  
Tobey  
Tydings  
Vandenberg  
Wherry  
Williams  
Withers

The PRESIDING OFFICER. Sixty-six Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MALONE].

Mr. LODGE. Mr. President, I should like to make one or two observations in connection with the statement made this morning by my friend the junior Senator from Missouri [Mr. KEM] in connection with a newspaper story purporting to attribute to Dr. Nourse a statement to the general effect that the program of military aid to Europe would necessitate alterations in the Marshall plan. I think that fairly sums up what Dr. Nourse said. I do not know what the motive was for making that statement, nor do I grasp entirely what Dr. Nourse's qualifications are for passing on a matter which is as complex and as fast-changing as this subject is.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. FLANDERS. Is the Senator aware that the report which appeared in the Post was incorrect, and that Dr. Nourse's remarks were correctly reported in the Times-Herald? He did not bring the Marshall plan into the discussion.

Mr. LODGE. I was not aware of that. I am grateful to the Senator from Vermont for calling my attention to it. The story which I read did not make sense in terms of what I believe to be the prospect with regard to military aid.

It is my understanding that it is not planned for the first year to encourage the development of armed forces in Europe which will take any more manpower away from industry and agriculture in Europe than is being taken away at the present time. Of course, we do not begin fundamentally to change the economic situation in a country until the national defense establishment gets to the point where it does take manpower away from peacetime pursuits. When that time comes, if it does come 2 or 3 or 4 years from now, then unquestionably it will be necessary to make an adjustment so far as the Marshall plan is concerned. But I cannot see any justification for making an adjustment now based on assumption of change in occupation. I merely wished to make that observation in the light of what the Senator from Missouri said.

Mr. KEM. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. KEM. I ask the Senator from Massachusetts if he believes that the appropriation for the Marshall plan proposed in the authorization, together with the other necessary and reasonable items in the current budget, can be made with-



out an increase in the present taxes on the American people.

Mr. LODGE. Oh, yes. I am opposed, I say to the Senator, to levying any more taxes on the American people. In fact, I think one of the most effective steps we can take toward getting some real economy is to refuse to levy any more taxes until some economies have been put into effect.

I note in the report of the Commission on the Organization of the Executive Branch, commonly known as the Hoover Commission, an estimate that \$3,000,000,000 can be saved. I also believe that if we get real unification of the armed services we can save a great deal of money. Certainly I am opposed to voting for the imposition of more taxes.

Mr. KEM. Mr. President, is the Senator equally opposed to deficit financing?

Mr. LODGE. I am, in the sense that I think we should begin to cut down on the national debt. But if it were possible to eliminate the whole national debt tomorrow, I do not know that I would favor doing that, because, if my recollection of history is correct, I believe I remember that the British piled up a large national debt after the Napoleonic Wars, and kept it all the way through, and the belief was expressed at that time that if the British had suddenly abolished their entire national debt, it would have created a severe national and international financial panic. But I am not at all an expert on that matter; the Senator from Vermont is an expert on it.

Mr. KEM. Does the Senator from Massachusetts wish to increase the national debt?

Mr. LODGE. No. I have just said that I think it should be reduced. How far it should be reduced or what the rate of reduction should be, are matters on which I am not an expert.

Mr. KEM. Very well. The Senator from Massachusetts will agree, will he not, that the item now proposed—a billion and a half dollars—to arm the nations of western Europe who become signatories to the North Atlantic Pact, is not contained in the President's budget and is not allowed for by the anticipated revenues of the United States for the present fiscal year?

Mr. LODGE. No; I would not agree to that, because I do not know how much of that figure represents existing stocks of materials which we have already bought and paid for, and I do not know how much of that figure represents rather arbitrary estimates which may be made on the value of a tank destroyer, for instance, which was bought and paid for 4 or 5 years ago. So I cannot tell about that.

Mr. KEM. Will the Senator from Massachusetts agree that whatever may be the figure of the expenditure that is necessary for arming the nations of western Europe under the provisions of the North Atlantic Pact, it is not contained in the President's budget.

Mr. LODGE. I do not want the Senator to think that I am doing any petty-fogging or quibbling, but I point out that we do not arm the nations of western

Europe under the North Atlantic Pact. We can arm them without the North Atlantic Pact if we wish to do so. But so far as I know, the estimate is not contained in the President's budget.

Mr. KEM. Will the Senator from Massachusetts tell us where he proposes to find this billion and a half dollars, if we neither increase the national debt nor increase the present tax burden on the American people?

Mr. LODGE. I have tried to indicate that. First of all, I think there are a great many very large economies which can be effected in the operations of our Government, and which should be effected. Then I think we should ascertain whether the figure of a billion and a half dollars is the correct figure. At the present time we do not have any definite figure before us. I think we should ascertain to what extent that figure represents items which have been bought and paid for already, and to what extent it indicates or would require new orders.

I think we must make up our minds about how much we can afford to spend on Government in general without ruining our economy. Certainly I think nothing would be more disastrous, not only to the United States, but also to the nations of western Europe, if you please, who are so dependent on us, than to have the American economy break down; and I hope while the foreign ministers are here in Washington this week, that some one will tell them that, and will point out to them that they have just as great a stake in the American economy as we have.

The National Security Resources Board, as I understand, passes on the effect of all these programs on the American economy, so far as scarcities are concerned, and also passes on the question of whether these programs will require and consume too much of our supplies of aluminum, steel, and so forth, and whether they will involve or require priorities or rationing. But I do not know of anyone, either in the executive branch or in the Congress, who has arrived at a definite formula or a definite set of principles in regard to how far we can go in Government spending before we run the risk of bankrupting our country. Certainly I do not think we should do that.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. CAPEHART. Let me say that I think that formula is very simple.

The VICE PRESIDENT. The Senator can yield only for a question, without losing the floor.

Mr. LODGE. I am willing to yield the floor, so far as that is concerned.

Mr. JENNER. Mr. President, will the Senator yield for a question?

Mr. LODGE. I yield.

Mr. JENNER. Is it not possible that if we declare certain war equipment which we now have, surplus, and send it to Europe on the basis of a valuation of 10 cents on the dollar, the replacement cost to us, in our own defense program, will be much more than the anticipated billion and a half or billion eight hundred million dollars which we pro-

pose to spend in the next year on armaments?

Mr. LODGE. That is one of the possibilities which must be worked out. Another is the extent to which the nations of Europe can manufacture their own weapons. All those are things which, so far as I know, have not been settled.

Mr. JENNER. Mr. President, will the Senator yield for a further question?

Mr. LODGE. I yield.

Mr. JENNER. Does the Senator know that at the conclusion of World War II, we left with Great Britain approximately \$6,400,000,000 worth of tanks, jeeps, trucks, antiaircraft guns, and other war equipment, and that we settled with Great Britain for that \$6,400,000,000 worth of strategic war materials for an I O U of \$640,000,000?

Mr. LODGE. I did not know those particular figures; but let me say that I do not doubt that the general tenor of the question of the Senator from Indiana can be answered emphatically in the affirmative, because, as I have said many times before on this floor, and I repeat it now, I think the civilian branch of our Government was totally unprepared for the end of hostilities, when that time came; and that is one of the tragic episodes in our history. Due to that, we had the total demobilization of all branches of our armed services, the Army, the Navy, and the Air Force, as fast as demobilization could be had, and we got rid of all that equipment as carelessly as we did. I think that is just too bad; and when we have made a mistake of that sort, I think we should learn from experience, and not repeat the mistake.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. TAFT. Does not the Senator from Massachusetts believe that the addition of a proposed plan of sending arms to Europe is inextricably confused or involved with the ECA plan; and does not the Senator from Massachusetts believe that when the other plan comes to us, it must be coordinated and worked out together with the ECA plan and program?

Mr. LODGE. I said, perhaps before the Senator from Ohio appeared in his seat, that when the military establishments of Europe reach a size where they are taking manpower from the normal peacetime pursuits of Europe, in both industry and agriculture—something which is not anticipated or planned, as I understand it, for the next year—then of course the military-aid plan will have a very direct impact on the whole plan for the economic recovery of Europe, and the Marshall-plan figures will have to be readjusted.

But for the coming year I think it is not planned to increase the size of the manpower complement of the European military establishment, so I do not think what the Senator from Ohio has suggested will be true as of this year.

Mr. TAFT. Mr. President, will the Senator yield further?

Mr. LODGE. I yield.

Mr. TAFT. If we are going to try to build up in the western European countries the military units which now exist,



building them up with money and arms from the United States, does it not follow that Europe also will have to do a part of that job and will have to turn a part of its productive enterprises into the task of completely rearming its military units? Is not that inevitable? Therefore, are we to put up 100 percent of the materials and funds needed for that purpose?

Mr. LODGE. Let us talk about the first period, to June 1950. For that period of time I do not envisage any increased demands on the civilian population of military age in Europe at all. Nor do I think the production of weapons or the manufacture of weapons by the nations of Europe will that first year attain proportions which will be significant in terms of the economy of those countries. I think for the year after that the military program would have a very definite impact on the Marshall plan, because I think undoubtedly it will be thought generally desirable to have them manufacture part of this equipment. But there is yet another decision which we have got to make, let me say to the Senator from Ohio. We can take the view that we want to preserve our own resources, we want to keep our own manufacturing potentials here for civilian goods, for radios and ice boxes and so forth, or if we have a depression in this country, and we have unemployment, we may decide we want to fabricate the whole arms program here. Those are decisions we have not made yet, that we have to think over. On the basis of military efficiency, it is certainly desirable for the nations of Europe to make many of the things that they can make themselves, subject, of course, to as great a production of standard types as possible.

Mr. TAFT. Mr. President, I wonder whether the Senator will permit me to read briefly from the statement made by the chairman of the Council of Economic Advisers, Dr. Nourse, as it appears in the New York Times, and see whether the Senator agrees with the conclusion there stated.

Dr. Nourse is quoted as saying:

In line with what I said earlier about the intermeshing of the military machine and the industrial plant and labor force, it is evident that ECA (the Economic Cooperation Administration) funds and administration must be regarded as an integral part of the plan of American security and sustained prosperity within the setting of the world economy—that is, the international economy of the free nations.

The relative parts to be played by military and by industrial preparedness in each of the participating countries, and the relative roles to be played by each arm of the military service at the most effective points must be reexamined in the light of the new strategic concept and with no dangerous backward look at traditional positions of prestige, historic roles, or impressive trappings.

We cannot afford to make the costs of its implementation a simple addition to other military plans as they stood before the new alignment. Rather must we rework the whole operation and financial plan so as to gain maximum security with minimum strain on our economy.

That I think is the essence of Dr. Nourse's speech. I wonder whether the

Senator from Massachusetts agrees with that?

Mr. LODGE. On the whole, yes. I think the whole program will have to be reexamined. We must not shrink from reexamining the whole program. I think the whole program ought to be subject to continuous reexamination and analysis. I agree with Dr. Nourse that it is not a question of making a simple addition, and I think we must be prepared to rework the whole operation when it becomes necessary to do so. I was simply expressing my guess, just as one humble student of the problem, and I am not on the inside, and I have no secrets at all, that the program will not drastically affect the operation of the Marshall plan for this first year.

Mr. TAFT. I thank the Senator.

Mr. FLANDERS. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. FLANDERS. I should like to inquire, in the form of a question, whether the Senator from Massachusetts would like to have me read another section of Dr. Nourse's address.

Mr. LODGE. I always like to hear the Senator from Vermont, whether he is using his own words or those of somebody else.

Mr. FLANDERS. I wanted to make sure that I was asking a question. Earlier in Dr. Nourse's remarks occurs a passage which I think throws light on the last passage read by the senior Senator from Ohio. Dr. Nourse said:

Legislation now being readied for Congress is reported to total \$1,800,000,000 for arms shipments—including continuation of Greek-Turkey aid and the value of supplies sent to western Europe from current American stocks.

"It would be wrong to conclude," Dr. Nourse said in alluding to this plan, "that we can, without concern, add these expenditures, whatever they are, to the present budget items for national security."

His plea as I read this statement, and as I am informed from his office, particularly related to the two items of military expenditure, and throughout his talk he was making the plea that the Atlantic Pact should in net result make it less expensive for America to maintain its defense than if we were doing the whole thing alone, and he supplements that conclusion by suggesting that the military appropriations should be made inclusive of European aid instead of having European aid added to it.

Mr. LODGE. Let me say in response to the Senator from Vermont that I think of course this military aid program is going to save us a great deal in the long run. I think it ought to cost us much less to do it this way than to try to do the equivalent all by ourselves. When I make that statement, I not only include weapons and munitions, which I do include, but of course I also include something that is even more precious and more fundamental to the welfare of the country, and that is our young manhood. I yield the floor.

Mr. WHERRY. Mr. President, before the Senator yields the floor, will he yield for a question?

Mr. LODGE. Yes.

Mr. WHERRY. There has been some question about who Dr. Nourse is, and what authority he had. As I read the report—and I wonder whether the Senator read it—the observations of Dr. Nourse were made, were they not, with the full approval of the President?

Mr. LODGE. If the Senator from Nebraska asks me whether the President approves Dr. Nourse's statement—

Mr. WHERRY. I merely inquire, does the Senator know?

Mr. LODGE. I do not have the President's confidence, and he has not told me whether he approves it or not.

Mr. WHERRY. I thought the Senator was giving his interpretation of what Dr. Nourse said. I read the same article. I think it was placed in the RECORD, and I suppose it is the statement other Senators have read. I understood it was stated somewhere in the newspaper article that his remarks and observations were made with the full approval of the President of the United States.

Mr. LODGE. I do not know.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LODGE. I think I still have the floor. I want to respond first to the Senator from Nebraska.

The VICE PRESIDENT. The Senator from Massachusetts has the floor, and has been asked a question by the Senator from Nebraska.

Mr. LODGE. I should like to respond to the Senator from Nebraska in my own way. I do not know whether Dr. Nourse's statement was approved by the President or not. I was drawing merely my own personal conclusions on the subject, which I reached by myself, without talking to anybody, I may say.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. LODGE. I yield.

Mr. TAFT. Dr. Nourse made the express statement that the President had seen the speech, but that the President had neither approved nor disapproved any of the features of the speech.

Mr. LODGE. I yield the floor.

Mr. MILLIKIN and Mr. WILEY addressed the Chair.

The VICE PRESIDENT. The Senator from Colorado.

Mr. MILLIKIN. Mr. President, I believe that especially under the present turn of our economy, and at all times, we have two overriding objectives to which all our programs must defer. One is to keep this country safe; the other is to keep it solvent. The two are interdependent. I agree entirely with the warning given us the other day by the distinguished chairman of the Committee on Finance, that an increase in taxes at this time, or going into deficit financing at this time, might very well deliver a blow to the economy of this country that would be catastrophic. Either of these courses might very well plunge us out of our present recession or deflation or whatever we care to call our present economic condition into ruinous depression.

I supported the original full authorization for ECA, and I shall support this one in full. But from the very beginning



it has been understood that the operation of ECA and the cost of it would not be allowed to jeopardize the economy of this Nation. Therefore I earnestly hope that the Appropriations Committee, if we are to have a North Atlantic Pact—and I suppose we shall have it—and if we are to implement it, and we may implement it, will offset against the appropriations under this authorization the amount of the implementation. I go further, Mr. President, and say that I hope it will make such further adjustments under this authorization and others before it that may be necessary to prevent increasing taxes or putting this country into deficit financing.

Mr. WILEY and Mr. CAPEHART addressed the Chair.

The VICE PRESIDENT. The Senator from Wisconsin is recognized.

Mr. WILEY. Mr. President, on the 30th day of March I had a few words to say on this subject, and I shall be very brief at this time.

One of the significant things with which I am impressed is the silent voice of the American citizen in this constitutional republic on the issues which we are debating in the Senate. To me, it is a good omen. When I say that there has been silence, I mean that there has been scarcely a murmur of American opposition to the Marshall plan; and one can say that is substantially true in relation to the discussion of the Atlantic Pact, so far as it has been discussed. I am judging from my own mail, and I am trying to find the answer, because I still receive approximately 700 letters a day.

Why is the voice of the American people silent? I diagnose the situation to be as follows: There runs through the mixed strain of blood, which has made America, a strong ingredient of common sense. Lincoln thanked God for the common man, the man who had to work for his living, not the man who is the creature of synthetic education, or the beneficiary of mental and physical idleness, but the ordinary man who possesses common sense. So I think, contrary to the condition before we got into the Second World War when we received thousands of letters, the common sense of the American citizen has cut through all the maze, the haze, and the confusion; and what does he see? He sees that the world has turned a corner and that every nation is in every other nation's backyard, speaking literally and not figuratively. American invention and ingenuity have brought about that situation.

Readers of history realize that it was the small nations, such as Israel, Athens, Florence, Elizabethan England, which placed their stamp upon history and put mankind in their debt. The big nations could not stand bigness. The big nations of the past were like Russia is today. They became autocratic. They stifled freedom and individual initiative; they rubbed out the advances of the race which the small nations had wrought; they crushed out the principles of justice and freedom. The American Nation has grown big, but it is not crushing out freedom. It is not asking; it is giving. Freedom and justice obtain in this Nation, and we are endeavoring to

give them to others. Of course we are not trying to get for other nations anything but what we ourselves have. We are trying to extend freedom and peace to all peoples.

As I analyze the situation, Mr. President, we are living in a great time in the history of the world. It is worth while to be a part of this great adventure. The common man is not forgetting that we got into two world wars without any arrangements, without any treaties or pacts. We got into them after we had outlawed war in the Kellogg Pact and after placing an embargo on arms. We got into the Second World War after we had talked about peace and great principles. Somehow or other, the common man realizes that talk is not sufficient. I believe he realizes that talk is very cheap. He realizes, much more than do some leaders, that men must create circumstances. The common man realizes that, while circumstances alter cases, our job is to see that we make circumstances that do not alter our case so that we lose our freedom. I believe the common man realizes that the Atlantic Pact and the American commitments constitute a deterrent to Communist aggression.

I desire to speak a few words on a question which has been discussed freely and the economic principles which are involved. I refer to the obligation of the Appropriations Committee. We have the President's budget. That is not sacrosanct. There is not an item in it that should be so held. We have commitments under the Marshall plan. They are not sacrosanct, either. I want to repeat, in substance, what I said when I spoke on the 30th of March. I think this kind of repetition is wholesome, or I should not take the time of the Senate with it.

Mr. President, I want to say that authorization should never be the equivalent of appropriation. Under the circumstances in which America finds itself today, in which some persons say unemployment is steadily increasing and may mount into the millions, we are about to enter into a pact which will operate as a deterrent. This fact, together with the other circumstances I have mentioned, must be considered by the Appropriations Committee. I am not saying that going into the "red" will mean disaster. We have had to go into the "red" before. I am saying that the Appropriations Committee cannot "pass the buck" in this case, because every Member of the Senate who has spoken has been emphatic to the effect that that is his conviction. Personally, if given an opportunity when the time comes, not to consider the matter piecemeal, but to consider the over-all economic implications of this vast program upon which we are entering, I shall be very happy to appear before the committee and give my own judgment. I realize it is not very significant, and yet, Mr. President, I represent 3,300,000 persons who know how to build a State, men and women who have made out of forests and prairies a State, which is 50 percent industrial and 50 percent agricultural, men who have never discounted the fundamental principle of Franklin that they should save, that a

stitch in time saves nine. Yet those people, many of whom have Germanic background, according to the FBI, provided the cleanest State in the Union from the standpoint of saboteurs, and so forth. That is my State.

Representing those people, Mr. President, I repeat that I think the Appropriations Committee must consider a number of things:

First, fluctuations in cost and the value of the dollar. I am talking now about the time that has elapsed between last November, and June and July, when we will get the final figure as to what we are going to spend.

Second, the possibility or likelihood of fluctuations in respect to the needs of the recipient countries. It is strange, Mr. President, but I happened to open today one of the reports from Washington which just came in, and I ask Senators to listen to this:

Top financial men of the American ECA missions abroad are being ordered to Paris to discuss the proposed revision of the European payments plan and other fiscal matters. It has already been publicly announced that Tasca, who is alternate American Executive Director of the monetary fund, will also be in attendance.

Mr. President, I believe the discussion here, if it shall accomplish else, will have impressed upon all of us the seriousness of the economic situation as it appears now, and as it will continue to appear.

Another proposition I suggest is the fluctuation in American revenues. A man with a big balance can afford to be liberal. A man without a balance in the bank has to think about himself and his obligations to his own. I say this is a tremendously important item.

Another item is fluctuations in the revenues within the recipient countries. We do not know what those countries are going to do within 6 months. We do not know what their revenues will be. We note that in the sterling area they are doing a good business, and that England particularly has a balance in her favor in dealing in the sterling area.

Another item which we must consider, and which was so graphically pictured this morning by the junior Senator from Indiana [Mr. JENNER], is America's need. That is an element in determining how much we can spend. We have a multitude of needs which must be considered. I shall not delineate them. Senators will remember that he who does not look after his own is unworthy.

Another item which must be considered in the whole economic problem is the world picture. What do I mean by that? Suppose conditions in Europe become worse; are we going to say that we cannot afford to aid her economically? Of course not. We never did that; but we know that the political situation in the world tomorrow will be one of the great imponderables in determining the course we shall take, not only politically but economically.

Another factor is the North Atlantic Pact, which has been discussed in the Senate. As I entered the Chamber today I heard some comment in relation to Mr. Nourse's statement. How much can we afford to appropriate in view of the



political situations as they exist when we appropriate the money? We might ask, Will the signing of the pact, the continuing of ECA, operate as a deterrent? If it does, that is an element to consider when we are asking how much we shall appropriate in June or July, considering our own economic needs and our own wants.

Mr. President, I shall not go into another problem which I think we should ask the Senator from Georgia [Mr. GEORGE] to discuss at some time when we are considering the pact, namely, the currency problem in Europe. The exchange of currency is one of the basic factors.

Much is being said as to devaluation. In reading one of the reports today I found that it was stated that our own businessmen, who were trying to do business in Europe, were very much concerned about devaluation. Washington is flooded with protests from American businessmen to the effect that currency valuations in Europe, with their various restrictions, are operating as a discrimination against them. So long as there is a world sellers' market, this does not matter much, but the discriminations become a factor of vital importance in a buyers' market.

Mr. President, all those factors must be considered in determining what we are to do in respect to the amount of money we are going to spend. I repeat, we are the masters of what we spend, not the President in his budget, and we must not get into the habit of passing the buck to the President, and especially now, if we are going into a little tailspin economically, we must consider how much of the money that is going to Europe, whether it be in preparation for defense or in relation to contributions under the Marshall plan, is to be spent to create jobs and to promote production in America.

I covered that subject in my previous remarks, and I shall not repeat, except to say that last year, in November, that was not so significant as it is now. Therefore I only say to the Administrator, "This imposes an additional burden on you and your associates, Mr. Hoffman, because now the call is coming from America." Yet we do not want to enter upon another WPA program, creating useless jobs. If we are going further into a tailspin, we want to build constructively, we want to build values, we want to construct things like the St. Lawrence waterway, in connection with which we are asked to make a loan, and not spend money which we will not get back, but which will produce wealth, jobs, and income, and increase and strengthen the economy of the country.

The PRESIDING OFFICER (Mr. KERR in the chair). The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MALONE]. The yeas and nays have been ordered.

Mr. McCARTHY. Mr. President, I should like very briefly to discuss something which occurred on the Senate floor yesterday. I particularly call the attention of the Senator from Texas to this.

I might say, first, that last year we developed a very healthy habit of de-

pending to a great extent upon the Committee on Foreign Relations. We knew that when we submitted an amendment to any legislation which was before that committee, the then chairman of the committee, the able Senator from Michigan [Mr. VANDENBERG], would carefully scrutinize the amendment, that he would submit it to the very able staff which he had, and we knew that if he then opposed the amendment his opposition was based strictly on the merits, and on nothing else.

Unfortunately, this year we cannot indulge in the same assumption. Yesterday, for example, we were discussing an amendment designed to prevent discriminations against American nationals in French Morocco, discriminations not in favor of the natives of French Morocco, but in favor of European nationals, and the able Senator from Texas said:

Mr. President, I should like to take about two minutes of the Senator's time. I have a list of the old companies that have been in Morocco doing business for years, who are not complaining about this matter at all. The list is as follows.

Of course, all of us who were listening to the Senator from Texas, knowing that he has been working on this matter for months, assumed that he was referring to American companies. We had no reason to assume that he would list for our benefit a group of French companies. He read this list. I have in my hand a statement handed to me by Mr. Robert E. Rodes, who was commander of the American Legion in French Morocco. Mr. Rodes is also a reserve officer in the Corps of Army Engineers. He is a man who did a great deal of work, as the Senate knows, in preparing for the American landings in French North Africa. This is what Mr. Rodes has to say:

The undersigned heard a list read of American firms who were engaged in business in Morocco and who had not complained of treatment there. Most of the names read are well known to the undersigned. They are not American firms but French firms or Moroccan corporations of French ownership who represent American products. Several of them have strong French political backing. Even if they wished to complain the reprisals to which they would be exposed would render this unwise.

To the best of the undersigned's knowledge only two companies in the list would be eligible for membership in the American Trade Association. These are the Socony-Vacuum Oil Co. and the Texas Co.

I may say that I do not think the Senator from Texas was attempting deliberately to deceive the Senate. I am sure he was not. I am sure that it was not an attempt to deceive the Senate, but was the result of a bad memory, because these letters have all been brought to his attention previously. I have the letters before me, letters which were written to the Committee on Foreign Relations.

I continue to read from the letter:

While these companies are too dependent on their relationship with the petroleum control authorities to make strong official protests, the undersigned knows that when he left Casablanca paint badly needed for maintenance by the Socony-Vacuum Oil Co. was being illegally held by custom authorities in Casablanca and that the Socony-

Vacuum Oil Co. lodged a complaint about this. The Socony-Vacuum Co. has paid under protest taxes which their legal advisers and United States diplomatic authorities consider illegal.

This is referring to one of the companies which the Senator from Texas told us was perfectly satisfied and had no complaint.

To the best of the undersigned's knowledge and belief, with the exception of these two oil companies, there is only one other eligible concern in Casablanca that is not a member of the American Trade Association. It is repeated that American firms represented or managed by foreigners are not eligible.

The inclusion of Coca-Cola in the list is particularly ironical. Coca-Cola is produced and distributed by a Moroccan corporation, largely financed with French capital and with strong political backing from Paris. Arrangements are being made even to furnish the sirup from France. This company was able to receive official exchange for many articles that were merely incidental to its operation and large rations of dollar value sugar while the undersigned was denied exchange for rock bits needed for mining. When an American veteran wanted to start a Coca-Cola plant in the city of Fez he was told that he would have to have 75-percent French ownership.

I call this to the attention of the Senator from Texas with the hope that he may tell the Senate that he was mistaken yesterday when he gave us a long list of French companies and mistakenly represented to the Senate that they were American companies.

I should also like to refer briefly to a statement made by the Senator from Texas as it appears on page 3951 of the CONGRESSIONAL RECORD. We were speaking of the discrimination against American veterans of World War II in French Morocco. We were referring to the practice of the local Vichy officials to try and put Americans out of business with American dollars. I quote the Senator from Texas:

But let us not interrupt the work of the ECA simply because some individual may find a single complaint involving one little incident. The chief difficulty complained of is in connection with the sale of automobile tires. I do not know the details, but apparently the complaint is that the agents for some of the automobile manufacturers cannot sell as many tires as they would like to sell.

I shall repeat that, in view of the letter which the Senator from Texas had in his possession at that time. I repeat the statement he made:

I do not know the details, but apparently the complaint is that the agents for some of the automobile manufacturers cannot sell as many tires as they would like to sell.

At the time the Senator from Texas made that statement he had in his possession, or at least had received—and again I say I am sure he was not deliberately trying to deceive the Senate; I am sure it was merely the result of a bad memory—he had in his possession a letter setting forth in detail the situation in regard to the sale of tires in French Morocco, a situation which had been brought to the attention of the State Department, a situation which the State Department recognized was very, very bad, a situation set forth in the let-



ter of January 5, 1949, in which the Senator was notified that the French customs officials—and I again call that fact to the attention of the Senators—the French customs officials, the port-control authorities, are in many cases the identical Vichy authorities who were in charge at the time we made our landings at Casablanca.

For the benefit of Senators who were not present yesterday, I will say that in that particular case one of the officers of our American Legion post in French Morocco, a World War II veteran, had been jailed by a French official at the time we were making our landings, jailed because he was active in the preparation of those landings. Of course, he would have been shot had we been unsuccessful. Our landings were successful and he was released. This young veteran now must go to that Vichy official who had him jailed while we were making our landings, and try to get some satisfaction from him.

As I told Senators the other day, when our consul goes down and says to this man, "Release this material which you are holding illegally; you cannot charge a 'take' of 150 percent," he will say, "Well, try and do something about it. Your Army is not here now and your Navy is not here now."

I call attention to the fact that this was all brought to the attention of the Senator from Texas in a letter written on the 5th of January 1949, in connection with the statement he made on the floor. Senators will understand that what I say is not intended to be a criticism of the Senator from Texas, but I think it is highly important for the reason that the Senate must be able to depend upon the word of the chairman of the committee. When the chairman of the committee rises on the floor of the Senate and tells the Senate that a certain fact is true, even though the Senator does not intend to deceive the Senate, and if it is the result of bad memory, the end result is that it is just as bad as though he were deliberately trying to deceive us.

I am going to read another letter in connection with the Senator's statement that he knew of only one minor incident resulting in complaint. I read a letter, a copy of which was sent to the chairman of the Senate Committee on Foreign Relations, on February 17, 1949.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. McCARTHY. I will not yield until I finish reading the letter.

Further to my letter of today concerning the new and illegal sanctions which are being applied to Americans in the empire of Morocco by the French protectorate government, I wish to bring to your attention my personal difficulties that are a result of this situation, and which are very typical of the difficulties experienced by all the Americans in business in Morocco today.

I am a resident of the city of Rochester, N. Y., a veteran of 5 years in the United States Air Forces during the war, 2 years of which were spent overseas, and after my discharge I came here to Casablanca, Morocco, to build my own business. For the last 2 years I have worked hard to create something for myself that I could call my own

and be justified in the normal pride that I feel in the results of these efforts.

During this period I have succeeded in setting up an excellent bus line between the cities of Casablanca and Agadir which runs approximately the full length of Morocco in the French zone along the coastline. These busses are GMC coaches, which are exactly the same models used by the Greyhound Lines in the United States. Obviously, with material and equipment of this sort, my bus line is the very finest that can be seen anywhere in Europe, and especially north Africa. It is not possible to exaggerate the service that these busses render the Moroccan public, and certainly so, when any kind of comparison is made between my own line, Les Pullman du Sud, and the ancient, creaking firetraps of the French government-owned vehicles of the CTM (Compagnie des Transports au Maroc), of which there is an absolute government monopoly (as everything is nationalized and government-owned), which has set out to sweep any other existing lines off the Moroccan highways.

Now that this bus line is running smoothly and with every trip in itself meaning excellent publicity for American technique and know-how, and with the complete approval and appreciation that the Moroccan public has granted it, this new French coup d'état has fallen on my own and other American businesses, setting off confusion and chaos.

My busses are American built; therefore, this means that I must maintain spare-parts supplies from the factories in the United States. Recently I ordered certain spare parts that I needed most urgently, requesting that they be forwarded to me by air. This was done, but in the meantime, upon arrival at the airport in Casablanca, the French customs officials refused to deliver me these goods on the grounds that the protectorate government has stopped all importations, especially from the United States, and that all I need do is to "send them back to the United States." Upon this flat refusal and definitely unfriendly and belligerent attitude of the protectorate government, I sent the following cable to the Senate Foreign Relations Committee in Washington requesting their aid and investigation in this matter:

"Spare parts for bus line operated by undersigned veteran arrived by air being held illegally by French. Please have State Department cable instructions and please answer American Legion's reply paid cable of January 29.

"CARL HUMPHREY,  
"Usamo Casablanca."

Obviously, if this illegal blockade of American goods and capital continues, my large and long-term financial investment in this country and my bus line are doomed to crumble into dust, just as the rest of the American interests which are caught in the same impossible straits as my own.

I cite my own case; however, this is representative of the same situation for every American in business in Morocco, and our Government must not ignore our appeals for their help in this time when the French are throwing all agreements and treaty rights that we have enjoyed for over a century in this country right out of the window.

The letter continues, citing other instances.

Mr. President, while I am not at this time asking for reconsideration of the vote yesterday on the amendment relating to this subject, I strongly feel that had the Chairman of the Senate Foreign Relations Committee taken the time to study this amendment, had he refreshed his memory on the situation,

had he, instead of telling us yesterday that a list of French companies which he read were American companies, that they had not objected, and therefore we should not adopt the amendment, gone into the subject in detail and found that the French Vichy officials are using American dollars to put Americans out of business in Morocco, I do not believe he would have made the mistake he made yesterday. Had he not made that mistake, I feel that the amendment would have passed.

Mr. President, I feel that it is extremely unfortunate that we must write legislation on the floor of the Senate. When we attempt to do so without being able to depend on the chairman of the committee, we get bad legislation. I know that last year we went along with the idea that we had a very competent Foreign Relations Committee. I know from personal experience during the Eightieth Congress that we could submit any amendment to the chairman of the committee, and the amendments were accepted or rejected solely upon their merits. Much as I dislike to bring up this question today, I think it should be brought to the attention of the Senate. Because of the bad memory of the Senator from Texas, or for some other reason—and I wish to emphasize that I am sure that he did not try deliberately to deceive us—we have an end result which is the same as though he were trying deliberately to deceive us.

Mr. CONNALLY. Mr. President, I do not care to reply in kind to the remarks of the Senator from Wisconsin. He accuses the Senator from Texas either of ignorance or misrepresentation, neither of which happens to be the fact in this case.

The Committee on Foreign Relations went out of its way to give attention to the complaints about which the Senator from Wisconsin is talking. I talked with Mr. Rodes, to whom reference has been made, and who has been haunting the galleries and the committee rooms for a long time. We took him into the committee room after the hearings were concluded and introduced him to the Secretary of State and the Assistant Secretary of State. He told them about this complaint. They took him to the State Department, and he talked with a number of persons in the State Department.

The facts which I stated are taken from a printed House committee report. The companies which I mentioned are American companies. Of course they have some French employees, just as other concerns have French employees.

Mr. President, I do not care to pursue the subject further. The Senator from Wisconsin has had his day in court. He had the opportunity to debate this question endlessly, and the Senate rejected his two amendments overwhelmingly.

With that I rest the case.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. CONNALLY. No; I will not yield. The Senator would not yield to me. I decline to yield.

The PRESIDING OFFICER. The Senator from Texas declines to yield.



The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MALONE].

Mr. McCARTHY. Mr. President, in view of the fact that the Senator from Texas would not yield to me, I claim the floor in my own right.

I suggest to the Senator from Texas that in fairness to the Senate, if he is not convinced at this time that the list of companies which he gave us yesterday, allegedly as American companies, are operated with French capital by French boards of directors and presidents, he should at least check into the situation and come back and tell the Senate what the situation is.

Yesterday the Senator from Texas told the Senate that he knew of only one complaint from French Morocco. Those of us who have been checking into this question know that there is a whole series of complaints, extending over a year or a year and a half. As of today, the French in French Morocco are putting Americans out of business with American dollars. If they want to wreck American businessmen by using their own money to do it, that is all right; but I believe that when they are using American ECA funds to wreck American businessmen, especially World War II veterans, and when we have a chain of documented cases, it is unfair to the Senate for the Senator from Texas to say that he knows of only one minor case. If as of this time he does not know of the chain of circumstances, in view of the important position which he holds in the Senate, I urge that he go into the subject and tell the Senate exactly what the situation is. If he will do that, then I shall move for reconsideration of the vote on my amendment, and I am sure that it will be adopted unanimously once the Senate knows the extent to which we are going in French Morocco, using roughly \$3,200,000 a month to wreck American business.

Mr. CONNALLY. Mr. President, the Senator from Texas will undertake to guide his conduct by what he thinks is right. The Senator from Texas has no commission from the Senator from Wisconsin.

Mr. President, not only have we referred this question to the State Department, but the facts which we have cited are based upon a committee report from the House of Representatives and upon information which we obtained from the State Department. If any additional information comes to my attention, I have no disposition to withhold it from the committee.

Mr. President, this question has been disposed of. We had a day's debate on it. Two amendments were offered, and the Senate overwhelmingly rejected them both.

I do not care to give any more of my time or attention to the subject at this time.

Mr. DONNELL. Mr. President, I take this opportunity to state that I have been informed by the junior Senator from Indiana [Mr. JENNER] that he, in turn, has today been informed by some London newspaperman or representative of a London newspaper that the Mr. David

Williams mentioned on the document from which the junior Senator from Indiana read earlier in the day is not the Labor Member of Parliament to whom I referred. The Who's Who applicable to Great Britain indicated a David Williams, with an initial which did not appear on the document. The question which I asked, both of the Senator from Indiana and of the Senator from Minnesota [Mr. HUMPHREY] as to whether the two names represented the same person was based upon the similarity of names.

I wanted that information to go into the RECORD as soon as I learned it from the Senator from Indiana, which was only a few minutes ago.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MALONE]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

Mr. MALONE. I suggest the absence of a quorum.

Mr. CONNALLY. Mr. President, we have already had a quorum call.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. What was the decision of the Chair on the request of the Senator from Nevada?

Mr. MYERS. Mr. President, I inquire if any business has been transacted since the previous quorum call?

The PRESIDING OFFICER. No business has intervened since the previous quorum call.

The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. MALONE]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. EASTLAND (when his name was called). On this vote I am paired with the junior Senator from South Carolina [Mr. JOHNSTON], who is absent on public business. If the Senator from South Carolina were present, he would vote "yea." If I were permitted to vote, I would vote "nay." I withhold my vote.

The roll call was concluded.

Mr. MYERS. Mr. President, the senior Senator from Illinois [Mr. LUCAS] is necessarily absent and is paired on this vote with the senior Senator from Idaho [Mr. TAYLOR], who is detained on official business at one of the Government departments. If present and voting, the Senator from Illinois would vote "nay," and the Senator from Idaho would vote "yea."

I also announce that the Senator from Virginia [Mr. BYRD] is absent on official business.

The Senator from Iowa [Mr. GILLETTE] is absent on public business.

The Senator from North Carolina [Mr. GRAHAM] is absent because of illness.

The Senator from Washington [Mr. MAGNUSON] and the Senator from Maryland [Mr. TYDINGS] are detained on official business at Government departments.

The Senator from New York [Mr. WAGNER] is necessarily absent.

I announce further that if present and voting, the Senator from Iowa [Mr. GILLETTE], the Senator from North Carolina [Mr. GRAHAM], the Senator from Washington [Mr. MAGNUSON], the Senator from Maryland [Mr. TYDINGS], and the Senator from New York [Mr. WAGNER] would vote "nay" on this amendment.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Pennsylvania [Mr. MARTIN] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES] is unavoidably detained.

The Senator from New Jersey [Mr. SMITH] is absent because of illness. If present and voting, the Senator from New Jersey would vote "nay."

The result was announced—yeas 10, nays 72, as follows:

#### YEAS—10

Bricker	Jenner	Wherry
Butler	Kem	Williams
Capehart	Langer	
Eaton	Malone	

#### NAYS—72

Aiken	Holland	Murray
Anderson	Humphrey	Myers
Brewster	Hunt	Neely
Cain	Ives	O'Connor
Chapman	Johnson, Colo.	O'Mahoney
Chavez	Johnson, Tex.	Pepper
Connally	Kefauver	Reed
Cordon	Kerr	Robertson
Donnell	Kilgore	Russell
Douglas	Knowland	Saltonstall
Downey	Lodge	Schoeppel
Ellender	Long	Smith, Maine
Ferguson	McCarran	Sparkman
Flanders	McCarthy	Stennis
Frear	McClellan	Taft
Fulbright	McFarland	Thomas, Okla.
George	McGrath	Thomas, Utah
Green	McKellar	Thye
Gurney	McMahon	Tobey
Hayden	Maybank	Vandenberg
Hendrickson	Miller	Watkins
Hickenlooper	Millikin	Wiley
Hill	Morse	Withers
Hoey	Mundt	Young

#### NOT VOTING—14

Baldwin	Graham	Smith, N. J.
Bridges	Johnson, S. C.	Taylor
Byrd	Lucas	Tydings
Eastland	Magnuson	Wagner
Gillette	Martin	

So Mr. MALONE's amendment was rejected.

Mr. KEM, Mr. BREWSTER, and Mr. DONNELL addressed the Chair.

The VICE PRESIDENT. The junior Senator from Missouri.

Mr. KEM. Mr. President, I shall be glad to yield to the senior Senator from Missouri, if I may do so without losing the floor.

The VICE PRESIDENT. The Senator may yield the floor.

Mr. KEM. I do not want to yield the floor. I ask unanimous consent that I may without prejudice yield to the senior Senator from Missouri for the purpose of making a short statement.

The VICE PRESIDENT. Is there objection to the request? The Chair hears none.

Mr. DONNELL. I merely desire to make a correction.

Mr. KEM. I yield to the senior Senator from Missouri.

Mr. DONNELL. Mr. President, I desire, with reference to the David Williams to whom I referred a few moments ago on the floor as a member of Parliament, to state that the full name of Mr.



Williams, as it appears in the British Who's Who for 1948, is David James Williams. I thank the Senator.

#### NATIONALIZATION OF INDUSTRY

Mr. KEM. Mr. President, I call up my amendment G to the pending measure, and ask that it be read.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 4, between lines 19 and 20, it is proposed to insert the following:

(c) Section 111 of such act is further amended by adding at the end thereof a new subsection as follows:

"(d) No assistance shall be furnished under this act to any participating country, the government of which shall undertake, after the date of enactment of this subsection, to acquire and operate, in whole or in part, the iron and steel industry of such country or any other basic industry thereof."

Mr. KEM. Mr. President, the purpose of the amendment is to prevent the money of American taxpayers being used to finance and implement the experiments in socialism in Europe. I explained the amendment in some detail last week, but a number of the Senators who are now present were not on the floor at that time. I should like to summarize briefly what I had to say at that time.

#### INCONSISTENT TO SPEND BILLIONS TO STOP COMMUNISM AND AT THE SAME TIME TO SPEND BILLIONS TO SUBSIDIZE SOCIALISM

It is inconsistent for the United States to be spending billions of dollars in order to stop the spread of communism in Europe, and at the same time to spend billions of dollars to subsidize socialism in Europe. Communism and socialism are the fruit of the same tree, and the tree has its roots in the theories of Karl Marx. Their ideologies are the same with one distinction. The Communist seeks to reach his goal, which is the abolition of private property and the nationalization of the means of production, if necessary, by revolution and violence. The Socialist, or national Socialist, as he is sometimes called, seeks to reach the same goal, the same identical objective, by so-called "democratic" methods.

The other day I quoted Mr. Churchill in regard to the objective of these Socialist Parties on the continent of Europe and in the British Isles. Mr. Churchill said in effect that the Socialist Parties in Europe, are the handmaids and heralds of communism and prepare the way at every stage and at every step for its further advance. Communism is the form of Marxism developed in Russia. The Government of the U. S. S. R. is controlled by members of the Communist Party. Socialism, or national socialism, is the form of Marxism developed in England, and the Government of England is controlled by members of the Socialist Party in that country. They have made a great deal of headway in England. The other day I set out in my remarks a list of 10 of the principal industries of England that have already been nationalized, that are already owned and operated by the Socialist government. I also at that time set out in my remarks a list of 23 of the basic industries of France that are now owned

and operated by the Government of France. The majority leader referred the other day to France as the weakest link in the Marshall plan chain.

Mr. President, the process of nationalization or socialization has been accelerated by the use of Marshall plan money. The latest project pending in England is the seizure by the Government of the basic iron and steel industry. But that is not the only industry the Socialist Party in England has in mind taking over and operating. The other day one of the leaders of the English Socialist Party was a visitor in Washington, Prof. Harold J. Laski, reputed to be the head of the Brain Trust of the English Socialist Party. Mr. Laski said the Socialist Party had in mind taking over three of the principal industries, adding very significantly, "Nothing but force will make me tell what they are."

So, Mr. President, the American taxpayer is not only buying into a pool of socialism, but, to a large extent, he is buying into a blind pool. He knows not what he does.

Mr. DONNELL. Mr. President, will the Senator yield?

Mr. KEM. I shall be glad to yield.

Mr. DONNELL. Did Mr. Laski indicate why he was so secretive with reference to these particular industries? The statement is so interesting and challenging that I would like to have some amplification of it.

Mr. KEM. He did not say. But he is a very intelligent man, and he undoubtedly knew the present measure was pending in this body at the time of his remarks.

Mr. President, all these industries which have been nationalized or socialized in England, I think, without exception, have been unsuccessful from a financial standpoint in their operations. The British Transport Commission announced that for the first fiscal year there would be a loss of \$112,000,000. That is the dollar shortage which I suppose will be made up by Marshall Plan money, if the pending amendment is rejected.

During the first year after socialization, the coal industry lost \$94,000,000. That is another dollar shortage.

Civil aviation—and I shall have more to say regarding that in a moment—lost \$100,000,000 in the first 14 months of operation.

Electricity, in the first few months after it had been socialized, lost \$28,000,000.

It is interesting to note particularly the experience of the British Government in coal production. During 1938, the last year before the war, the British coal industry, which was not then socialized, produced 227,000,000 tons. The first year after socialization, production dropped down to 208,500,000 tons. So it goes—

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. KEM. I yield for a question.

Mr. LANGER. Will the Senator give us the amount of production last year?

Mr. KEM. The actual production, as I understand, was 208,500,000 tons, although 8,000 more men were employed

than were employed in 1938 under private operation.

There is an interesting comparison between that record and the record of the steel industry, which has remained under private ownership. During the period in which the coal industry was losing ground the steel industry was gaining ground. The steel industry was called on by the British Government, under their plan, to produce 14,500,000 tons. Under private ownership they actually produced 14,900,000 tons.

What we are being asked to do, Mr. President, is to send to England, to be used in financing these experiments in socialism, money of the American taxpayer, earned under a system of free enterprise and personal initiative.

I quoted a day or two ago an American businessman who is now domiciled in Europe. He had this to say:

We are showing these Europeans that we have a h— of a lot of money and d— little sense to go with it.

#### PRIVATELY OWNED BUSINESS WILL COMPETE WITH GOVERNMENT-OWNED ENTERPRISE

Mr. President, I want to invite the attention of the Senate to what are some of the most serious aspects of this subject, namely, that we are taking the money of the American taxpayers and building up government-owned industry in Europe which will compete with American industry in the markets of the world and also in many of our own markets in the United States. The American businessman has always prided himself on his ability to compete. Our standard of living is higher; our wages are higher. American industry had some tariff protection in the past, but, generally speaking, the American businessman feels that with an "even break" he can hold his own with producers anywhere. But, Mr. President, there is no "even break" when he is called upon to compete with a government cartel, a government operation which enjoys freedom from taxes, a government operation which enjoys innumerable special advantages, and, beyond all, has been financed with money gathered by the tax collector in part from American producers themselves. The plain fact is that the moneys of the American taxpayers are being used for that exact purpose. It will have three serious effects on our economy, in my judgment. In the first place, it will put the American producer at a distinct disadvantage, as I have said. In the second place, it will progressively cut off the flow of raw materials from foreign countries and their colonies into American enterprise. In the third place, as we have already seen this process taking place, it will invite American companies to establish factories in those foreign countries where they can enjoy the relatively cheap labor enjoyed by government-owned enterprises.

I shall not take the time of the Senate in discussing this subject in great detail. I set it out in some detail in my remarks last week. But I want to invite the attention of the Senators who are present to one situation in connection with civil aviation.

The British Overseas Lines, which is rendering service between the British



Isles and America, is owned by the British Government. It recently announced that it was purchasing a considerable number of Boeing Stratospheres at a cost of \$15,000,000. Of course, it is perfectly obvious that the \$15,000,000 for that government enterprise comes from American taxpayers. There is no other place from which the money can be had, if we are to judge from the figures given us here. The American company, which is privately owned, and which is engaged in the same business, flying from New York to London, is required to compete with the government-owned industry. What about the financing of our American competing company? It is called American Overseas. Until recently it was a subsidiary of the American Air Lines, Inc. American Air Lines, Inc., announced recently that it had disposed of its overseas subsidiary, and it gave this very striking reason, which appears in the annual report of the American Airlines recently published. I read from the report the other day, but I shall read it again:

American Airlines has no additional funds for the purpose of investment in Overseas Airlines, and presently has no source from which it can secure such additional capital.

In other words, the experience of the private line in competition with these government-owned lines has been bad. They have shown deficits instead of profits which does not induce private investors to risk their money in competing with these government-owned lines.

To the same effect we see that the Belgian line has announced the purchase of some great Convairs, the very latest ships, which as I understand cost \$450,000 apiece, the kind of ships which the lines operating in my State as a rule cannot afford. The Belgian line is a beneficiary under the Marshall plan.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. KEM. I am glad to yield.

Mr. BREWSTER. Does the Senator realize that the British Government has thought it prudent not only to provide the assistance, as the Senator said, covering an annual deficit of around \$40,000,000, and approximately \$15,000,000 more required to purchase these 10 stratocruisers from Boeing, but has also allocated \$600,000,000 to establish the supremacy of British commercial aviation around the world, in direct competition with our own air lines, which are struggling vainly to meet that competition with the limited Government aid which we have found it possible thus far to provide?

Mr. KEM. I did not know that. The situation is worse from the standpoint of an American than I had anticipated.

Mr. BREWSTER. If the Senator will read the British white paper of 2 years ago, he will find the plan and the commitments outlined and a very similar analogy prevails in the expansion of the British merchant marine to a point considerably in excess of its prewar scope.

Mr. KEM. Mr. President, I hope those figures will be brought to the attention of the Administrator of ECA. Surely, he does not know of them. It would seem that we have had less sense than I thought.

#### THE INTERFERING IN THE INTERNAL ECONOMY OF ANOTHER COUNTRY ARGUMENT

I now wish to address myself to the argument which has been used against my amendment by several of the proponents of the ECA program with whom I have discussed it. They have said, "Of course we believe in free enterprise, we believe in private initiative and the American way of life, but we do not feel that we should interfere in the internal economy of another country."

Mr. President, with all due respect to the Senators who have made it, I think that argument is wholly unsound. The whole ECA program is an interference, on a gigantic scale, with the internal economy of 16 countries in western Europe.

#### (A) THE ECA ACT AUTHORIZES THE ADMINISTRATOR TO PLACE CONDITIONS ON THE GRANTS OF AID

The bill itself provides that the Administrator may make bilateral contracts with the countries with which he deals, in which he may lay down certain conditions with which they must comply in order to get funds under the ECA plan.

Mr. President, I wish to ask this question. If it is not interfering with the internal economy of a country for the ECA administrator to lay down a condition, why does it become an interference with the internal economy of that country for the Congress itself to attach a condition as to how our funds are to be used?

A few days ago the senior Senator from Ohio, in a very fine address, in effect said that he thought we could carry through and find out what was being done with our money. He said:

I do not want to cut Great Britain off because she is adopting a Socialist form of government.

Mr. President, I do not want to do that either.

I agree that she can adopt any kind of government she wishes, but it does not follow that American money should be used by the English to finance their experiment in socialism.

It would be one thing if this were a case, as the lawyers say, of first impression, and for us to adopt, from this point on, a program of noninterference in the internal economy of other countries. That is not the case. But from the very inception of the program we have been interfering in the internal economy of other countries.

#### (B) WE HAVE INTERFERED IN THE ELECTIONS OF ITALY

Let me point out just a few instances. One of the great accomplishments of the Marshall plan is generally considered to be the carrying of the Italian elections last April. In the campaign leading up to the elections the American Ambassador made a number of speeches in which he urged the Italian people to stand against communism, and urged the ECA program as a reason why they should do that.

The Attorney General of the United States, Mr. Tom C. Clark, a few days before the election addressed the Italian people over the radio, and made very strong representations to them that they should vote as he thought they should vote.

Mr. Zellerbach, in his testimony before the committee, laid particular emphasis on the fact that the use of ECA funds had resulted in what he regarded as a favorable vote in the election.

Mr. President, I do not want to say for a minute that I criticize what Mr. Zellerbach did, what Mr. Clark did, or what Mr. Dunn did, but I do desire to say that it is entirely too late for us to hold up our hands in pious horror and say, "Of course, we will not interfere in the internal affairs of any nation."

#### (C) OUR AID IS SUPPORTING A SOCIALIST GOVERNMENT IN ENGLAND

Mr. President, there is just one more case of interference which I wish to point out, namely, that the Marshall-plan money is being used as a great slush fund to influence the next election in the British Isles. We are told that the Socialist government is paying in Great Britain today benefit payments to the old people and the needy considerably in excess of what our Government feels it can afford to pay to the old people of our country. Clothing has been derationed by the use of Marshall-plan money. Sugar has been derationed by the use of Marshall-plan money. And so it goes.

We have Mr. Churchill's word that the Socialist government in England "is living from month to month and from hand to mouth" on the United States. As I have said, Mr. President, there are two ways of life competing in the world today. There is the American way, based on free enterprise and individual initiative. There is the Marxist way, which has as its objective the abolition of private property in the means of production.

What the ECA is doing now is taking money of American taxpayers, earned under the American way, and using it to subsidize the socialist way. I believe that to do so is against the interests of the United States. I believe it is contrary to the interests of Americans to take their hard-earned money to support and maintain a political ideology totally foreign and repugnant to their way of thinking.

Mr. President, I hope the Senate will adopt the amendment.

Mr. LANGER. Mr. President—

The PRESIDING OFFICER (Mr. DONNELL in the chair). Does the Senator from Missouri yield to the Senator from North Dakota?

Mr. KEM. I yield.

Mr. LANGER. I have been somewhat confused by what the Senator has just stated. Did I understand him correctly to say that Mr. Churchill said that the money we send over there is being used for the farmer-labor party of England in the election?

Mr. KEM. I believe there were numerous quotations in my remarks a few days ago to that effect. Let me see if I can locate them.

This is what Mr. Churchill said in the debate on the bill to nationalize or socialize iron and steel:

This measure cannot wholly be judged on its merits or demerits, if such there be, except in relation to the general economic life of Britain and our position in the world, and



also in relation to the United States on whom the Socialist Government and Socialist policy are living from month to month and from hand to mouth.

Again in the same debate, Mr. Churchill said:

When a measure of first-rate importance is presented to the House of Commons it is always necessary for us to ask the question, Is it going to help the country or is it a partisan maneuver? Is it progress that is sought or is it faction? This is certainly the time to apply that test, because on the morrow of our greatest victory we are living on subsidies by loan or gift provided by taxes on the hard-working and heavily burdened people of the United States. I have always thought that we should need their help after the war, but it should be a point of honor with us, irrespective of party nostrums, to regain our full economic independence at the earliest moment, and to do nothing that would put off that event either by hampering our output or wantonly dividing our people.

Along that same line is an editorial from the London Economist of November 20, 1948, and I read as follows:

Even those who have been most reluctant to believe that ministers of the Crown would so far forget their responsibility as to monkey with a major industry for reasons of mere internal party maneuverings are now compelled to agree with Mr. Churchill when he calls the bill "a feature in party tactics intended to keep the Socialist left wing as far as possible in order, and the Government as long as possible in office."

Again at Blenheim, in a speech on August 4, 1947, Mr. Churchill had this to say:

Therefore I supported the American loan and I will still support, and justify, further appeals to the United States provided that we are doing our best, that we are making the most of our resources, that we are determined to become a self-supporting nation and system at the earliest moment, and will put aside every impediment, and labor long and hard.

It is when we are not trying our best, not making the most of ourselves and our resources, not pursuing a wise or practical policy, not coming forward as a united nation, not trying to deal with the problems on their merits, that there is humiliation in asking and receiving aid from a mighty and friendly ally.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. KEM. Yes; I gladly yield.

Mr. LANGER. What puzzled me was that I understood from what the Senator from Missouri said that Mr. Churchill claimed this money was being used for the Labor Party of England, but yet he is in favor of the United States turning over this money. Is that correct?

Mr. KEM. I think Mr. Churchill is first and foremost an Englishman, and if I may interpret what he has said, I think he thought as many of us here did, at the outset that England needed money, needed help from America. But he stands aghast when he sees that money being used to nationalize and socialize the industries of the British Isles.

Mr. LANGER. Mr. President, will the Senator yield for a further question?

Mr. KEM. I am glad to yield.

Mr. LANGER. Nevertheless the Senator from Missouri knows, does he not, that Mr. Churchill does want the Marshall plan continued, and wants Eng-

land to get her share under the Marshall plan?

Mr. KEM. I was asked that question in the debate last week by the Senator from Oregon. I do not know that Mr. Churchill has said definitely or specifically that he opposes gifts or grants or so-called loans to Great Britain provided they are put to proper use. As I understand, what Mr. Churchill criticizes is the perversion of these grants and gifts, the misuses to which they are being put.

Mr. LANGER. Mr. President, will the Senator yield further?

The PRESIDING OFFICER (Mr. DONNELL in the chair). Does the Senator from Missouri yield to the Senator from North Dakota?

Mr. KEM. I yield.

Mr. LANGER. From one of the quotations the Senator read I gained the impression that Mr. Churchill was in favor of ECA.

Mr. KEM. As I said, I think he believes that, in general, certain aid from America is justified. I may say in passing that many of us who oppose the amount provided in the pending bill have the same thought. I may say that the Senator from Missouri so believes. But what the Senator from Missouri does not believe, what he is opposing here and shall continue to oppose so long as he is a Member of this body is the use of the money of the American taxpayers to nationalize—to socialize—the basic industries of England or in any other European country.

Mr. LANGER. I thank the Senator.

Mr. McMAHON rose.

Mr. KEM. Mr. President, I shall be glad to yield to the Senator from Connecticut for a question or yield the floor, as the Senator desires.

Mr. McMAHON. I would prefer to address myself to the amendment.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. McMAHON. Mr. President, the chairman of the Foreign Relations Committee [Mr. CONNALLY] suggested to me a few moments ago that it might not be amiss to have something said on the amendment by a member of the committee. In accordance with that suggestion I shall very briefly address the Senate concerning the objectives sought in the amendment offered by the Senator from Missouri.

I might begin by saying that I would not favor the nationalization of the steel industry of this country. If I were a citizen of Great Britain I doubt very much whether I would favor it there. However, that is not the question in issue.

When 2 years ago and more Gen. George Marshall delivered his speech at Harvard in which he outlined the conditions of western Europe and of the world, and when he suggested that he believed this country would be willing to assist Europe if European countries would combine to assist themselves, the Foreign Minister of Great Britain, Mr. Ernest Bevin, lost no time in seizing on the suggestion, and an invitation went to every country in western Europe, including, although we tend to forget it, the Soviet Union, for a meeting to be held in Paris, as I remember, about 3

days later. In this country we waited with a good deal of interest to see whether the Soviet Union was willing at least to start in a cooperative effort to rebuild the war-torn economy of those countries, including her own. We did not approach the question, nor did the countries of Europe approach it from an ideological standpoint. Of course, Senators all remember that after the meeting had progressed for a couple of days, and after Mr. Molotov had showered insults and hurled his imprecations upon General Marshall and upon the United States of America for daring to suggest that we would be willing to try to rebuild western Europe, he, with his train of followers and assistants, departed behind the iron curtain.

It was that event more than any other, I think, which made us realize that there existed an irreconcilable difference of viewpoint, an irreconcilable intention as to the future of the world, and that there was definitely to be pitched a contest of free men against slave states, a contest which all of us pray and hope shall never result in a conflict of arms.

Immediately the Soviet Union, with all the art of which it is capable—and it is extremely proficient along this line—began to propagandize everywhere to the effect that the United States of America had become a great imperialistic power; that it was bent upon controlling not only nations, but colonies and men everywhere, and was determined to be the master of the earth.

Of course, Mr. President, those of us who have had some part in forming our policy, those of us who know, or believe we know, what the American people are thinking realize that the last thing in the world this country wants or that its people want is to rule other countries of the earth. What we want is cooperation in building a free society of free states so that men and women can work out their destiny under God.

Mr. President, I can conceive of no action this Congress could take which would be more designed to prove the case sought to be made by Molotov and company than the adoption of this amendment. The purpose of the ECA has been to bind together free countries and free men. It has not been to dictate from Washington the nature of the economy under which the people in other countries should live. I think we would defeat the very objective which we are seeking to accomplish if we tried to do so. I hold no particular brief for the Socialist Government of Great Britain. Strangely enough, they seem to be making handsome progress, according to the figures which have been given to us by the Senator from Missouri.

Mr. KEM. Mr. President, will the Senator yield?

Mr. McMAHON. Not at the moment. I shall be glad to yield in a few minutes.

As has been pointed out before, apparently the success which this plan has had has become one of the great arguments against its perpetuation. It seems to me that we have short memories indeed. A year ago many of us stayed up all night in order to get the results of the Italian election, because we knew, if we knew nothing else, that if Italy went



Communist in that election, France was bound to follow, and that if France followed, the whole of western Europe would crumble into communism and decay.

The Italian election was won by the forces opposed to communism because, more than anything else, of the fact that this country had announced that we were willing and able to go to their assistance. It is easy to forget now that terrible winter of 1946, when it seemed that the hand of palsy was laid upon all Europe, and when Senators in this Chamber were debating very seriously what we would do when all Europe collapsed into communism. We seem to have been successful in pushing that day back. We have made great progress. We have done it, it seems to me, by realizing sensibly that we cannot dictate to the countries of Europe exactly what kind of governments they shall operate.

We can insist on one thing. We can insist—and I suspect will ever insist—that any government which receives aid from us shall maintain the basic civil liberties and rights which freemen get not from the state, but from God. They are natural rights—the right of freedom of religion, the right of freedom of speech, the right of freedom of press, the right in criminal cases to be charged openly, and then given a fair trial. Does anyone allege that those rights have been impaired or impinged upon in even the slightest degree by the present government of Great Britain?

Let us remember that we did not approach this venture in a spirit of pure idealism. It is not pure charity. We approached it on the basis of intelligent self-interest. We approached it on the basis that we have a great stake in the success of the economy of the countries which we are helping. I doubt if we would have any constitutional right to take money from the taxpayers of the United States and, purely as a matter of largesse, distribute it over the face of the earth. It is because it has the most direct relationship to the peace of the world, in which we have everything at stake, that we have decided to go forward under the present plan and the present policy of the Government.

Mr. President, we cannot amend the tariffs in Great Britain. We cannot suggest to the French that their budget shall be 1,000,000 francs more or 1,000,000 francs less, or that they shall discharge so many civil servants or hire so many others.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. McMAHON. In a moment. If we were to do so, we would prove the allegation which is made against us, and we would defeat the very objectives for which we are striving.

Mr. TAFT. Mr. President, is the Senator familiar with the fact that Mr. Bruce—

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Ohio?

Mr. McMAHON. I yield to the Senator from Ohio for a question.

Mr. TAFT. Does the Senator realize that that is exactly what we have done?

Mr. Bruce made a speech and served notice on the French Government that unless they balanced their budget we could not proceed with ECA. Does the Senator realize that that is exactly the course we have taken in France? We have told the French that if necessary they should discharge some of their 1,300,000 government employees.

Mr. KEM. Mr. President—

Mr. McMAHON. I do not yield at the moment.

Let me say to the Senator from Ohio that we have a right to advise; and I certainly would not be opposed to giving advice. We have that right; but to impose conditions is quite a different thing.

Mr. KEM. Mr. President, will the Senator yield?

Mr. McMAHON. I will not yield at the moment.

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Missouri for a question?

Mr. McMAHON. I have advised the Presiding Officer two or three times that for the moment I do not yield.

The PRESIDING OFFICER. The Chair did not hear the advice from the Senator from Connecticut. The question is answered. The Senator from Connecticut declines to yield for the moment to the Senator from Missouri. The Senator from Connecticut has the floor.

Mr. McMAHON. I should like to quote from Mr. Harriman, our roving Ambassador, who said:

If you refer to conditions, I think you are treading in a very dangerous field. These are mature and sovereign nations with widely different types of organization, economic organizations, and systems, and I do not believe we could accomplish what ought to be accomplished if there are any conditions to our aid in this field. Suggestions, advice; yes. Discussions and arguments, yes; but not conditions. There must be a will on the part of the nations and the people of the nations, and progress must be based on conviction that each step that they take is wise and sound.

I now yield to the Senator from Missouri.

Mr. KEM. The Senator from Connecticut comes from one of the greatest industrial States in the Union. The industries of Connecticut have long supplied many of the wants of the western area of the country, from which I come. I should like to ask the Senator from Connecticut if, as a representative of that State, he looks with satisfaction and equanimity upon a condition under which the manufacturers, producers, and working people of Connecticut will be in direct competition with foreign government-owned and government-operated industry financed with Marshall plan money?

Mr. McMAHON. I will say in answer to the Senator from Missouri that he rightfully terms the State from which I come one of the great industrial States of the country. Small in area, it has been known, particularly during the war years, as a great and efficient producer. It has been my observation that we in Connecticut can compete with the rest of the world because of the efficiency of

our machinery and the intelligence and skill of our working men.

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. McMAHON. Not at the moment.

The PRESIDING OFFICER. The Senator declines to yield for the moment.

Mr. McMAHON. Our State has grown great meeting the competition of the world and overcoming it. I say to the Senator from Missouri that I have greater fears for the people of my State on grounds other than the one which he suggests. I saw what happened in 1930, when we enacted the highest tariffs the world has ever known. A thousand economists addressed a communication to the then President of the United States, Mr. Herbert Hoover, and warned him that the imposition of such tariffs would plunge the economy not only of this country, but of the countries of the world, into despair. That is exactly what happened.

Mr. President, I am also aware—

Mr. KEM. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Missouri?

Mr. McMAHON. Mr. President, I refuse to yield for the moment. I shall tell the Senator from Missouri when I am ready to yield.

Let me say that I am also aware of the fact that a greater danger could come to my people and to all the other people of the United States, namely, the orientation of western Europe, with its 270,000,000 people and its machine-tool plants, into the orbit of the Soviet Union. It was because we knew that Hitler's Germany combined with Tojo's Japan would monopolize practically two-thirds of the skilled manpower and over 60 percent of the machinery of the earth, that the fight we have since finished was won, and it was essential that it be won if we were to continue to exist as a free people. But let such a condition come about again, this time under the domination of an even more ruthless tyranny, equip that tyranny with a stock pile of atomic weapons, equip it with jet airplanes, and equip it—nay, it is already so equipped—with its ruthless will, and then I say, Mr. President, I shall be concerned for the state of the people of Connecticut, yea, for the welfare of all the people of the United States and the people of all the world.

Mr. KEM. Mr. President, will the Senator yield at this time?

Mr. McMAHON. I yield.

Mr. KEM. The Senator from Connecticut spoke with feeling and assurance about the ability of the producers of Connecticut to compete with the world. I could not help but recall that a few days ago I read in the Washington Post that the New Haven Clock Co., a long-established industry in the Senator's State, had shut down, putting 600 persons out of work; and that the reason assigned by the president of that industry was the difficulty or inability to meet foreign competition.

The PRESIDING OFFICER. The Chair calls attention to the fact that



Senators can yield only for questions.

Mr. KEM. My question is this: Is the Senator from Connecticut familiar with that incident?

Mr. McMAHON. I say to the Senator from Missouri that I am thoroughly familiar with the incident, and I have made a complete study of it. I do not intend to discuss that company's affairs, in relation to this amendment, on the floor of the Senate at this time. We are to have debate on the reciprocal-trade-agreements extension bill, and I shall reserve until that time my comment on the example the Senator from Missouri has given. Since I propose to speak when that issue comes to the floor of the Senate, I shall then welcome a further investigation of the attitude of the Senator from Connecticut on that question or on any other question pertaining to reciprocal-trade agreements.

Mr. KEM. Mr. President, will the Senator yield at this point for a further question?

Mr. McMAHON. I yield.

Mr. KEM. The Senator from Connecticut spoke with feeling about the necessity of the United States preventing the overrunning of western Europe by the forces of communism. I should like to ask the Senator whether in his opinion there is any greater danger facing the people of the world today than the danger which would come from undermining the economy of the United States, the last and greatest and finest bulwark of democracy?

Mr. McMAHON. Of course, Mr. President, the answer to the Senator's question is perfectly apparent. The economy and the strength of the United States must be maintained as the keystone and cornerstone of the union of free peoples which we are trying to erect to combat the ideological tide, the ideological state, which is moving all over the world against free men and free institutions.

I say to the Senator from Missouri that just as it is desperately necessary that we do what the Senator wants—and with which I agree—it is likewise essential that we maintain as our allies the countries of western Europe and its 270,000,000 people.

If the Senator from Missouri believes that Communist Russia is no threat to us; if he believes that if we had not undertaken to assist western Europe, Russia could have gone in there with impunity and it would have made no difference to us; if he is not at all concerned about her armament situation; if he is not concerned with the fact that Russia has enslaved 10 countries in the past 2 years—if he is not concerned about any of those things—then I say he has no right to vote for the authorization or expenditure of a single dollar under the Marshall plan or under any other plan which would take a dollar from the United States for expenditure in England or France. Regardless of what I might think about the Senator's judgment in such case, nevertheless he has a right to his judgment; and if he believes that, it is his duty, I presume, to vote against such authorizations or expenditures.

Mr. KEM. Mr. President, will the Senator yield again?

Mr. McMAHON. I yield.

Mr. KEM. I am sure the able and fair-minded Senator from Connecticut does not mean that those of us who favor the pending amendment are alined with the forces of communism.

I should like to ask the able Senator if he feels that it would be fair for me to make this argument against certain measures which the Senator from Connecticut is advocating with reference to the secrets of the atomic bomb: As I understand the situation, the Senator from Connecticut feels that those secrets should be made, in part at least, the property of the world. That idea certainly is in accord with the ideas held in the Kremlin. Because of that fact, does the Senator from Connecticut feel that it would be fair for me to indicate that the Senator from Connecticut is in any way sympathetic with the forces of communism, or that in taking the position which he does take he is alining himself with those forces?

Mr. McMAHON. Mr. President, in answer to the Senator's observation, let me say that I suppose it is somewhat difficult for any of us to have our position understood, no matter how plainly we may state it. Although I do not like to take a great deal of time now, yet this might be a good opportunity for me to restate my position as plainly as I can: No one has been more zealous or more insistent than I have been that the vital secrets of our atomic program not be disclosed to any nonauthorized person. About 3 months ago I made a speech, which, in part, I repeated on the floor of the Senate on one occasion when the matter was brought up here. The speech I mention was made at Detroit, and in it I pointed out that it was time for this Nation to consider seriously whether we could safely divulge the size of the stock pile of atomic bombs—not, mind you, how to make them; I wish the Senator to understand that point clearly—but the number that we had on hand. The Senator from Connecticut, realizing that that was a most important question, very carefully listed the arguments which could be made for that position, and also the arguments or reasons which could be urged against it. I suggested that it was high time we made a study, but I said that at that juncture I was unabale to come to a conclusion. That was my position then, and it is my position now.

Mr. KEM. Mr. President, I should like to ask the Senator from Connecticut a further question: I ask him if he joins me in the thought that an argument *ad hominem* in either case would be wholly unfair and out of place.

Mr. McMAHON. I may say to the Senator from Missouri that I was entirely unaware of any attempt to make an *ad hominem* argument here. I was trying to point out to the Senator from Missouri the main objective of the program in which we are engaged.

The main objective of this program is to maintain the freedom and security of the United States of America. The main objective of the program is to see to it

that the tide of communism does not sweep over 270,000,000 people, with their resources to be drained off, and to be joined with a ruthless state for the purpose of conquest. I have pointed out to the Senator, not in any effort to make an *ad hominem* argument, that if we were in the bill to insist upon conditions with respect to the type of government the recipient countries should have, we would be at the same time entering a plea of guilty to the claim that has been made all over the earth by the Kremlin that we are seeking to imperialize the earth and to dominate the lives of men, women, and children everywhere. That is all I have been trying to point out to the Senator.

Mr. KEM. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Missouri for a question?

Mr. McMAHON. I yield.

Mr. KEM. Was not the statement, in effect, that the ideas behind the amendment would be received with great satisfaction by Mr. Molotov and his associates?

Mr. McMAHON. I am afraid they would be. I know they would be. I can see Pravda, if the Senator will permit me, and I can hear the Red radio, saying, "See, we told you so. We told you in Paris that if you went into this thing you were going to lose your liberty. We told you that edicts would come forth from the United States which would dictate how you should conduct your Government. We told you so, and now it has been proved, because they have said to the British Government, 'the action which you propose to take with regard to your internal affairs, as to how you will operate your steel industry, shall not take place'."

Mr. KEM. Mr. President, will the Senator yield for a question?

Mr. McMAHON. I yield.

Mr. KEM. I should like to ask the Senator whether he does not believe that the release in whole or in part of information regarding the atomic bomb would be received with satisfaction by Mr. Molotov and his associates in the Kremlin?

Mr. McMAHON. The Senator from Connecticut cannot quite see the pertinency of the question. I may say to the Senator from Missouri, I have tried to tell him what my position is in that regard. I doubt very much whether Mr. Molotov would receive information, as to the size of the stock pile, with any satisfaction whatever. The Senator from Connecticut is not aware that that would be good news for Mr. Molotov. I should certainly think it would not be good news. Some secrets as to how we do the thing and put it together, I presume would be received by them with satisfaction. So long as I have anything to do with it, I am going to make it as difficult as possible for them to obtain that information.

Mr. KEM. I should like to ask the Senator whether any news would not be good news to Mr. Molotov?



Mr. McMAHON. No. I may say to the Senator it would not be good news to him that the pending bill had been passed, or that the North Atlantic Pact had been ratified, or that we had provided for its implementation from a military standpoint, if that shall be necessary. That would not be good news to Russia and her satellites. The determination we have shown in our leadership of the nations to keep ourselves free and to maintain civil rights and civil liberties, to maintain the ordinary decencies among men, to recognize mankind as the creatures of God, not as creatures of the state, to recognize men as being endowed with certain natural rights and our willingness to act to defend those rights—that is the kind of news Russia does not like.

Mr. KEM. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Missouri?

Mr. McMAHON. I yield.

Mr. KEM. Did the Senator understand my question about news to relate to the passage of the pending bill, or to the divulging of information in regard to the atomic bomb?

Mr. McMAHON. I have stated to the Senator what my position is in that respect, and I am trying to point out that the Senator from Connecticut is not in favor of giving Molotov a scintilla of information that will enable him to make this fearsome weapon. I may say to the Senator I probably am in agreement with him on that; I take it I am, but I do not wish to become involved in a discussion of the atomic question, for it brings up many other things which, while they could be profitably discussed, and which should be discussed in the Senate in the near future, are not appropriate at this time.

Mr. KEM. I think perhaps the Senator is correct about that.

Mr. McMAHON. The Senator and I do not agree—although I am not sure of it—but, in my opinion, the United States, when it made the offer to Russia, and the world to furnish information on atomic energy in exchange for effective security from its misuse, wrote the most glorious page that has ever been written in the diplomatic record of any country at any time. I may say further to the Senator that, in my opinion, had that offer, magnanimous as it was, been accepted—and I have regarded it personally as the acid test of Russia's intentions—I dare say the Senator and I would not be here today debating an ECA authorization. Nor would we have to debate the North Atlantic Pact, because if that offer had been accepted, peace would have been well on its way to every corner of the earth.

Mr. KEM. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Missouri?

Mr. McMAHON. I yield.

Mr. KEM. I should like to say by way of a preliminary that I agree with the Senator from Connecticut on many things, and I have not the slightest doubt

either of his ability or of his patriotism.

Mr. McMAHON. I thank the Senator.

Mr. KEM. But I should like to ask the Senator, is it not generally understood that the approach of Mr. Molotov and the Kremlin is to wait until the American economy is weakened by unsound measures taken in this country, and then to move in for the kill?

Mr. McMAHON. I may say to the Senator that I am as much concerned as any sensible American must be, about \$50,000,000,000 budgets. I know the drain such expenditures impose upon any free-enterprise economy. I should be very happy indeed if we could now take about \$25,000,000,000 or \$30,000,000,000 and wipe it off the books. There is no one who would like to do it more than I. I share the fervor of the Senator from Missouri with respect to reduction of Government expenditures, but I have to make my estimate of the danger which faces this country, and of the wisdom of the methods and of the means we are taking to meet it.

Mr. KEM. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Missouri?

Mr. McMAHON. I yield.

Mr. KEM. I should like to inquire whether the Senator anticipates being able to activate his fervor at any time during the present session.

Mr. McMAHON. I may say to the Senator that I have some doubt. I must be entirely honest with the Senator. I look at the expenditures for the veterans, and I see no chance of cutting them. I see the expenditures for arms, and I see no chance of reducing them. I look at ECA, and I do not see much opportunity of reducing the expenditures for that undertaking. I look at the interest on the national debt, and I see no chance of reducing that by so much as a penny. Adding up all those expenditures, they amount to about two-thirds, I think, of the national budget, and there is left \$10,000,000,000 or \$11,000,000,000 with respect to which, in the opinion of the Senator from Connecticut, economies may possibly be made. Of course, the Senator from Missouri may say there is an opportunity to make reductions by wiping out ECA; but I cannot go along with the Senator on that, because I am afraid, if we were to take that method of reducing expenditures, it would be the most costly economy ever known in the history of the world. If we were to reduce or wipe out this expenditure, it might well be that we would spend ten, twenty, or a hundred-fold more in an effort to stave off the very thing which we would invite by producing a state of weakness, where there now exists a state of increasing strength and recovery.

Mr. WHERRY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Nebraska?

Mr. McMAHON. I yield.

Mr. WHERRY. Does the Senator believe that the authorization of this money

is sacrosanct, and would he, for the RECORD, give us his opinion as to whether it is the responsibility and the duty of the members of the Appropriations Committee—because I understood the Senator to say that he did not feel that the appropriation for ECA would be very much reduced—to go over the appropriation and recommend to the Senate a figure which is justified by the projects which are listed?

Mr. McMAHON. It is, as I see it, an obligation upon the part of the Appropriations Committee, another agency of the Senate, to scrutinize the program and the estimates with the greatest of care. It strikes me that if the estimates can be shown to have been made up on November 30 to one scale of prices, and there has since been a 5 or 6 percent decline in prices, certainly the Appropriations Committee has a right to take that fact into account.

Mr. President, while I am on that subject, I may say that, so far as the Senator from Connecticut is concerned, he does not view the assurances given by the committee as binding him to simply any kind of a reduction the committee shall choose to bring forward. I am not prejudging the committee in any way, manner, or form, but I say that if, in my judgment, the appropriation is cut to such a point that it might jeopardize the success of the program, I shall be found on my feet seeking to increase the appropriation and to upset the Appropriations Committee in that respect.

I shall do it from the deepest conviction, instinct, and impulse to which any man could be subject, because the world is marching to a climax which can be avoided, in the opinion of the Senator from Connecticut, only by the marshalling of force, so that the desperate men who would hurl humanity into the abyss will retreat and give way. Let them get the idea that we are not serious in our efforts and that we are willing to permit Europe to retreat into confusion and chaos—once give them the idea that they are free to marshal the peoples of those countries into their camp, and the United States will be fighting the most desperate battle for its existence mankind has ever conceived, a battle which, if we win, I say once again, we shall lose. A third world war about which we have been talking—some of us too lightly—we had better talk about preventing, and we had better be thinking solely in those terms, because, in my opinion, we could not fight such a war and, at the same time, preserve the kind of government we have maintained in the United States.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. McMAHON. I yield.

Mr. WHERRY. Let me ask the Senator this question: If the receipts which are anticipated, from all sources, for the fiscal year do not exceed \$42,000,000,000 and the appropriations which we are about to make for ECA, the implementation of the Atlantic Pact, for defense, for the integrated programs, and domestic appropriations for our own economy, exceed \$50,000,000,000, would the Senator feel we were justified in making a straight cut right through all



appropriations in order to avoid increasing taxes or engaging in deficit spending?

Mr. McMAHON. Frankly, I do not want to answer that question at this time. I do not wish now to tie my hands for the rest of the session, because the question which the Senator asks implies a commitment over a period of time to which I do not think I want to bind myself. So, with all due deference to the Senator's question and its propriety, I still say that I refuse to be bound at this time.

Mr. KEM. Mr. President, will the Senator yield?

Mr. McMAHON. I yield for question.

Mr. KEM. The Senator has spoken very feelingly and forcefully regarding the use of ECA money for national defense. I should like to ask him if he believes the ECA is an adequate substitute, in whole or in part, for national defense?

Mr. McMAHON. Oh, no; certainly not. I regard it as being supplementary to our national-defense budget. I agree with what Dr. Nourse said, as quoted in the newspapers today, that it is all one picture—ECA, defense, implementation. It is all for the defense and security of our own people.

Mr. KEM. Mr. President, will the Senator further yield?

Mr. McMAHON. I yield.

Mr. KEM. Do I correctly understand the Senator's position when I understand it to be that ECA is supplementary to national defense, that national defense should be our first consideration, and then, after we have adequately armed ourselves, if we have funds for ECA, we should devote so much as we can to that purpose?

Mr. McMAHON. No; I do not think I would come to that conclusion, because I regard our policy as an integrated whole. I will say to the Senator that I am not so sure that perhaps some economies cannot be made in the national defense budget. The Senator from Connecticut has certain ideas about that which he will express when the appropriation bills reach the floor of the Senate. However, it seems to me we make a mistake in regarding the size of our national defense budget, the ECA, and the North Atlantic Pact as being anything except a part of the national defense of the United States. If it is not that, we have no right to undertake these things.

Mr. KEM. Mr. President, will the Senator yield for a further question?

Mr. McMAHON. I yield.

Mr. KEM. Did I correctly understand the Senator from Connecticut to refer to ECA as being supplementary to the national defense?

Mr. McMAHON. Call it complementary, if the Senator will. It is all a part of the whole. That is what I am trying to tell the Senator.

Mr. KEM. Mr. President, will the Senator yield for a further question?

Mr. McMAHON. I yield.

Mr. KEM. The Senator seems to have great faith in our financing the British Isles and the continent of Europe as being a part of our defense against com-

munistism. I will ask the Senator if he agrees with Mr. Winston Churchill when he says that the Socialist Party of Europe are handmaidens and heralds of communism.

Mr. McMAHON. I will say that we have been through an election campaign recently, and I heard far worse things than that said about the party of which I have the honor to be a member. Such things are still being said. That does not prove that they are true. I have the greatest respect for Mr. Churchill. I think he is one of the great statesmen of our time or of any other time, but, at the same time, I know that Mr. Churchill is human and that he was confronting a constituency in an election.

Mr. KEM. Will the Senator from Connecticut permit me to suggest to him that he has been led into error, that the statements made by Mr. Churchill were made by him in the House of Commons on the bill to nationalize the iron and steel industry of Great Britain, and were not in any sense a part of a campaign speech?

Mr. McMAHON. In one sense every speech members of the legislature make is a campaign speech in a democratic country, because it is upon the basis of what we say and do here that we must defend ourselves before the electorate. As the Senator from Connecticut understands, the iron and steel question in Great Britain is going to be determined in the 1950 election. The people of Great Britain will have the opportunity, in the same way we have the opportunity, to pass upon national policies, to go to the polls and cast secret ballots to determine what they as a people shall do. The right of a free ballot is one of the best evidences of the exercise and workings of democracy of which I know. That is the way the people of Great Britain are going to determine this question in the election of 1950.

Mr. KEM. Will the Senator permit me the observation that the decision as to whether Great Britain shall nationalize the iron and steel industry of Great Britain should not be made by the British people at the election in 1950, but should be made by the Congress of the United States at the present session?

Mr. McMAHON. The Senator from Connecticut has already expressed his ideas about that, and there is no use reiterating them.

Mr. President, I am anxious to take my seat, but I should like to say just one word before I conclude. When the Government of Great Britain nationalized its banks and nationalized its railways, it paid its own people with British notes and British pounds, not dollars. I can anticipate the Senator rising and saying, "Yes, but it is the Marshall plan aid that sustains the whole economy, and gives their money some worth." That, I grant, is true, and no sensible man can deny it. At the same time, we must also admit that the pound notes which are handed over to the owners of the securities of the British industries are not acceptable for dollars, but are really tradable only in the sterling area.

Mr. KEM. Mr. President, I should like to ask the Senator if the losses in the nationalized industries in Great Britain

are not a part of the deficit in the British budget which we are called upon to make up under the Marshall plan?

Mr. McMAHON. No, I do not think so. I do not believe they are.

Mr. KEM. I should like to ask the Senator if he would be kind enough to elucidate that point a little further, and explain to the Senate, and for the RECORD, in what way the losses incurred by the nationalized industries of Great Britain are not a part of the deficit in the British budget which we are called upon to make up under the Marshall plan.

Mr. McMAHON. The Senator from Connecticut is now at the end of his argument on the amendment of the Senator from Missouri. I do not feel that I should prolong the discussion. I have given the Senator my opinion, and I shall now take my seat.

Mr. HICKENLOOPER. Mr. President, I should prefer to make such suggestions as I shall present in a colloquy with the Senator from Missouri, but under the existing stringency of the rules under which the Senate is operating, I presume I should occupy the floor in my own right, and attempt to speak to the Senator from Missouri in that capacity. I shall invite his questions to me, and in advance, without going through too much detail, I assure the Senator from Missouri that I shall yield, while I have the floor, at any time he may wish to ask me a question.

The PRESIDING OFFICER. If the Senator will indulge the Chair a moment, the Chair observed the phrase in the Senator's remarks "the existing stringency of the rules." The present occupant of the Chair does not consider that there is a present stringency of the rules. The present occupant of the Chair regards the rules as stated, clear and definite, and so long as he remains the occupant of the Chair, the rules will be enforced without fear or favor.

Mr. HICKENLOOPER. Mr. President, I find myself in some disagreement with the amendment offered by the Senator from Missouri. Without taking the time of the Senate to any great extent, I shall say that I am not satisfied to support the Senator's amendment as it now reads because of its reference to a specific industry, such as the iron and steel industry, and because of certain other verbiage which is used in the amendment. I have been giving it considerable thought, because I am definitely sympathetic with the point the Senator from Missouri is trying to make.

I wish to call the attention of the Senate to certain basic assumptions I make. In the first place, we have heard of the "do not touch" philosophy so far as the operation of the internal affairs of other governments under ECA are concerned. I have supported the theory that we probably should not attempt to dictate the internal social and political operations of the governments we are trying to aid, and the peoples we are trying to aid, but I submit that we are in every act of the ECA dictating the terms under which ECA will be used within those countries.

I submit that it has been made abundantly clear repeatedly by officials of the State Department, and on the floor of the



Senate and of the House of Representatives, that if a country is a Communist-controlled country we will extend no ECA aid to it at all. That is a determination as to the use of ECA aid based upon a social and political philosophy entertained in the particular country.

Mr. KEM. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Missouri for a question? The Chair is not attempting to be unduly stringent, but acting in accordance with the rules of the Senate.

Mr. HICKENLOOPER. As I stated, I shall be glad to yield to the Senator from Missouri at any time for any question he may care to propound.

Mr. KEM. I should like to ask the Senator whether at the outset of the Marshall plan program it was not indicated, at the OEEC meeting, that Spain did not have a government which met with the approval of the conferees there, and that as a result throughout the Marshall plan we have declined any aid to Spain?

Mr. HICKENLOOPER. Mr. President, I am happy the Senator asked the question, because I was going over to the other side of the political and social fence to call attention to the fact that in Fascist Spain we have adopted the policy of not extending Marshall plan aid, because we do not like or approve, apparently, the type of government operating there. So in the Marshall plan we have undertaken to circumscribe the use of the funds, both for Communist countries on the one hand and for Fascist countries on the other, a direct program to determine the philosophy of government which we will elect to support with ECA money.

Mr. President, we hear much said repeatedly to the effect that we must not touch nationalism of industries or anything of the kind because we would be violating the freedom of self-determination in the participating countries. I think that argument falls when we consider the Communist philosophy on the one hand and the Fascist philosophy on the other, both of which we have said we would not aid with ECA money.

Mr. President, I may disagree, indeed I do disagree with the socialist philosophy of nationalization, but by the same token, I agree that the people of Great Britain have an inherent right of self-determination, and if they want socialism and nationalization, and if it is accomplished on a voluntary and free basis, that is their business. I shall not attempt to change or alter their form of government or their attitude toward their social or political forms so far as that is concerned; but I believe I have some right to say in advance how a portion of my tax dollar shall be spent in connection with the social and political activities of other countries. Without attempting to change their forms I ought to have some right to place a limitation upon how the American taxpayers' dollar is to be spent abroad.

We are against communism, we are against fascism, and certainly I hope that the overwhelming majority of the people in the United States are against socialism and against nationalization.

But eliminating the blood purge and a few things like that, I hope we see in it the same evils to a free and competitive society that we see in communism or in fascism.

If we go further into the operations of ECA, it becomes apparent that every dollar spent by ECA in countries abroad is a dollar spent with a limitation placed upon it by the Administrator. He even examines every private-business venture which ECA dollars are supposed to support, and he says "No, this is not good for your economy," or "This is good for your economy." "I will advance and authorize ECA dollars in this project," or "I will withhold them in that project." Those are private-enterprise projects. So in effect we control every dollar of money that is spent under the ECA program. If we did not so control our money, if we did not so use our money in the ECA countries, there would be no restrictions in the bill, and we might as well make a flat appropriation in dollars to each country, and say, "Use the money as you please."

While I do not like the Senator's amendment as such because I think there are certain restrictions in it which I feel I could not support, I should like to suggest to the Senator an amendment to or a substitute for his amendment to see what he thinks about it. In place of the language he has in his amendment I should like to suggest language something like this, to be inserted at the proper place:

The Administrator shall not authorize assistance under this act within any participating country when such assistance will provide dollars or dollar credits which may be used by such participating country directly or indirectly to acquire and operate, in whole or in part, any basic industry as a nationalized industry.

Mr. President, I call attention to the language of that proposal and its effect. My amendment does not attempt to dictate how countries shall conduct their internal affairs so far as nationalization is concerned. It does not say to any country, "You shall not nationalize your industry." But it does say that no American dollars or dollar credits shall be used to aid in the nationalization of their industries or to support such nationalization. They can proceed to nationalize if they want to. We place no prohibition on them. But if they do hereafter, they have to do it completely under their own power and without the aid of American dollars or dollar credits either in the acquisition of or the operation of such nationalized basic industries.

In my judgment, Mr. President, that preserves the principle of not dictating to a country whether it shall or shall not nationalize. It does not dictate what the people shall do under their own power within their country if they have the means and will to do it. It only provides—and I will read it again:

The Administrator shall not authorize assistance under this act within any participating country when such assistance will provide dollars or dollar credits which may be used by such participating country directly or indirectly to acquire and operate, in whole or in part, any basic industry as a nationalized industry.

Mr. President, if we do not believe that nationalization of industries is good for a free economy and for the type of government and economy in the world in which we want to live; if we believe in leaving the other fellow still free, however, to do as he pleases within his own country with his own political and social forms, then I cannot see any objection to this prohibition. It only says that American dollars or dollar credits shall not be used hereafter by any country to nationalize or operate its nationalized basic industries.

I believe we have a perfect right to make reservations on the use of American dollars. I believe we not only have the right to do it, but we are doing it every day and in every transaction under the ECA. We evaluate projects. We say we will give money or withhold money based upon our judgment on the projects over there. We do not give money to Communist countries because we do not like the Communist philosophy. We do not give money to Fascist countries because we do not like the Fascist philosophy. If we do not believe in nationalization, I think we have a basic responsibility to put some kind of a string, not upon whether the British people or other people can nationalize their industries, not upon that, but we have a right to put some kind of a string on how American dollars and American credits shall be used in going forward with socialistic experiments of nationalization among peoples we are trying to help.

I am happy to help them even if they are socialists. That makes not too much difference. I believe they have a peaceful method of attempting to accomplish their reforms. There is a difference between the National Socialists of Europe and the Communists. The objectives socially and economically are the same. The methods of attaining them and the methods of enforcing them are different, as the Senator from Missouri has pointed out. The National Socialists believe in an orderly procedure in attaining their nationalization and control. The Communists believe in the blood purge and revolution as the basic method of accomplishing their end. But respecting our American dollars, which have been obtained through the sacrifices of the American taxpayers, I believe we must think and act clearly and wisely in preventing their use and the use of credits for nationalization purposes, in which I believe the overwhelming number of Americans disbelieve.

I simply wish to say again to the Senator from Missouri that I have made my suggestion to him, I hope in a spirit of cooperation and purpose which I believe we have in common. I do not mean to be offensive, and I hope he will forgive my criticism of his original amendment.

Mr. KEM. Mr. President, may I say very briefly—

The PRESIDING OFFICER. The Senator from Missouri is recognized in his own right.

Mr. FERGUSON. Mr. President—

The PRESIDING OFFICER. The Senator from Missouri addressed the Chair first.



Mr. KEM. Mr. President, I will yield the floor to the Senator from Michigan.

The PRESIDING OFFICER. The Senator from Missouri cannot yield the floor to another Senator.

Mr. FERGUSON. Mr. President, I ask for the floor in my own right.

The PRESIDING OFFICER. The Senator from Michigan now addresses the Chair and asks for the floor in his own right. The Chair recognizes the Senator from Michigan.

Mr. MYERS. Mr. President, do I correctly understand that the Senator from Missouri is recognized?

The PRESIDING OFFICER. The Senator from Missouri has resigned the floor, and the Senator from Michigan has been recognized.

Mr. FERGUSON. Mr. President, I hope the junior Senator from Missouri [Mr. KEM] will accept the substitute which has been suggested. I have not had much to say on the floor of the Senate in relation to the ECA, but I wish to say a few words on the pending amendment, and particularly on the substitute suggested by the Senator from Iowa [Mr. HICKENLOOPER].

I was greatly impressed by the argument of the able Senator from Iowa when he stated that we have something to say as to the use to which our dollars shall be put. He indicated—and it is clear—that we said we would not extend aid to Spain because in the opinion of the American people Spain is a Fascist dictatorship. We had something to say when it came to giving ECA aid to Russia, which is a proletariat dictatorship. We have something to say, in the amendment which was offered by the able Senator from California [Mr. KNOWLAND] in connection with aid to China. We have restricted the President. We have said that he shall not extend aid in areas in China which are dominated by the Communists. So we do have the right to say what American dollars shall be used for. Every dollar that is spent will be raised by taxation, and the sweat and tears of the American people will pay for these appropriations. Quite properly, America should say what the money shall be used for.

We talk about socialism and about communism; but I believe that anyone who understands the fundamentals of communism, of socialism, and of Marxism will say that they are so similar the difference is only a matter of degree. We think of Britain as being an outstanding nation in the preservation of freedom. We think of Britain in connection with our judicial system. We who are trained in the law go back to the days when we studied the judicial system of Britain. We know that in this country we have adopted many of the British legal principles. The great common law of America is the common law of the British Empire.

We cannot imagine that America could ever go socialistic or communistic. We cannot understand how the great British Empire, with its traditions, could ever go socialistic or communistic; but I say that it can happen there, and it can happen here. That is the question with which we are concerned today.

Anyone who read the article, Stalin on Revolution, published in the Foreign Af-

fairs Quarterly for January of this year has a better understanding of the subject. If one will read the Manifesto of 1848 by Marx and Engels he will understand how close socialism is to communism. Communism is able to move with the ebb and flow of the tide. It retreats here and advances there.

Let me bring to the attention of the Senate something which I received in the mail only yesterday. This pamphlet is being distributed at the University of Michigan. A few years ago the then Attorney General of the United States, Mr. Biddle, made a finding that the Communist Party in America stood for the overthrow of Government by force and violence. Does our present Government feel that is the principle of the Communist Party? It must, because it has indicted and is now trying in the District Court of the United States in New York City the heads of the American Communist Party for conspiring to overthrow the American Government by force and violence. Will the Communists retreat and try to advance upon some other front?

Mr. Foster, in his book published in 1931 or 1932, stated that the Red Army would help to establish communism in America.

Let us find out what is said in the pamphlet which is being distributed to students of the University of Michigan. I am sure that it is being distributed at other universities. At the end of the pamphlet we find the following:

Write to the National Youth Commission or Council of Student Clubs, Communist Party, 35 East Twelfth Street New York City.

Then there is this line:

I would like more information on the Communist Party—

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_

Mr. BRIDGES. Will the Senator yield?

The PRESIDING OFFICER. The present occupant of the Chair will enforce the rule requiring the Chair to be addressed.

Mr. BRIDGES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from New Hampshire?

Mr. FERGUSON. I am glad to yield to the Senator from New Hampshire.

Mr. BRIDGES. I entered the Chamber after the Senator had started his address. Who issued this pamphlet?

Mr. FERGUSON. The National Youth Commission or Council of Student Clubs, Communist Party, 35 East Twelfth Street, New York City.

Mr. President, I wish to read a portion of the pamphlet, and then I shall place all of it in the RECORD. It is very cleverly written. On page 5 we find the following:

Now we will tell you what the Communist Party stands for.

On another page there is the following language:

The Communist Party does not now and never has advocated the overthrow of the Government by force and violence. Its con-

stitution specifically calls for the expulsion of any member who conspires to overthrow any or all institutions of American democracy.

That is the retreat, because they know that there is a law in the United States, the Smith Act, which makes it a criminal offense to conspire to overthrow the United States Government by force or violence.

Mr. KEM. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Missouri?

Mr. FERGUSON. I am glad to yield to the Senator from Missouri.

Mr. KEM. I should like to ask the Senator from Michigan if the Youth Commission or Council of Student Clubs of the Communist Party, the platform of which the Senator is reading, has not brought its platform exactly in line with the platform of the Socialist Parties of Great Britain, France, and other countries of western Europe.

Mr. FERGUSON. I am of the opinion that it is very similar.

On page 5 it is said:

Now we will tell you what the Communist Party stands for.

I now read what it is said the Communist Party in America stands for:

Peace, the Bill of Rights, full equality for the Negro people, the right to work, the right to strike, the right to social security, the right to advocate socialism to end the wars and depressions which capitalism breeds.

There is the secret of the whole thing; we find it in the last line of this publication, I say to the Senator from Missouri. All of us will agree to the first principles mentioned in the pamphlet, as I have just read them; they are humanitarian principles.

But then it is said in this pamphlet: the right to advocate socialism to end the wars and depressions which capitalism breeds.

Incidentally, Mr. President, I shall ask to have all of this pamphlet printed in the RECORD, but I wish to refer now to what it states, Mr. Foster says:

"In fighting against all these monstrous evils, in working for a Socialist America, I am performing the profoundest patriotic duty."

Then on page 6 they say to the students of the University of Michigan and, I am sure to other university students—and now I read further from this pamphlet:

And \* \* \* we'll tell you what the Communist Party demands for young people:

Mr. President, what do they demand for young people? I am reading from a statement made by the party which, so it says, has no tie to Russia. Oh, no; they do not believe in revolution, they do not believe in what the Communist Party of Russia stands for, so they say; but here is what they say in this pamphlet; here is what the Communist Party demands for the young people:

First. Repeal the draft.

Mr. President, there are many persons who do not believe in the Communist Party, but who do believe in repealing the Draft Act, of course.



I read further from the pamphlet:

We stand for the defense of the United States against all its real enemies. But America is in no danger of attack from anyone. We are the most powerful Nation in the world today. The draft was engineered in order to create a war scare so that Wall Street could send American boys to China and Greece and the rest of Europe. Not to defend America \* \* \* but to multiply Wall Street profits. To gobble the world.

Second. End Jim Crow in the armed forces. Discrimination, segregation, Jim Crow—these are the real subversives.

Third. Give 18-year-olds the right to vote. If they are old enough to be drafted they are certainly old enough to cast the ballot.

Fourth. Give youth a real job-training program; teach them skills; get them jobs.

Fifth. A public-housing program which will give young people homes—not promises.

Sixth. An end to quota system and all discrimination in education.

Seventh. Pass Federal aid to education bill.

Eighth. Full academic freedom for students and teachers. An end to thought control.

Senators will notice that the Communists apparently have retreated, and seem to be arguing now for humanitarian principles. Imagine, Mr. President. The Communist Party, which is part and parcel of the dictatorship of Russia, now wants an end put to thought control, so they say; and they expect the American people to believe that.

At Oregon State College, or at the University of Washington, not long ago, a professor was discharged, supposedly because of his Communistic tendencies or his beliefs in communism or his connection with it. Quite a case was made of it, but actually he was discharged on the ground that if a person is a Communist, he does not have the independence of thought necessary to a free academic mind. His thoughts are controlled—and that is exactly the truth. But in this pamphlet the Communists advocate to the youth of America, "An end to thought control."

Mr. President, I ask unanimous consent to have the entire pamphlet printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. MORSE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Oregon?

Mr. FERGUSON. I yield.

Mr. MORSE. Did I correctly understand the Senator from Michigan to make reference to the recent Oregon State College and University of Washington cases?

Mr. FERGUSON. Yes. I wish the Senator from Oregon would give us a little more light on that.

Mr. MORSE. I shall do so by way of asking a question.

Mr. FERGUSON. Very well; I yield to the Senator from Oregon, to permit him to ask a question.

Mr. MORSE. Does the Senator from Michigan know that the dismissals at the University of Washington were the result of hearings in which it was found, in the opinion of the persons who conducted the hearings, that the members

of the faculty who were dismissed were or are avowed Communists?

Mr. FERGUSON. I was not certain that it was brought out at a hearing, but I had the other information.

Mr. MORSE. The Senator from Michigan was of the understanding that a finding was made that those persons were Communists?

The PRESIDING OFFICER. Is the Senator from Oregon propounding a question to the Senator from Michigan?

Mr. MORSE. Yes.

The PRESIDING OFFICER. Very well.

Mr. FERGUSON. And the Senator from Michigan understands the question.

The PRESIDING OFFICER. Very well.

Mr. FERGUSON. I say that I understand that a finding was made that they were Communists.

Mr. MORSE. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Oregon?

Mr. FERGUSON. I yield.

Mr. MORSE. Does the Senator from Michigan agree with the Senator from Oregon that no principle of academic freedom is violated whenever an institution of learning in this country takes the position that persons who are avowed Communists should not have the right to teach in American institutions of learning?

Mr. FERGUSON. I would say that is absolutely true, because the moment a man adopts the Communistic philosophy, he closes his mind to everything except the things which are agreeable to the communistic line, and therefore he has no freedom of thought.

Mr. MORSE. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Oregon?

Mr. FERGUSON. I am glad to yield to the Senator from Oregon.

Mr. MORSE. Does the Senator from Michigan agree with the Senator from Oregon that there is a great deal of difference, and that the difference should be recognized, between academic freedom to search for the truth, no matter where the path of search may lead, and license to infiltrate into our educational system the indoctrination of the Russian ideology?

Mr. FERGUSON. I recognize that, and that is the real distinction. The people of America generally should understand that that is the real distinction between the two propositions, as the Senator has stated it.

Mr. MORSE. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Oregon for a question?

Mr. FERGUSON. I yield to the Senator from Oregon, to permit him to ask a question.

Mr. MORSE. Will the Senator from Michigan permit me to call his attention—and I say this most humbly, for fear the majority leader may think I am again demonstrating that I think I know

the answer to a great many questions, although I hope I know the answer to a few, but certainly not too many—will the Senator from Michigan permit me to ask him whether he is familiar with a piece of writing which I inserted in the CONGRESSIONAL RECORD the other day in regard to the differences, as I see them, between academic freedom and the lack of right on the part of any teacher to hold his job when he is proved to be a Communist and uses his teaching position to infiltrate, by way of indoctrination, Russian propaganda into our schools?

Mr. FERGUSON. I must apologize to the Senator from Oregon when I say that I did not see that in the RECORD and I was not on the floor at the time when it was inserted. But I understand what the Senator from Oregon has in mind, and I recognize the difference.

Mr. MORSE. Mr. President, if I may be permitted to state one sentence at this point, I wish to say to the Senator from Michigan that I desire to associate myself with his comments on the danger of permitting our school system to be used as a source for the indoctrination of communism.

Mr. FERGUSON. Mr. President, sometimes such matters make me feel that those who would have Communists, with their closed, arbitrary minds, teach our youth communism, should think about whether we would tolerate for a moment having a criminal teach criminal law, for instance, in our schools. The situation is quite similar, because it is a violation of our institutions and of our laws to permit crime to be taught in our schools; and, of course, after a declaration of war, some of the acts we have been referring to here would be treason.

Mr. President, returning now to the original subject. The Senator from Michigan believes that socialism of industries, if carried to a certain point, necessitates dictatorship for their operation, and the minute England or any other nation proceeds to socialize, to have the state become the owner of its institutions, of its industry, and, thereby, of labor, they must go then to dictatorship.

Mr. MAYBANK. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from South Carolina for a question?

Mr. FERGUSON. I yield.

Mr. MAYBANK. I wanted to ask the Senator from Michigan whether the man to whom he was referring was a teacher in the State schools of Michigan or was employed by the Federal Government.

Mr. FERGUSON. If the able Senator will bear with me, I was quoting from a folder which was mailed or delivered to a student at the University of Michigan. It was mailed to me yesterday, with a letter.

Mr. MAYBANK. Mr. President, will the Senator yield for a further question?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from South Carolina?



Mr. FERGUSON. I yield.

Mr. MAYBANK. Did the Federal Government, or any of the agencies of the Federal Government, have any part in it?

Mr. FERGUSON. No. It is a pamphlet. And, by the way, this is one of the few times a document of this kind has been labeled as being Communist literature. It is stated on the pamphlet: Write to National Youth Commission or Council of Student Clubs, Communist Party.

Mr. MAYBANK. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Michigan yield further to the Senator from South Carolina for a question?

Mr. FERGUSON. I yield.

Mr. MAYBANK. Where was the pamphlet sent from?

Mr. FERGUSON. From New York City.

Mr. MAYBANK. What has that to do with the Federal Government? I am as much opposed to communism as is the distinguished Senator from Michigan. We have none of that in the schools of South Carolina, I may assure the Senator.

Mr. FERGUSON. If the able Senator will bear with me, I do not claim it has anything to do with the Federal Government. I am trying to develop the argument that in the opinion of the Senator from Michigan socialism and communism are so near together that the Communist Party in America has retreated from its open and avowed principles, although the Senator from Michigan believes that they still have in their hearts principles of force and violence so far as wishing to overthrow the Government is concerned. Those who are familiar with the doctrines of Marx know that communism and socialism are close together. Both of them, I may say advisedly, hate capitalism.

America is founded upon the idea of free institutions, of individual liberty—yes, on the Bill of Rights as we understand it, not as communism understands it. I say the American people have a right to say that their dollar shall not be used directly or indirectly to acquire and to operate in whole or in part any basic industry as a nationalized industry.

As I said before, Mr. President, when a government passes beyond a certain point in socializing its industry, it must ultimately resort to a dictatorship for the enforcement of rules and regulations. Therefore, if we are sure to have a free world, we have a right to say that our dollars shall not be used to do that which can ultimately result in a dictatorship, at which time the country would not be entitled to any aid according to standards we have already prescribed. We say today that we will not give aid to Russia, we will not give it to Spain, we will not give it to China, except in areas which are not dominated by Communists.

If the conscience of any Senator tells him that through socialization a country can step over into totalitarianism, then he should not vote to give one dollar of the taxpayers' money to any nation

which, in his opinion, by the use of it, could become a dictatorship, and therefore not a real ally with America in the cause of furthering world peace.

So I say that if the able Senator from Missouri will accept the substitute of the Senator from Iowa, I think we shall have squarely presented to us the question: Do we believe in the socialization of major basic industries? Do we believe that by socializing them, sooner or later it will be necessary to have a dictatorship to operate them? If a dictatorship is required to operate them, a nation in such circumstances cannot be an ally of the United States under the North Atlantic Pact or the ECA. I think the issue is presented to us fairly, and I hope Senators will see fit to vote for the substitute. Its adoption will tell the world where we stand on this great question involving the differences between ideologies—between America and her institutions, on the one hand, and the ideology of the other extreme, as exemplified by Russian institutions.

#### EXHIBIT A

#### SOMEBODY'S GOING TO INVESTIGATE YOU IF YOU DON'T WATCH OUT!

You don't believe it, eh?

Who's that guy working with you?

Who's that student you're rooming with this year?

Who's that new kid on your team?

Sure, we know his name is Joe. We know his father works in a hardware store and his brother is a mechanic at the plant downtown. But did you know his third cousin by marriage has an uncle who is known to have signed a petition to place a Communist candidate on the ballot in Pennsylvania in the year 1940? You didn't, eh? Well, how do you feel about it now—associating with an American whose third cousin's uncle believes everybody, including Communists, have constitutional rights?

Boy, wait till the un-American Committee gets you on the stand. Suppose they ask you what you were doing on December 26, 1947?

You don't remember that night; do you? But the committee does.

That was the night someone persuaded you to go to a peace rally. There were maybe 7,000 people there, but the boys were able to pick you out because you're a big guy and because you've got red hair. Red! Get it? And do you remember who spoke at that rally? VITO MARCANTONIO—the United States Congressman from New York.

'Nuff said!

#### ONCE UPON A TIME

Once upon a time we had gremlins.

Now we have Communists instead.

If the people get mad about high prices, if you want more pay in your envelop, if you think every young person is entitled to a job regardless of the color of his skin, if students ask for education instead of UMT, if vets are getting worked up about no housing and exorbitant rents, if the voters get disgusted with the old parties, if Wallace's Progressive Party campaigns for peace, then this is what the big boys of Wall Street do:

They yell Communist loud and strong.

If they yell it loud enough and strong enough and long enough they hope you'll forget that Congress hasn't done anything to bring prices down or give the Nation housing or guarantee them peace. (Because the GOP and the Democrats are both in hock to big business.)

And the papers will be full of nice fat, scare headlines which are aimed to scare anybody who wants to vote for Wallace.

And to keep the fat headlines rolling, the un-American Committee cooks up a big fake spy scare.

And Harry says to Tom Clark: "Investigate the Reds! Call a Grand Jury! Make a big noise! Or they'll vote for Henry and we'll both be out of a job come November 4."

#### THEY DREAM UP FORCE AND VIOLENCE

So they call a grand jury. It's supposed to be a big hush-hush. But they let it leak out to the press that startling revelations are coming: big spy story—tie-up of Communist espionage in high places.

And when the grand jury finally emerges, does it say anything about Communist spies? It does not. Because there are no Communist spies. The jury admits it has absolutely no proof.

So lacking a bona fide spy scare they drag out an old lemon known as force and violence. On this charge they indict 12 leaders of the Communist Party. They plot to outlaw the Communist Party. This is the way the indictment goes: The Communists are "a society \* \* \* of persons who teach and advocate the overthrow and destruction of the Government of the United States by force and violence."

That charge is a lie.

This is the truth: The Communist Party does not now—and never has—advocated the overthrow of the Government by force and violence. Its constitution specifically calls for the expulsion of any member who "conspires to overthrow any or all institutions of American democracy."

The Supreme Court of the United States, in the *Schneiderman* case, in 1943, stated that the Communist Party "desired to achieve its purpose by peaceful and democratic means."

Now, we'll tell you what the Communist Party really stands for:

Peace, the Bill of Rights, full equality for the Negro people, the right to work, and to strike, to social security, the right to advocate socialism to end the wars and depressions which capitalism breeds.

What we believe in, was never said better than by William Z. Foster in answer to the *Herald Tribune*. He said:

"As an American I love our broad and beautiful land, its liberty-loving people, its wonderful industrial achievements, its glorious democratic traditions. But I do not love its capitalist system. All my adult life I have rebelled against an order of society which permits individuals to grab and hold as their private property the great natural resources and industries of our country, and which allows them to exploit for personal profit the masses of our people. I refuse to accept a social system under which a vast disproportion of the national wealth is owned by a few, and which forces one-third of our people to remain ill-clad, ill-fed and ill-housed, while armies of useless, parasitic capitalist idlers revel in luxury; a society which permits the barbaric lynching of Negroes to go unpunished; which inflicts our country periodically with devastating economic crisis and gigantic mass unemployment, and which is now deliberately organizing to plunge the world into another still more terrible war. In fighting against all these monstrous evils, in working for a Socialist America, I am performing the profoundest patriotic duty."

It is this kind of belief and the right to hold these beliefs that the Government is trying to stifle by indicting the 12 Communist leaders. The grand jury could charge no specific actions; it indicts the Communists for holding ideas. "Dangerous thoughts!" Of peace, security, democracy. If the Communist Party is outlawed—which is the purpose of the indictment—the gates



are open to Fascism. Exactly as it started in Germany.

And we'll tell you what the Communist Party demands for young people:

First. Repeal the draft. We stand for the defense of the United States against all its real enemies. But America is in no danger of attack from anyone. We are the most powerful nation in the world today. The draft was engineered in order to create a war scare so that Wall Street could send American boys to China and Greece and the rest of Europe. Not to defend America \* \* \* but to multiply Wall Street profits. To gobble the world.

Second. End Jim Crow in the armed forces. Discrimination, segregation, Jim Crow—these are the real subversives.

Third. Give 18-year-olds the right to vote. If they are old enough to be drafted they are certainly old enough to cast the ballot.

Fourth. Give youth a real job-training program; teach them skills; get them jobs.

Fifth. A public-housing program which will give young people homes—not promises.

Sixth. An end to quota systems and all discrimination in education.

Seventh. Pass Federal aid to education bill.

Eighth. Full academic freedom for students and teachers. An end to "thought control."

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the junior Senator from Missouri [Mr. KEM].

Mr. KEM. Mr. President, I accept the amendment offered by the Senator from Iowa to my amendment.

The PRESIDING OFFICER. Will the Senator be so kind as to send it to the desk? And does the Senator mean, by accepting it, that he is modifying his own amendment to read as it shall now be read by the clerk? Is that the meaning of the Senator from Missouri?

Mr. KEM. That is correct.

The PRESIDING OFFICER. The Senator from Missouri modifies his own amendment. The clerk will state the amendment as modified.

The LEGISLATIVE CLERK. On page 4, between lines 19 and 20, it is proposed to insert the following:

(c) Section 111 of such act is further amended by adding at the end thereof a new subsection as follows:

"(d) The Administrator shall not authorize assistance, under this act, within any participating country when such assistance will provide dollars or dollar credits which may be used by such participating country directly or indirectly, to acquire and operate in whole or in part any basic industry as a nationalized industry."

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Missouri as modified.

Mr. CONNALLY. Mr. President, under all the circumstances, I think the Senate ought to recess now. I move the Senate stand in recess until tomorrow—

Mr. MYERS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas withhold his motion?

Mr. MYERS. Mr. President—

The PRESIDING OFFICER. The Senator from Texas has the floor. Does the Senator from Texas yield the floor?

Mr. CONNALLY. I yield to the Senator from Pennsylvania.

The PRESIDING OFFICER. Generally speaking, a Senator can yield only for a question, in line with the policy laid down by the Vice President, but since the Senator from Pennsylvania is the acting majority leader, he may make a statement.

Mr. MYERS. Mr. President, it is our intention that when the Senate takes a recess, it recess until 12 o'clock noon tomorrow. We hope that we may then be able to finish the consideration of the bill sometime tomorrow. I am sure that most of the Members of the Senate would like to avoid a Saturday session, and in order to accommodate the membership, it is our hope to remain in session tomorrow until we conclude consideration of the bill. But before we recess—

Mr. WHERRY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Texas has the floor. Does he yield to the Senator from Nebraska?

Mr. CONNALLY. I yield.

Mr. WHERRY. Mr. President, may I ask the acting majority leader if his statement means—and I agree that we should try to press for a conclusion of the bill—we will stay in session with the idea of finishing the bill tomorrow or tomorrow night?

Mr. MYERS. That is correct. We have fixed no definite time. It is our hope that we can finish tomorrow. I say that only because I think most of the Members of the Senate desire to avoid a Saturday session.

Mr. KNOWLAND. Mr. President, will the Senator yield for an insertion in the RECORD?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from California?

Mr. CONNALLY. I yield.

The PRESIDING OFFICER. Without objection, the Senator from California is recognized for that purpose, as any other Senators will who wish to offer insertions for the RECORD.

#### ALLEGED DISCRIMINATIONS AGAINST AMERICAN INDUSTRY

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have inserted in the RECORD a letter dated March 24, which I addressed to Honorable Dean Acheson, regarding quota restrictions which discriminate against American industry and agriculture, the reply of the Secretary of State, dated March 30, 1949, and a letter from Under Secretary Webb dated April 1, 1949.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

MARCH 24, 1949.

HON. DEAN ACHESON,  
Secretary of State,  
Department of State,  
Washington, D. C.

DEAR MR. SECRETARY: We would be very much interested to know what steps have been taken by this Government to have the British Government materially reduce or eliminate quota restrictions which discriminate against American industry and agriculture. At a time when the Congress is being urged to contribute to the opening up of the channels of trade it seems to us

to be inconsistent for the British Government to establish economic iron curtains against American industrial and agricultural products, whether such restrictions be in the nature of quota arrangements, discriminatory taxation, or currency restrictions. Any information you could furnish relative to this situation would be appreciated.

Sincerely yours,

WILLIAM F. KNOWLAND,  
California.

STYLES BRIDGES,  
New Hampshire.

ROBERT A. TAFT,  
Ohio.

EDWARD MARTIN,  
Pennsylvania.

OWEN BREWSTER,  
Maine.

DEPARTMENT OF STATE,  
Washington, March 30, 1949.

The Honorable WILLIAM F. KNOWLAND,  
United States Senate.

MY DEAR SENATOR KNOWLAND: I have received the letter of March 24, 1949, signed by you and Senators BRIDGES, TAFT, MARTIN and BREWSTER asking for information about the steps which this Government has taken to have the British Government eliminate quota restrictions.

I have asked officers in the Department to look into this matter carefully and will write to you again on the subject in the near future.

Sincerely yours,

DEAN ACHESON.

DEPARTMENT OF STATE,  
Washington, April 1, 1949.

The Honorable WILLIAM F. KNOWLAND,  
United States Senate.

MY DEAR SENATOR KNOWLAND: I refer to the letter of March 24, 1949, in which you and Senators BRIDGES, TAFT, MARTIN, and BREWSTER ask for information relative to certain discriminations by the British Government against American industry and agriculture and in which you state that the existence of such discrimination seems to be inconsistent with the objective of opening up the channels of trade.

Such discriminations against American industry and agriculture as are now in effect among European countries are part of a pattern whereby such countries are seeking to derive maximum benefit toward European recovery from their inadequate supply of dollars. In the main, these restrictions limit the import of products requiring dollar expenditure which the countries can do without or can obtain from their respective domestic economies or from soft currency sources. By conserving their dollars in this fashion, European countries are in a position to make the most of the assistance which they receive under the European Recovery Program and thereby to insure that European recovery will progress at the speediest practicable rate and at a minimum cost to the American taxpayer.

Current policies, which have been developed jointly with the Economic Cooperation Administration and with other interested agencies, have been framed with a full recognition of the desirability of returning at the earliest possible date to a pattern of nondiscriminatory multilateral trade. In order for such a pattern to be established on a sound and lasting basis, European recovery must have progressed to a point where not only the over-all balance of payments of the European countries can practicably be brought into balance, but also their balance of payments with the dollar area.

It is the aim of the ERP to achieve such a situation as rapidly as practicable. Progress toward this objective during the last



year has been real, but a point has not yet been reached where it would be possible for European countries to achieve a balance in their dollar payments without careful conservation of their dollar earnings supplemented by assistance from the United States.

As you no doubt know, the relaxation of existing restrictions upon trade and currency convertibility involve questions of timing which are of the utmost complexity. You will recall the unfortunate experience which the British suffered when, in the summer of 1947, under the terms of the loan agreement, they reestablished limited sterling convertibility. You will recall that the British Government was compelled to abandon such convertibility within a few weeks, but only after serious inroads had been made upon her dollar reserves. In its participation in the development of policies in this field, the Department is earnestly endeavoring to avoid such premature measures in the future, which would only result in an increased burden on United States taxpayers, while at the same time moving toward the earliest reattainment of multilateral, non-discriminatory world trading. The Department shares with you the conviction that such a pattern of world trading is the only lasting basis upon which economic relationships with Europe can be built.

I am enclosing extra copies of this letter and I should appreciate your giving one to each of the Senators who joined you in signing the letter.

Sincerely yours,

JAMES E. WEBB

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have inserted immediately following that correspondence a copy of an article which appeared in the London Times under date of March 31, 1949, relating to film quota.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### REDUCTION IN FILM QUOTA—OPPOSITION URGES UNDERSTANDING WITH AMERICA

WESTMINSTER.—In the House of Commons this evening Mr. H. Wilson, president of the board of trade, moved the approval of an order to reduce the film quota for first feature films from 45 percent to 40 percent.

He explained that the order did not represent an uncontroversial proposal. No quota in this unhappy and divided industry could be uncontroversial. He had received no representations, official or unofficial, from Hollywood or any other part of America. The quota was fixed by the board of trade, conscientiously and fearlessly, in relation to the available facts.

He had departed from the figure recommended by one-half of the film council. Producers and renters were in favor of accepting the 45 percent, and were supported by one-half the trade-union representation. The exhibitors and the other half of the trade-union representation supported a proposal to reduce the quota to 33½ percent. Apart from the chairman the voting was exactly equal, and the chairman cast his vote in favor of a reduction, but said he did not favor a reduction as low as 33½ percent. In those circumstances he did not think it could be represented that he had flouted the advice of the film council since that advice was divided.

#### INCENTIVE TO INDUSTRY

There were two main considerations to be borne in mind in fixing a quota. One was the paramount necessity of building up a sound and healthy production industry in this country. Last year's quota was meant to be an encouragement and incentive to the industry. During the passage of the recent act he undertook to fix the quota at such a level as would provide a distribution outlet

for all British films of a reasonable quality. They had to have in mind supplying to exhibitors a reasonable choice of films for their patrons. It would therefore be wrong to fix a quota merely in the interests of encouraging British production.

From the discussions in the film council it seemed reasonable to assume that new British first-feature films this year would number between 70 and 80. The 40 percent quota would mean that a town with three cinemas having a change of program no more than once a week would satisfy its obligation with 63 British films. The quota of 45 percent would require a total of 72 British films, and thus the new order gave a slightly larger margin between the number of films available and those required.

It was a great disappointment to him to have to reduce the quota. He did not want to sound too discouraging about it. The industry was going through difficult times, and if he thought that the reduction was more than temporary he would feel a good deal more concerned about the position than he did. He approached the reduction with the idea of *reculer pour mieux sauter*.

#### THE BIG COMPANIES

It was a fact that the big companies in the industry had been drawing in their horns for financial reasons. The films required to honor the reduced quota would have to come to a greater extent than hitherto from independent producers, who would require to be financed from sources other than the traditional ones in the industry, particularly from the new Film Finance Corp. Recent Hollywood film awards had shown that the quality of the best British films was still the best in the world.

Apprehension had been expressed that the quota was too high for the non-circuit exhibitor. The board of trade was empowered to award reduced quota percentages or in some cases total exemption from quotas to exhibitors who applied for relief and fulfilled certain prescribed conditions. It was too early to say to what extent reliefs would be given in the coming period but, in relation to the current year, they had granted relief of varying amounts to 1,471 cinemas, besides awarding total exemption to a further 307. In most cases it would be possible to award reliefs to those exhibitors who required them.

He was certain it was right to reduce the quota. It would have been an unfair burden on exhibitors in the light of the number of films expected to come forward to have required them to show 45 percent of their screen time through British films. That might have led to a break-down of the act if a large number of cinemas could not fulfill the quota set; nor would it have been in the best interests of British film production. On the other hand, to have reduced the quota further to 33½ or 25 percent would have dealt a grievous blow to British film production in this country.

He could understand why exhibitors in general were pressing for a lower quota, but they must realize that the short-term direct financial interest of the cinema exhibitor did not coincide with either the short-term or the long-term economic interest of the country as a whole. However true it might be that exhibitors' profits would have increased if they had been allowed to show a higher proportion of imported films, it was true that the economic condition of the country would have been gravely prejudiced by such a course, and, indeed, it would have dealt such a serious blow at the film production industry that it might have endangered the supply of films to the exhibitors.

#### UNEXPECTED RESULTS FROM QUOTA—MORE FINANCE NEEDED

Mr. E. Fletcher (Islington, E., Labor) said that if the object of the quota was to give the maximum assistance to British film pro-

duction, it followed that no unnecessary or unjustified relief from the quota should be given. Those cinemas which had had quota relief were able to show more American films and draw off revenue from the cinemas showing a higher quota, and he estimated that as a result there was a net loss of film to British film production.

In the current year the quota of 45 percent, while it had been fulfilled by and large, had had the unexpected result that instead of being a stimulus to British production the reverse had happened. Studios were empty, there had been redundancy and loss of employment. The reason for this was the difficulty in getting finance from private sources, and sooner or later it would be necessary for the Government to give increased financial assistance to British producers, just as it would also be necessary to work out a concordat with the Americans for quality films to be made in both countries on a basis of reciprocal showing.

Sir I. Fraser said that in a laudable attempt to encourage the making of British films and the saving of dollars the president of the board of trade had fixed the quota too high for all practical purposes.

Mr. N. Maclean (Glasgow, Govan, Labor) said that in suggesting a quota of 40 percent the president of the board of trade was acting in defiance of the Cinematograph Films Council, set up by himself, which recommended a quota of 33½ percent.

Mr. Granville (Eye, Labor) said we were losing the celluloid cold war with the United States. The cut of 5 percent in the quota and the fact that there was a great deal of redundancy in British studios proved that either the advisers to the president of the board of trade were wrong or there was something fundamentally wrong in the industry itself. The industry could not be safeguarded by quota qualifications. It needed an international agreement which would give the production side of the industry in this country the first real opportunity it had had for years.

#### ARTIFICIAL PROPS

Mr. T. O'Brien (Nottingham, W., Labor) said that the film industry, buttressed as it had been with a quota for the past 20 years, had now failed to stand up to the Americans. It was a source of considerable disquiet. He was not convinced that the finance was or would be available to meet the 40-percent quota. The quota would not put into employment one man who was now unemployed but would lead to further unemployment. The problem could only be solved by taking away the artificial props which this government and previous governments had put up to bolster the industry. The more props there were the more disagreement there would be among the interests in the industry. The time had come to tell the industry that it could no longer expect any government permanently to assist it.

Mr. McCallum (Argyll, Conservatism) asked what consideration had been given to the position of independent Scottish exhibitors.

Mr. Levy (Eton and Slough, Labor) said that no amount of money tendered as gift or loan to the production side of the industry would be of any use in alleviating existing difficulties unless there was fairer distribution of box office earnings.

Mr. W. G. Shepherd (Bucklow, Conservatism) said that the basic difficulty was the lack of necessary cooperation by the American industrialists whose backs had been put up unnecessarily by Mr. Dalton. It was also essential that there should be some sort of unity in the British industry.

#### AMERICAN PRODUCTIONS

Mr. Wilson said he had warned the American negotiators last year that he would fix the highest possible quota figure. He could not have discussed with them, or even indicated to them, the figure he had in mind at that time, because he had no specific figure



in mind, and by statute he was required to consult the new films council which could not be set up until the act was passed.

With regard to the present quota, no representations had been received from American interests. He would welcome much greater American film production in this country. The American industry was facing possible changes as a result of a legal decision which made it difficult for them to negotiate either with the British Government, or the British film industry.

It was completely wrong to suggest that the present situation was due to the 45 percent quota. If it was the opposition's argument that the falling off in the box-office receipts was due to the low quality of the films produced under the quota, they must realize that this quota was only announced in the middle of June and did not come into effect until October. It would have been almost impossible to get the films produced to have an effect on attendance and the finances of the industry.

#### BANK ADVANCES—MR. LYTTTELTON'S CRITICISM

Mr. Lyttelton, Aldershot, Conservative, said the effect of fixing a 45-percent quota had undoubtedly been to give some substance to the fears about the quality of British production, which he thought had been falling. Producers admittedly were finding finance difficult. The advances which one joint-stock bank had made to one large film concern were greatly in excess of £10,000,000 and the security which the bank had against the advances largely consisted of canned films. It was not the type of banker's advance which was particularly popular either in Lombard Street or Threadneedle Street.

He could not congratulate the government on the history of the negotiations with the American film industry. We could not afford the unrestricted importation of American films, but the opposition had said that every effort should be made to gain not only an agreement with the Americans but also their cooperation. A great mistake was made at that time because immediately after the agreement with Mr. Eric Johnston had been concluded the quota was fixed at 45 percent without any previous consultation with the Americans. That was an immature piece of negotiation. It had led to a number of unpleasant consequences for us.

He noted from reports which he had received from America that the reduction of the quota to 40 percent had done nothing whatever to relieve the bitterness of the American film industry at the size of the quota generally. The Americans were extremely obstructive to British films being shown in the United States. Rightly or wrongly, they felt they had been treated in rather a smart way by the British Government.

#### WORST OF ALL WORLDS

Another consequence was that there was something like a sit-down strike by American producers in this country concerning the use of the blocked sterling they had accumulated here. They were sullen and uncooperative and were not using that blocked sterling to produce films here. Exhibitors were short of third-feature films and the public were definitely put off attendance at cinemas by the quality of the films. The consequence was that unemployment was beginning to be rife.

Taking it all together, the rather maladroit way in which the Government conducted their negotiations had resulted in the industry as a whole getting the worst of all worlds. The Government's action, so far as the Government had interfered, was done in a way which would lead one to suppose that the industry was already nationalized. [Laughter.] It gave one very little confidence about the future.

He hoped that the lessons of this mess would be borne in on the Government. A

certain amount of face-losing on their part had to be recognized and we should try to gain the cooperation of the Americans. It was clear that the industry was in great jeopardy. The necessary first steps were to reopen the subject with the American producers, to release some of the British film earnings abroad, and to consider at an early date some remission of the purchase tax.

This order represented a setback to all who were hoping for a continually expanding production, but provided that the industry could settle its other problems, financial, distribution, and all the rest, he would hope not only that this quota could be realized without hardship to anyone, but, further, that they could look forward to a reversion to a higher quota in the reasonably near future and see a firmly established film industry in this country.

Mr. Blackburn (Birmingham, King's Norton, Labor) said that on the last occasion when he addressed the House, he repeated information he had incorrectly received as a member of the committee of inspection in the liquidation of the Royal Mail Steam Packet Company that Lord Baldwin had intervened in relation to the prosecution of Lord Kylsant. He wished to withdraw that statement. He now knew that it was incorrect.

We had in this country, he continued, the resources and the men to fulfill the 45-percent film quota and no valid reason had been given why it should not be fulfilled. The government should requisition the studio space and see that we produced the films for the quota. We did not want the American film industry being built up in this country. We should be fighting to have our own industry. The whole of the producers and renters were unanimous that they wanted to retain the 45-percent quota.

Mr. Gallacher (Liffe, W., Communist) said that Mr. Rank and company laid the foundations of the ruin of the industry and the mass unemployment through the enormous expenditure on films in the attempt to get the American market. The 45-percent quota could easily be fulfilled. Mr. Wilson should take over control of the studios and set the people to work.

The order was approved.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. MAYBANK. Mr. President, I desire to inquire if there will be an executive session this evening.

Mr. MYERS. Yes, Mr. President.

The PRESIDING OFFICER. The Chair is advised that there will be an executive session.

Mr. TYDINGS. Mr. President, will the Senator from Texas yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Maryland?

Mr. CONNALLY. I yield.

Mr. TYDINGS. I should like to ask the Senator from Texas, in view of the fact that the debate has been continuing for approximately 3 weeks and that all phases of the subject have been covered, if it would not be possible to get a unanimous-consent agreement that at 2 o'clock tomorrow afternoon the Senate begin voting on the bill and all amendments thereto. It seems to me that 3 weeks is a pretty long time.

Mr. CONNALLY. I think it is feasible and sensible; but I do not know whether it is practicable.

Mr. TYDINGS. Mr. President, I should like to ask the Senator from Tex-

as whether he will put that proposition to the test. I do not mean to be captious in asking this, but I myself think that after 3 weeks of debate we ought to dispose of the matter and proceed with something else.

Mr. CONNALLY. I will yield to the Senator from Maryland so that he may propound the request.

The PRESIDING OFFICER. The Senator cannot yield for that purpose. What is the pleasure of the Senator from Texas?

Mr. CONNALLY. Mr. President, I ask unanimous consent that, beginning tomorrow at 2 o'clock, the Senate proceed to vote upon all pending amendments, to be followed by a vote on the bill.

The PRESIDING OFFICER. Is there objection?

Mr. MORSE. Mr. President, reserving the right to object, I wish to say that I do not share the view that the debate on this important issue before the Senate has been too prolonged. I am perfectly willing to let the RECORD speak for itself. As a proponent of the pending legislation, I take the position that it is of the utmost importance that the point of view of Senators who are in disagreement with the legislation be made a matter of record, so that the people of the Nation—and there are hundreds of them writing to their representatives, raising objections to the pending bill—can know as a fact that we have considered all possible objections and criticisms to the proposed legislation.

Further, I want to say, Mr. President, that in view of the parliamentary situation which has developed in the Senate, in view of the course of action which has been followed by the majority leader in the handling of the business of the Senate, it will be a long time indeed before the Democratic side of the aisle will be able to transact business by way of unanimous consent. It will transact business by motion only.

The junior Senator from Oregon objects.

The PRESIDING OFFICER. Objection is heard.

Mr. CONNALLY. Mr. President, I yield the floor.

Mr. MYERS. Mr. President, I move that the Senate—

Mr. TYDINGS. Mr. President, will the Senator yield for a moment?

Mr. MYERS. I shall be very happy to yield to the Senator from Maryland.

Mr. TYDINGS. I should like to ask the Senator from Pennsylvania why not proceed with the session. Why should the Senate recess at this time?

Mr. MYERS. There was a general understanding or agreement that a recess would be taken at approximately 6 or 6:30 o'clock unless there seemed to be an opportunity to complete debate on the bill by 8 or 9 o'clock. There are a number of pending amendments, and it seems to me there is no possibility of finishing before 12 o'clock tonight. Therefore we thought it would be better to go over until tomorrow, in the hope that we might remain in session tomorrow until a reasonable hour and get a vote on the passage of the bill.

Mr. TOBEY. Mr. President, will the Senator yield?



The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from New Hampshire?

Mr. MYERS. I yield.

Mr. TOBEY. Mr. President, do I correctly understand that the acting majority leader says he hopes we can get through tomorrow?

Mr. MYERS. The best I can say is hope.

Mr. TOBEY. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from New Hampshire for a question?

Mr. MYERS. I yield.

Mr. TOBEY. Is the Senator familiar with the biblical statement that hope deferred maketh the heart sick?

The PRESIDING OFFICER. Long deferred, is it not?

Mr. TOBEY. Mr. President, the Senator from New Hampshire would question the authenticity of the quotation as given by the occupant of the Chair.

Mr. TYDINGS. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. TYDINGS. The Presiding Officer has no right to engage in conversation with Senators on the floor.

The PRESIDING OFFICER. The Senator is quite correct, and if it is the desire of the Senator from Maryland, the remark will be expunged.

Mr. TOBEY. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from New Hampshire?

Mr. MYERS. I yield.

Mr. TOBEY. Does the Senator from Pennsylvania have valid reasons for his hope that the Senate can finish tomorrow?

Mr. MYERS. I do. The Senate now seems to be in good humor, and I am hopeful we can finish tomorrow. I think it is probably advisable to take a recess this afternoon, because every Member seems to be in good humor at this time.

Mr. TOBEY. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield to the Senator from New Hampshire for a question?

Mr. MYERS. I yield.

Mr. TOBEY. I suppose the Senator thinks that sufficient unto the day is the evil thereof. Is that correct?

The PRESIDING OFFICER. The Chair makes no observations in connection with that statement.

#### EXECUTIVE SESSION

Mr. MYERS. I move the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. DONNELL in the chair) laid before the Senate messages from the President of the United States submitting sundry nomina-

tions, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. GEORGE, from the Committee on Finance:

Sam D. W. Low, of Houston, Tex., to be collector of customs for customs collection district No. 22, with headquarters at Galveston, Tex., to fill an existing vacancy; and

Victor Russell, of Port Arthur, Tex., to be collector of customs for customs collection district No. 21, with headquarters at Port Arthur, Tex. (reappointment).

By Mr. O'MAHONEY, from the Committee on Interior and Insular Affairs:

Ernest Gruening, of Alaska, to be Governor of the Territory of Alaska (reappointment).

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will proceed to state the nominations on Executive Calendar.

#### EXPORT-IMPORT BANK OF WASHINGTON

The legislative clerk read the nomination of Hawthorne Arey to be a member of the Board of Directors of the Export-Import Bank of Washington.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### DEPARTMENT OF COMMERCE

The legislative clerk read the nomination of Cornelius Vanderbilt Whitney to be Under Secretary of Commerce.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### NOMINATION PASSED OVER

The legislative clerk read the nomination of Thomas C. Blaisdell, Jr., to be Assistant Secretary of Commerce.

Mr. WHERRY. Mr. President, I respectfully ask that the nomination go over at this time. I want the RECORD to show that I am making the suggestion in behalf of a Senator who is not on the floor.

The PRESIDING OFFICER. The nomination will go over, in accordance with the request.

#### INTERSTATE COMMERCE COMMISSION

The legislative clerk read the nomination of Hugh W. Cross to be an Interstate Commerce Commissioner.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### CIVIL AERONAUTICS BOARD

The legislative clerk read the nomination of Oswald Ryan to be a member of the Civil Aeronautics Board.

Mr. MAGNUSON. Mr. President, without taking the time of the Senate to make a few remarks I had intended to make on this nomination, I ask unanimous consent that the statement I have prepared be printed in the body of the RECORD at this point.

The PRESIDING OFFICER. The Senator understands that under the rule the statement will be printed in small type, not in the regular type, does he?

Mr. MAGNUSON. I understand that.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### STATEMENT BY SENATOR WARREN G. MAGNUSON

Oswald Ryan is an original member of the Civil Aeronautics Board, appointed by President Roosevelt in 1938. He had previously served 6½ years as general counsel of the Federal Power Commission under the Hoover and the Roosevelt administrations, during which time he had argued important public-utility cases to the Supreme Court and other Federal courts.

Mr. Ryan was the only lawyer on the Board during its early years and the only member that had had previous experience in public regulation. Accordingly he took leadership in developing the technique of the new regulation. Thus, he urged, and the Board adopted years ago, an administrative procedure which separated the judicial from the prosecuting functions and provided for a fair hearing for all interested parties in both judicial and legislative cases. In this connection, it is a significant fact that when the Administrative Procedure Act was adopted by the Congress a few years ago, the Civil Aeronautics Board was the only quasi-judicial commission of the Government which found it unnecessary to make basic changes in its procedure to conform to the new law. That was because the basic reforms provided by the new act had been adopted years before by the Board on its own motion.

Another contribution which is credited to Mr. Ryan was the establishment of prudent investment as the basis of rate making. Mr. Ryan, before coming to the Civil Aeronautics Board, had appeared before the Supreme Court and argued as a "friend of the Court" in favor of the prudent investment method of public-utility rate making as against the old reproduction-cost method. He successfully urged this rate-making reform upon the Board.

Mr. Ryan has also led in the past 10 years in bringing about a cooperative relation between the Civil Aeronautics Board and the various State aviation agencies which have frequently been in conflict. In 1945 he offered to the representatives of the States assembled at St. Louis a solution to the problem which contemplated congressional action which would give to State aviation agencies and courts concurrent jurisdiction to enforce Federal aviation laws and regulations. Within the past few days the State aviation commissions, the Civil Aeronautics Administration, and the Civil Aeronautics Board have reached common agreement upon this plan which the Congress will be asked to incorporate in legislation.

[From the CONGRESSIONAL RECORD, Senate, December 16, 1942]

#### CIVIL AERONAUTICS BOARD

Mr. BARKLEY. Mr. President, yesterday the President sent to the Senate two nominations to the Civil Aeronautics Board, one being that of Oswald Ryan, of Indiana, to be a member of the Civil Aeronautics Board, for the term expiring December 31, 1948, which is a reappointment, and the other the nomination of our colleague the Senator from Oklahoma [Mr. LEE] to be a member of the Civil Aeronautics Board. It was not intended that the nomination of the Senator from Oklahoma should come up for consideration at this session. By some mistake of the clerical force at the White House his nomination was included. The Senator from Oklahoma is not eligible to appointment to that Board until after his term as Senator expires, because the Board was created during the term of the Senator from Oklahoma which is now expiring. Therefore, I do not expect any action to be taken upon that nomination, now. The other nomination,



Senator HOLLAND. Mr. Childs, if that results, it won't be the fault of the southern Senators—

Mr. CHILDS. Well, it doesn't matter whose fault it is—

Senator HOLLAND. Let me conclude my answer—

Mr. CHILDS. I'm talking about your party—you're a Democrat, aren't you?

Senator HOLLAND. You bet I am a Democrat. And I've supported the President and I've supported the party. But let me tell you this—that I'm one of those who foresaw the coming of this question, and after talking to the leaders and getting nothing out of talk, I addressed a letter—a formal letter—to the majority leader now, Senator LUCAS, on January 13, calling his attention to the fact that if this fight were precipitated now, that those who precipitated it would have to take the responsibility for knocking down the chance for bringing up other important legislation. And notwithstanding that, notwithstanding the fact that many splendid Senators in the South and elsewhere in our party agreed with that, the leadership insists on butting its head into a wall—I think you saw the cartoon in the Star the other day which shows so clearly that that's what's going on—they're butting their head into a wall, and they've done it after notice and knowledge of what was apt to happen.

Mr. CARLTON. Senator, we recognize, of course, that you are no Dixiecrat and that you supported the Truman-Barkley ticket in the last election. I want to ask you this question—the President, Mr. Truman, and Mr. Barkley carried Florida, as they did all except four of the other southern States. Do you think that victory indicates public support of everything in the Democratic platform?

Senator HOLLAND. Not at all, Mr. Carlton. If the Governor—the then Governor of Florida—this is my humble judgment—and myself, the junior Senator from Florida, and the six Congressmen, all of whom had taken the same position that I had, and the six Cabinet members, who are elected every 4 years just like the governor, and numerous county officers throughout the State, had not stood loyally by the party even though we were not in accord with this civil-rights program, and not in accord with at least one other thing in the platform, the State would not, in my humble judgment, have remained in the Democratic column. You'll recall that our party got only a plurality down there this last time, Jake, and that the Republicans were right closely on our heels, and that the so-called Dixiecrat Party also got a quite heavy vote in Florida.

Mr. CARLTON. Well, Senator, I understand that there's some consideration, or at least it has been suggested that the President could dissipate a great many misunderstandings about his program and about his personality should he make a trip through the South, similar to the one he made through the Midwest, or the several he made through the Midwest prior to the last election. What do you think the reception would be that the southerners would give to President Truman should he make such a trip?

Senator HOLLAND. Why, Jake, we'll give him the same courteous, cordial reception which we always give to the President of the United States. I'm leaving here tonight by plane to meet the President and others next Tuesday morning at Rollins College, where he'll receive an honorary degree. We are proud of the fact that he has placed his out-of-town White House there. He certainly would receive cordial welcome in Florida, and I'm sure in every other Southern State where hospitality is part of our nature.

Mr. CARLTON. Well, don't you think he would render a real service to his party and to the Nation should he make such a trip?

Senator HOLLAND. Perhaps.

Mr. WARNER. Supposing he makes such a trip berating the Eighty-first Congress?

Senator HOLLAND. Well, that's his privilege—that's his privilege.

Mr. LAUTIER. Do you think, Senator HOLLAND, that the Democratic Party is duty-bound to carry out the pledges it made in the platform adopted at the Democratic National Convention in Philadelphia last summer?

Senator HOLLAND. Well, now that—you've asked a question that's pretty big. It—some of them are. People who were elected upon the strength of that platform I should say are. There are many of us who are not in that position. I personally have taken my own personal position against civil rights, both when I ran and ever since I've been up here, and though I stayed with the party I made it very crystal clear when I came out to stand with the party this time that I wasn't yielding on civil rights and on one other question with which you're familiar. And I think that those of us who had our own platforms and were elected upon them have the perfect right to stand upon those platforms and records.

Mr. WARNER. Senator, may I ask if the action in the Senate Labor Committee today in reporting the administration bill without considering any amendments—has that had any effect on the filibuster fight?

Senator HOLLAND. Well, I haven't heard of any yet, but I should think it would, because it's a practical, specific demonstration of what a majority, working with the administration, can do to beat down ordinary rules of fair play and of parliamentary procedure.

Mr. CHILDS. One thing I'd like to hear you explain, Senator HOLLAND, and that is the fact that in the Southern States the Truman ticket got far more votes than the Dixiecrat ticket, even though in many States the Dixiecrat—the Truman ticket was barred from the ballot. Don't you believe that that indicates that the southern Senators represent a minority of the South, rather than a majority?

Senator HOLLAND. I do not. I think if you'll check the States you'll find that in those States where the Governors and the Senators and the Representatives and the important State officials and county officials went Dixiecrat, that the State went Dixiecrat. And where those officials to the contrary stayed with the party, the State stayed with the party. And I think that I'm speaking for every southern State and the vast majority of the people in every southern State insofar as I know they were, when I say that they are opposed to this so-called civil-rights program, because they think it will roll back the tremendous progress which we made in this field and of which we're very proud. And we think, Mr. Childs, that the rest of the Nation ought to be expressing their approval and praise of the fine record that has been made in the South.

Mr. CHILDS. Well, exactly, you fought for antipoll tax legislation in Florida. Why do you now oppose it on a national scale Senator?

Senator HOLLAND. I certainly don't. I've offered an amendment to take care of it, but I'm certainly not going to support a statute which I believe to be not only hopelessly unconstitutional, but an entering wedge and an invitation for other Federal measures which would be equally unconstitutional and which will disturb even more the States' control of their own election machinery.

Mr. SPIVAK. Senator, the South has been tremendously concerned with the constitutional issues involved. Have you always been so concerned with the Constitution as you are today in this issue—in these issues?

Senator HOLLAND. Why, I think so.

Mr. SPIVAK. I mean the Southern Democrats? What, for example, have you done about the fifteenth amendment? Do you

think the South has attempted to enforce that?

Senator HOLLAND. Now, which is the fifteenth? Just—

Mr. SPIVAK. The fifteenth amendment—

Mr. WARNER. Mr. Spivak, I sincerely don't think we've got time to go into that. I'm sorry to interrupt, but we must bring this to a close. This has been a relatively short time in which to air the views of our guest—after all, he kept the Senate floor for 4 hours and 52 minutes yesterday. But we have at least touched on some of the highlights of the issue of restricting debate in the Senate. We leave it to our listeners to decide whether the resistance to limitation of debate has become, as Republican Senator TOBEY suggests, just words, words, words, or reasonable opposition to the threats of high-handed action by an uncompromising majority. For this press conference of the air, the thanks of the Mutual network go to you, Senator SPESSARD L. HOLLAND of Florida, and to my colleagues of the press: Lawrence Spivak of the American Mercury; Louis Lautier of the Atlanta Daily World; John Carlton of the Miami Daily News; and Marquis Childs of United Features. Until next time, this is your correspondent Albert Warner.

## The European Recovery Program

### EXTENSION OF REMARKS

OF

## HON. RAYMOND E. BALDWIN

OF CONNECTICUT

IN THE SENATE OF THE UNITED STATES

Wednesday, April 6 (legislative day of Friday, March 18), 1949

Mr. BALDWIN. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD an address regarding the European Cooperation Administration and the European recovery program, by Harold G. Stagg, editor of the Marshall Plan Letter, before the Export Managers' Club, at the Hotel Statler, New York, N. Y., on March 23, 1949.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Mr. Chairman, members of the Export Managers' Club, and distinguished guests, I was very pleased by your invitation to discuss with you my impressions of the European recovery program and the operations of the Economic Cooperation Administration, particularly as they relate to you in your business. As editor of the Marshall Plan Letter I have some knowledge of your problems, and of the problems which confront ECA.

But in trying to explain the workings of the European recovery program objectively, there is one fact which everyone must consider. That is, that there are two sides to the question—yours, and the other fellow's. I could probably make many friends and get my name in headlines by saying that ECA is a foe, not a friend, of American business. And I believe I could document that statement reasonably well. On the other hand, I could say with equal emphasis that ECA is a friend, not a foe, of business. And I could easily document that statement, too.

But neither statement would be wholly true. ECA is much too aloof from the routine problems of American business to bear so human a label as friend or foe. It is more like a benevolent tyrant, impersonally trying to guide the world into the utopian sunshine of economic prosperity and political good will.



Perhaps it will be best to remind you at the start that your support of the European recovery program is not a matter of choice. It's a matter of necessity. To use a homely and undoubtedly odious comparison, it's something like paying alimony to a divorced wife. There's a lot of justification for it, you're not very keen about it, but you'd certainly be a lot worse off if you withheld your support.

And so, whatever your quarrels with ECA, you've got to continue giving it your support. Right now the program is primarily a European recovery program. But in a few years it may well become a vital necessity as an American prosperity program, or even an American recovery program.

I want to tell you a few things about the situation we are going to face in a few years in regard to American world trade. But first I'd like to tell you a little about the men who run ECA, things you rarely hear unless you have close and constant contact with them.

With few exceptions, you can say this for the men around Paul Hoffman, the ECA boss: They're not afraid of hard work and long hours. From the bright boys fresh out of Harvard and Yale to the big boss himself, they tackle Europe's problems with an attitude of consecrated devotion. That attitude is emphasized by the astounding number of overtime hours they put in on the job. And if you know about Washington, you know that this is a rare phenomenon.

Recently, just before Mr. Hoffman was scheduled to present ECA's case for more money to the Senate and House Foreign Relations Committees, you could find the elevators in the ECA building crowded at 11 o'clock every night. And not all of the members of ECA's varsity team were on their way home. Many of them were going out for a quick cup of coffee to keep them on their feet until 2 and 3 a. m. Now they've settled down again into a normal routine that includes working all day Saturday and at least half a day on Sunday.

It isn't hard to explain this gluttonous appetite for long hours of work. First, there's the nature and scope of the job. Give a group of men several billion dollars, tell them to reshape world trade and the economic lives of 270,000,000 Europeans, and they're bound to feel a sense of God-like power and responsibility.

Second, there's the leadership within the organization. Hoffman is the kind of man who inspires his aides to maximum efforts. With his ability as a supersalesman, he wins support from almost everyone he comes in contact with. He does this with what appears to be amazing ease. And his assistant deputy, Richard Bissell, provides the drive needed to back up Hoffman's inspiration.

Third, there is the caliber of the men themselves. That it is extremely high is explained by the fact that many of the policy men are on loan from high-salaried industrial jobs, to which they anticipate an early return. Their work for ECA is their stint of patriotism. And why not, with the whole world to play with, and a salary of from ten to twenty-five thousand dollars a year?

Unfortunately, in some officials, this consecrated, single-minded devotion becomes bigotry. Their eyes and minds are so firmly fixed on the European horizon that the United States is just a blur in the distance. They yell "team, team, team" so loud and so often that they can't hear the dissatisfied grumblings of businessmen in this country, businessmen who for good reason feel that ECA has no interest in their problems.

Much of this holier-than-thou tone is set by Deputy Administrator Dick Bissell, whom my associates describe as an almost inhumanly brilliant economist, and by his young assistants who are dubbed by the press as the "palace guard." These youngsters keep themselves well-insulated from the every-

day problems of businessmen, and the queries of a frustrated press, with glib mental wanderings through a field populated with phrases like "balance of payments," "deficits on current account," and "exportable surpluses."

Bissell without doubt is the know-how man of ECA. The press speaks of him privately as the "know-how-but-won't-tell man." He's a phenomenal worker. He's honest and sincere. But his shy and chilly personality and his passion for abstractions keep him from being popular. As a planner, ECA needs him; but as an administrator, he doesn't quite measure up to his reputation, because he doesn't seem able to delegate authority. If it weren't for Hoffman's warm charm and the good-humored practical shrewdness of Deputy Administrator Howard Bruce, ECA would be far more unpopular and misunderstood than it is now.

Here, then, we have a handful of hand-picked American economists, businessmen, and politicians reshaping world trade policies under a congressional edict to bring about the complete recovery of Europe by 1952. There is nothing in the Foreign Assistance Act under which ECA was created which authorizes or instructs ECA to use its funds to stave off a depression in the United States, or to save American businessmen from the results of softening markets.

Hoffman was very emphatic in explaining his position in this regard to the Foreign Relations Committee. Here is one sentence from his recent testimony, and I quote:

"If Congress for any reason wants us to give particular support to any segment of the American economy and thus make this somewhat of an American recovery program, all we ask is that we be given very specific and direct instructions, because if you do not give us those instructions we are going to buy where we can buy at the lowest possible price."

Where ECA is concerned, the recovery of Europe is the only keynote. Where ECA is concerned, the recovery of Europe is the only goal.

Anything more is in the future and is up to you and up to Congress.

What happens to American business in the meantime is rightfully your concern. But it is not the concern of ECA under the law which Congress wrote and which has been widely supported by the public.

Despite the complaints of many businessmen and groups of business representatives, the economy of this country is better off today as a result of ECA than it otherwise would be. For without ECA Europe would have no dollars to buy our products.

At the moment the short-range outlook for American world trade is good compared to prewar years. But the long-range outlook holds a serious threat to United States exporters, and this threat appears certain to reach the acute stage by 1952. When that time comes, it will be necessary to continue the European recovery program as an American recovery program—a program which will be vital if this country is to maintain its place in the trade pattern of the world.

Therefore, whether we like it or not and by this or any other name, the European recovery program—in some form or other—is going to remain with us.

The over-all accomplishments of the European recovery program have been substantial and the basic operations of ECA are wise and sound. But there is much room for a little giving here, and a little taking away there, that would make ECA operations of more genuine help to greater numbers of American businessmen. That's why the Marshall plan letter occasionally appears critical of ECA's stubborn adherence to the strict letter of the law and its somewhat fawning willingness to proceed on the theory that European governments, like Caesar's wife, can do no wrong.

ECA has emphasized again and again that it is a financing and not a purchasing agency. Although this is manifestly true, United States exporters who are losing their traditional markets under ERP inevitably turn to ECA to register their complaints.

The policy of letting participating countries make their own Marshall plan purchases, subject, of course, to the approval of ECA, was designed to encourage the use of private trade channels and to avoid placing ECA in the position of acting as another huge Government buying corporation.

However, some exporters complain with considerable justification that under ERP, private trade channels are not being used in the true sense of the word. The United Kingdom, France and Italy, which receive most of the money under the recovery program, are using Government agencies, or quasi-governmental purchasing monopolies such as the French groupements, for nearly all purchases.

In many cases, the purchases consummated under the Government-controlled program are not those most desired by the countries' own importers.

The view of American suppliers has been confined largely to specific problems of their own particular businesses. ECA tends, quite properly under the law, to view ERP as a whole. Consequently it feels that the governments of participating countries must decide themselves what goods they will import from the United States.

With limited dollars available, ERP countries, as a matter of self-interest, will be forced to reject many requests from their own importers for the right to import specific commodities and materials.

However, the fact remains that the impact of ERP on our domestic economy must be assessed realistically. It must be assessed not only in terms of its fast-disappearing inflationary aspects, but on its possible undermining of the markets of United States business.

The eyes of ECA still view only the European scene and there is a continuing tendency to deny United States business groups opportunities for greater participation which are possible within the present scope of the European recovery program.

American suppliers have tried to have the buying programs of the various countries publicized in advance so they could compete for some of the business. But ECA has given them little help in their efforts.

Time changes all things and it has already brought into focus the need to reexamine some of the fundamentals of our foreign aid program. Before the basic ERP legislation was submitted to Congress last year, the probable impact of this type of spending on the American economy was thoroughly studied by a number of Government committees. However, because the studies were undertaken in the fall of 1947 and the spring of 1948—when inflationary pressures were causing considerable concern—the principal emphasis in the basic studies was on softening the impact of the program on price levels in this country.

This concern with the possible inflationary effects of ERP was carried over to Congress, and in writing the authorizing legislation Congress included specific provisions to limit the quantities of various commodities that could be bought in this country. Except for the sections of the ECA Act dealing with the procurement of "surplus agricultural commodities," almost no attention was given to the problems of sectors of the American economy which already have felt the effects of a sharp down trend in foreign demand for their products.

As a result, ECA and other Government agencies concerned with United States exports under the Marshall plan attempted, with a considerable degree of success to limit



the quantities of certain goods exported from this country.

The limitations on exports imposed by ECA and the Office of International Trade were generally confined to commodities in short supply. But the European countries in attempting to stretch their limited dollars displayed an immediate tendency to schedule purchases in the United States, only if supplies were available nowhere else in the world.

As you well know, the effects of this general policy have been disastrous to some segments of the United States economy.

As a result of complaints some Members of Congress gradually are becoming aware that this year they face an entirely different problem in gaging the impact of ERP on the domestic economy, than in 1948. Now the problem is how to increase buying in the United States of a relatively large number of items, instead of trying to limit purchases. This problem should come to the fore when the new ECA bill reaches the floors of the House and Senate.

The position of ECA—which is still largely concerned with the inflationary aspects of the program—has already been outlined before Congress in considerable detail. But with a very few exceptions it would take an alert Diogenes with an awfully bright lamp to find many Members of Congress who know what it's all about.

Except for some Members of the Senate and House Foreign Relations Committees, there are few Congressmen who have more than a superficial knowledge of how the European recovery program operates—of why ECA does what it does—or why businessmen sometimes complain about ECA practices.

ECA has published and continues to publish numerous documents and charts which provide excellent reviews and graphic illustrations of what the European recovery program is, what it means, how it functions, what it has accomplished, what problems still lie ahead.

Unfortunately, too few Members of Congress and almost none of the general public ever give these charts and documents more than a casual glance. For all the good they do in spreading the gospel of ERP, they might just as well be buried in the cornerstone of the renovated White House.

ECA marshaled all of its big guns from Europe, brought staff aides winging home across the Atlantic, burdened with great masses of impressive reports and statistical information. They were allowed to make their formal statements before the Foreign Relations Committee. They were permitted to point out the fact that they had available beautifully drawn and colorfully decorated charts, and were prepared to explain them in detail. They were questioned briefly and instructed to make way for the next witness.

Formal hearings on ECA's request for additional funds began before a joint meeting of the Senate and House Foreign Affairs Committees on Tuesday, February 8. The scene was one of great conviviality, with klieg lights and cameras and a majority of the members of both committees on hand.

When the lights had dimmed, when the cameramen had gone, only a handful of interested committee members remained to show their interest in ECA and its \$5,000,000-a-year program.

Most people spend too much time looking at the export picture entirely from the point of view of the American businessman. They overlook Europe's own recovery objectives, which are bound to have a very far-reaching effect upon American trade.

It isn't generally known, but Europe's recovery objectives during the life of ERP involve reducing imports from the United States by a thumping big 40 percent and capturing half of the United States markets

in Latin America for her own products. These, undoubtedly, are overly ambitious goals, but the fact remains that the impact of trade shifts in the next 3 years will seriously dislocate the present United States trade pattern and demand difficult decisions by Congress, the Government, and business.

Government trade experts predict that United States exports in 1949 will average \$1,000,000,000 a month. That will be close to 1948 levels, but far below the 1947 bonanza. However, in the days ahead, American traders are going to face keener competition in almost all world markets.

The trade pattern of the last half of 1948 will probably continue for the next year because of continued heavy spending of ERP dollars. After that, however, the determination of all the western European countries to reduce imports from this country will become a matter of urgent concern. It will be of concern, not only to producers already feeling the effects of the collapse of the extraordinary 1947 demand but to the entire domestic economy.

Price declines in the United States will have little effect on the short-range picture, which, as I said before, is favorable. Although European buying in this country is encouraged by price declines here, this is somewhat offset by the fact that European exporters will receive less for products they sell here and their supply of earned dollars will be proportionately reduced.

The over-all trade problem is complicated by the fact that Europe is aiming not only at reducing imports from the United States but at increasing its exports to this country and to the rest of the Western Hemisphere.

This export campaign already is causing trouble. Some United States suppliers complain they are losing markets in Latin America and some domestic producers are concerned over the threat of European competition in this country.

Despite the fact that an increase in European exports to the United States is a basic objective of the Marshall plan, there is trouble brewing on this score. It will come in connection with the extension and strengthening of the President's powers to negotiate tariff reductions under the reciprocal-trade program.

The Truman administration is adjusting slowly to the conclusion that the end of postwar shortages in this country requires an entirely new assessment of trade policies. And although some tariff reductions will be made at the conference next month in France, they will not be as far-reaching as the ERP countries would like.

Building long-range markets for United States exports will require aggressive action in the coming year as European imports become more and more limited to a few products which can be obtained only in this country. The road ahead is rough.

For example, by 1952 France plans to cut its annual imports from the United States from a prewar level of about \$900,000,000 to about \$365,000,000.

France's exceptional postwar imports of coal, bread grains, and dairy products are already being reduced substantially. And coarse grains, fats, and machinery will soon feel the pinch of cutbacks as well.

By 1952, France hopes to restrict dollar purchase to oil, cotton, copper, machinery, leaving only \$95,000,000 for miscellaneous items.

Belgium, the Netherlands, and Luxemburg are moving rapidly toward economic union. Traders should begin analyzing export opportunities to these areas as a unit. Imports from the Benelux countries from the United States will continue through next year at the present rate of about \$700,000,000, four times the prewar rate, then move downward to a goal of about \$500,000,000 for 1952.

On the other hand, exports to this country from Benelux countries are programed to rise from the present level of about \$100,000,000 to nearly \$250,000,000.

Italy plans rapid changes in its supply markets. Imports from the dollar area, which amounted to 44 percent of her total imports in 1947, will be reduced to 15 percent by 1952, and purchases in other areas will be increased.

Italian exports to this country, now at 6 percent of the total, are programed to reach 10 percent by 1952.

Bizone Germany, that is, the American and British occupied areas, is now making nearly 50 percent of its purchases in the United States. But it will begin lowering this proportion late this year, with the objective of reducing the United States share of total imports to about 15 percent of the total.

However, the United States may be able to continue the actual volume of its exports to Germany at a high level. But only if recovery there proceeds speedily enough to permit a planned 75 percent over-all increase in German imports in the next 3 years.

The United Kingdom, whose trade plans are being urged as a guide for other ERP countries, is making giant strides in reducing its purchases from the United States. Imports from this country in 1948 were cut 42 percent, and a further 17-percent reduction is planned by 1952.

These factors are not related to frighten any segment of the American business economy. Rather, they are emphasized as a reminder that while European recovery may be the paramount consideration today, maintenance of the American high level of prosperity may well be the big issue tomorrow.

To keep ourselves vigorous and healthy in the field of world trade we're going to have to continue casting our bread upon the waters. Congress will be compelled to approve the extension of some form of foreign-aid program after 1952.

Undoubtedly, emphasis then will be placed on guaranties of purchases in the United States as a prop for our own domestic economy. And the scope of aid will spread out to encompass assistance to backward areas of the world in line with President Truman's point 4.

Perhaps, in the interim, political unity in Europe and peace throughout the world will brighten the outlook for all of us. At least, it's something nice to think about.

Address Before the Sentry Club in Philadelphia by Hon. Kenneth S. Wherry, of Nebraska

EXTENSION OF REMARKS  
OF

HON. HARRY P. CAIN

OF WASHINGTON

IN THE SENATE OF THE UNITED STATES

Thursday, April 7 (legislative day of  
Friday, March 18), 1949

Mr. CAIN. Mr. President, I ask unanimous consent to have inserted in the Appendix of the RECORD an address delivered by our distinguished minority leader, the Senator from Nebraska [Mr. WHERRY], to the Sentry Club of Philadelphia, meeting in the Hotel Bellevue-Stratford in that city on April 6, 1949. The Senator from Nebraska spoke by telephone from the Radio Room in the Senate Office Building, through loud speakers, to the meeting of the Sentry Club in Philadelphia.



There being no objection, the address was ordered to be printed in the RECORD, as follows:

Good evening, Madam Chairman, and members of the Sentry Club.

From the Capitol of the United States I am speaking to you. As you know, by this time, my plans to attend your meeting have necessarily been changed. We have approached the closing moments in a historic Senate debate on foreign aid, and these closing moments have been dramatic.

A brand-new issue has developed. Is ECA an authorization to feed destitute people and rehabilitate their economies, or is it now an authorization to subsidize the participating countries for expansion of their foreign trade to heights never dreamed of before?

This is a weighty decision that the Senate is called upon to make, for it may have a tremendous impact upon our domestic economy, the very subject I have been asked to speak on tonight. It is a great pleasure for me to address you. I fully realize that I am on the spot, so to speak, when I am asked to discuss prices, controls, economics, and related ponderous subjects with you women.

There are innumerable organizations of mere men in the various trades and industries, mining, and agriculture. With tremendous seriousness they debate, weigh, plan, and consider the raging currents of government, economics, labor, and management relations. They strive to keep the factory wheels humming and to find their way in a confused Nation and world.

But when all their labors are ended—I might as well say "we," for it is quite evident that I, too, am a man—we have yet to consider what milady—the women—will think of it all.

For, isn't it true that women, chiefly women, do the buying and make the decisions on the end products of factory, mine, and farm; whether it be food for the table, clothes for the family, or the homes in which we live? So, when I told the boss, my good wife and severest critic, Mrs. Wherry, that I was going to address a women's organization in Philadelphia, she said: "It better be good."

I told her I did not know how good it would be, but that I was full of courage, and that, after all, women are just as vitally interested in problems, local, State, national, and international, as are men, and we will get along all right. She gave me a comforting "Amen."

The problems that confront us as a Nation are so fundamental to the future of our country, and to the world, that this is a time when we must stand up and be counted, counted for or against our republican principles of government. What we do in Congress, during the next 100 days, will be the most crucial in our country's entire history, save the declaration of and waging of war.

This is a time for Paul Revere to get busy. Your organization is the Sentry Club. You want to be alert and vigilant and hand on to future generations the heritage handed down to you through the years by such great statesmen as Benjamin Franklin. There is no more suitable place for this highly patriotic endeavor to flower and spread its influence than from Philadelphia, amid its hallowed shrines of liberty.

Let us be specific. Let us examine briefly some of the crucial problems crowding for decision.

H. R. 2756, self-styled "a bill to implement the established national policy of promoting maximum employment, production, and purchasing power" is one of them.

This is the administration's bill, a bill to delegate to the President, one man, broad, sweeping power to manage all or any part of our national economy as he chooses, a sort of, or a kind of "papa-knows-best" proposi-

tion. This is not a surprise measure. It is in keeping with a philosophy of government with which we have become familiar in recent years. Its advocates boldly assert their support of a planned economy and their determination to drive it through Congress.

The President has told the country he wants power from Congress to fix ceiling prices over commodities and wages, and floors under prices and wages, power and more power to tell businessmen what they shall produce, how much and at what price, power and more power to tell workers when and where they can work and for what wages. I wonder whether the rank and file of workers in America realize how their inherent rights would be violated by such legislation. What would become of their fair and just rights to work where they please, to organize, bargain collectively, and strike?

Do they realize once this tremendous power is vested in a President, one man, it would lead to the next step, a planned economy, in which shackles for their freedom would be hammered out? This bill was introduced into the House of Representatives on February 15, 1949. There is a companion bill in the Senate.

The bill is designed chiefly to increase supplies of goods and materials in short supply. Under its provisions the President, acting of course upon advice of this group of master planners, would determine maximum goals of production, and then put the resources of the Government to the job of attaining those goals, by loans, price-and-wage fixing, mandatory priorities, and allocations.

The bill further provides that where private enterprise does not measure up to these requirements, the Government may build facilities for the manufacture of steel, or any other commodity the planners deem short in their idea of a balanced national productivity.

Here, then, within the provisions of this bill is the big stick, or club, the President asks to be held over the owners of industries and the working men and women. To the businessman "Comply with my orders, or I will put the Government in direct competition with you." And, to the working men and women, "I'll tell you where you can work."

Section 201 provides that to encourage increases in production and supply, the President shall designate materials or facilities in short supply, and shall:

(1) Determine the quantity goals to which it is necessary and feasible to increase the supply within a reasonable time; (2) explore the extent to which these goals can be attained through the efforts of private enterprise, and (3) develop and administer the programs needed to supplement the efforts of private enterprise.

Section 401 would authorize the President to require sellers, that is, sellers of commodities, to give 60 days' notice prior to any announcement of price increases. After such notice the price increase may become effective, provided the President meanwhile has not, himself, set a maximum price. This was one of the main provisions imposed upon sellers during the war, setting price ceilings, and subsidizing producers that ceiling prices might be maintained. Coupled with this power to impose price ceilings, there would also be delegated the power to distribute materials. This is done by rationing. It is just another factor that must be imposed to control all prices, which involves fixing wages.

This bill is the imposition of OPA all over again, except it grants additional power not even granted during the days of the war.

Now, as you housewives know, something has happened since last November. It would have happened much earlier, if it had not been for the tremendous commitments made abroad. We, of course, all believe in feeding hungry people, but in doing so the tremen-

dous amount of foodstuffs shipped out of this country, held up our price levels. But due to the maximum production of materials accomplished over the past 3 years, the slump in prices which began last November is now generally noticeable throughout the country.

The administration demanded the passage of H. R. 2756 under the word "inflation," and is now urging its passage to alleviate what it calls disinflation which is generally becoming known as the Truman depression. That is being acrobatic. Has it become circus time for the administration? Think of it, prices fall and unemployment rises. Yet, advocates of a planned economy, tell us they want power to control our economy against high prices, and against low prices. That is Red fascism.

We were told by the President the leveling off in prices was just what the people wanted; "Fine," he said. But, as the drop persisted, the old pumps to stem the tide were put to work. Credit controls have now been relaxed and reduction in cash requirements for margin accounts in the securities markets has been ordered by the President.

Along with control of prices, the administration bill provides for the establishment of a Wage Board independent of the Department of Labor. It requires a wage increase may not be considered as an increase in cost of production for price-adjustment purposes for 6 months, except to the extent that the increase can be justified by any one of the following reasons:

(1) To compensate for increases in the cost of living; (2) to correct inequities in the wage; (3) to correct substandards of living; or (4) to maintain essential production.

The exceptions, obviously, give wide latitude for wage increases. But, in the final analysis, wages are to be controlled. But let me warn you, ladies, if we are to have an effective price-control act, it is mandatory that wages and prices must be controlled from the producer all the way to the consumer, because one man's price is another man's cost.

Those of us who believed in the free competitive system, full production, fair prices, and wide distribution have failed to get our story across to the people. Too many people last November listened to the Pied Pipers who promised lower prices, higher wages, full employment, free medicine, free hospitalization, free old-age pensions, free everything.

You ladies are the shoppers of the family; you know there isn't anything free. None of these things are free. They all cost money. They all come out of the income of the people in direct taxes and in the cost of everything we buy. These master planners think these things are as free as water, as free as the air. These party intellectuals have a deep yearning to apply their slide rule to soulless mass welfare, to regiment our people according to bureaucratic statistics, to make each individual a robot in a socialized state, and yet they never figure the cost. They never consider who is going to pay the bill.

Their attempts to repeal or nullify the law of supply and demand by the imposition of artificial controls, by providing a blueprint for businessmen and farmers, employers, and workers have frightened the people and they have lost confidence in the leadership at Washington. The fear of adoption of a socialistic program is chiefly responsible for this loss of confidence and has resulted in a slowdown in business in general.

To prevent further recession, we must get away from this socialistic trend. We must reestablish confidence among our people so that business and labor can go ahead. Depressions, like the rain, fall upon all of us. None of us want a depression; our country comes first above any partisan consideration. And so, we cannot have all the things we want because we can't afford them. In our efforts to pay for them the tax burden would be unbearable.



Congress, then, is confronted by inescapable alternatives: cutting the President's budget, increasing the taxes; or returning to deficit spending. It is a problem of simple arithmetic. Either we reject billions in money-spending proposals made by the President, or we must slash appropriations, or we will have to go back to an unbalanced budget. We will no longer be on a pay-as-you-go basis, which, may I recall, the Eightieth Congress accomplished for the first time in 16 years.

That do-nothing Eightieth Congress did cut the President's padded budget, reduced the national debt, rolled up the biggest treasury surplus of all time, and cut taxes \$5,000,000,000. If the Eighty-first Congress does not cut the present budget by at least 10 percent, taxes will have to be increased \$5,000,000,000 or the Government must resort to sale of bonds to balance the budget, and these bonds will be the basis for credit expansion. That is deficit-financing. It is highly inflationary. It cheapens the dollar. It is the road to wreck and ruin, and jobless millions.

The bedrock of business is confidence. It is the formula for good times. Confidence today, confidence in the future, confidence that earnings and savings will not be confiscated by the Government, and, above all, confidence in the wisdom and stability of our leaders in Washington. Senator GEORGE, of Georgia, chairman of the Senate Committee on Finance, a Democrat, has sounded the warning that an increase of \$5,000,000,000 in taxes will be required, if the spending program submitted to Congress by the President is approved.

He said, such a program would add momentum to the downward spiral of prices, and the upward spiral in unemployment. It would cause a terrible slump in business and could only end in one thing, a depression, hard times. Senator MAYBANK, of South Carolina, Democrat, chairman of the Senate Committee on Banking and Currency, said: "Nothing worse could happen for the economy of the country at this time than to have Congress place additional taxes upon the people of the United States.

"Approximately 70 percent of our appropriations are now earmarked for debt service, the various defense units of the Government, veterans' care, and for pensions. These items cannot be reduced as they are obligations and for the defense of the country. Hence, only a small percent of the total budget, some 30 percent, can be reduced. No one knows what the trend of business will be 6 months from now, but everyone knows that it is on the down grade, and unless something is done to aid the taxpayers and business it will continue."

And may I again give warning, as I have done many times before, that higher taxes would be prohibitive. Some levies are already confiscatory. Incentive and initiative of private enterprise has been discouraged. The thinking in Congress must be changed, there must be a return to the homely principle of thrift in Government. Thrift is becoming a lost word, a lost virtue.

For my part, I am going to fight for reduction of the President's budget all along the line. I am going to fight against an increase in taxes. I am going to oppose deficit spending. Oh, it won't be popular with the pressure groups, but they will have to be pushed overboard if we are to save America from disaster.

The action of the Senate in refusing to reduce the \$5,580,000,000 authorization for the Economic Cooperation Administration was disheartening. ECA should have been cut 15 percent.

It was the first money authorization to be considered by the Senate in the Eighty-first Congress. We lost a golden opportunity

to set a pattern in ECA that could have been followed all along the line in our appropriations. I introduced an amendment to cut ECA by 15 percent, but that failed. I also supported the Taft-Russell amendment to reduce the authorization by 10 percent. That also failed. Let's take a look at ECA. It was offered as a plan to make freedom-loving war-torn countries strong against the lure of communism.

It was also presented as a program to strengthen our own national security, on the ground that a communized Europe would in time, threaten our own security. Senator SCOTT LUCAS, the Democrat leader in the Senate, told the Senate on April 1, last Friday, "Communism has been stopped dead in its tracks in Europe." Paul Hoffman, the Administrator of ECA, said communism in war-torn Europe has been stopped cold in the cold war.

I agree with them. There is ample evidence to support these observations. The recent elections in France and Italy showed a sharp drop in Communists in those countries. The record shows western European countries have recovered above prewar levels; that productivity is 25 percent greater than it was before the war.

ECA's stated objectives of a year ago, to restore the participating countries to where they were before the war, has been accomplished. It's goal of relief for the utterly destitute, the jobless, the hungry, the sick, the famished, and the underclothed has been attained.

ECA's broader goals of financing the participating countries in attaining their own plans for expansion of their industries and world commerce, are now being carried out at the expense of the American taxpayer. This is the part of ECA that calls upon America to provide dollars, factories, materials, and ships.

The pipe lines to western Europe are full and overflowing. There are still two and one-half billion dollars' worth of goods and cash out of this year's appropriation that have yet to be processed and shipped. Add to this two and one-half billion the five billion five hundred and eighty million in the present authorization and it makes a grand total of over \$8,000,000,000 in cash and goods that would go to the participating nations in the next 15 months. That's a lot of money.

Oh, yes, I know, we have become accustomed to big figures, to big government, big business, and big labor, but it is difficult to appreciate the value of \$1,000,000,000.

The \$5,580,000,000 requested by the President is \$100,000 more than the combined farm income of Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas in 1945. And that area is the breadbasket of our country.

It is more than twice as much as the total assessed valuation of all the property in my State of Nebraska. It would take 100,000 men, earning \$100 a week, 10 years and 9 months to make that much money.

Of course, Americans do not begrudge what we have done for the relief and recovery of Europe. It was the neighborly thing to do. But there is no moral obligation upon our people to finance our friends overseas in attaining goals of prosperity set by themselves.

We are now subsidizing the imports of materials from the United States to the 16 participating ECA nations for manufacture and shipment back to the United States, to be sold in competition in our own domestic market, in ships built with the American taxpayer's money.

Fellow Americans, rehabilitation is one thing, but subsidizing their plans for foreign trade in the dollar areas is another. Pennsylvania is one of our great industrial States. How many Pennsylvanians, how many American workers and employers, generally, know that Great Britain, for example, has mapped

a program that calls for an increase in exports to this country for nearly double what they were before the war?

How many American workers and employers know that already the revived European countries have begun to compete effectively for the American market?

Leaders in the woolen goods industry have testified before congressional committees, that the American woolen cloth industry is threatened with disaster by ECA. Other lines of business have begun to feel the impact of foreign competition. By 1952, the British Government plans to ship us 82 percent more goods than she exported to us in 1938.

Not only have our markets suffered this impact by ECA, but the downward slashes in our tariff by the Administration, under the Reciprocal Trade Agreements Act, have put the United States virtually on a free-trade basis. How long do you think America's full employment and America's living and wage standards can be maintained if we continue on a free-trade basis?

Before the Senate there is an administration bill to extend the Reciprocal Trade Agreements Act. The Eightieth Congress put limitations in the law to give American industries and American labor protection. But this administration is demanding a completely free hand to fix the tariff rates, practically no limitation for protection of our own economy.

This is another "papa-knows-best" link in the administration's goal for a socialized American economy. Some of us will make an effort to have inserted into the reciprocal trade-law extension bill, a provision to prohibit reductions in tariff below peril points, which means floors on the tariff, for protection of American industry and labor.

The House of Representatives already has passed the administration bill, and we in the Senate, are facing a hard fight to obtain this protection for American industry and for American labor. The picture is simply this: The ECA bill is passed to expand foreign industries and shipping, so that the participating countries can sell their products in the United States, and at the same time, keep our tariff low enough, so that there will be no hindrance to the sales of those products in competition for our own American markets.

I am opposed to that kind of treatment for the American-business man, American labor, and for the American people. The business outlook in America is too cloudy, too uncertain, to warrant high-living spending by the Government both at home and abroad. We must be prudent. The recent action of Canada in reducing taxes, nearer to prewar levels than we have in the United States, has shown sound thinking.

Canada has contributed magnificently to the recovery of Europe, but Canada thinks it is equally important that she remain spiritually, financially, and economically strong, and what we need in this country is more of that kind of thinking. Have we become so calloused, so softened by the constant cries of emergency and crises in Washington, that our people no longer care what happens?

Have our people become so demoralized and confused that they just don't care? Given the facts, I still think the American people will find their way. I have an abiding faith in the wisdom of the American people. They will make the right decisions, and our Republican Government will live.

An aroused American people will see that our ship of state weathers the storm.

America must go forward, America will go forward, as a free people, adding ever more to the happiness of its people, and keeping them strong and alert as the lighthouse of liberty for all mankind.

You are sentries. You know, eternal vigilance is still the price of liberty.



## General Pulaski Memorial Day

EXTENSION OF REMARKS  
OF

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 7, 1949

Mr. ZABLOCKI. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following resolution, adopted on March 1, 1949, by the Common Council of the city of Cudahy, Wis., relevant to the observance of General Pulaski memorial day. One hundred and seventy years have almost passed since the day when General Pulaski gave his life at Savannah while fighting for the freedom of our great Nation, but time has not taken away any luster from his great and heroic deeds. Mindful of the supreme contribution he has made to our national existence, millions of Americans each year pay tribute to the memory of this great man. There is at present the General Pulaski memorial day resolution pending in Congress, and the Common Council of the City of Cudahy joins with others in petitioning the President, Hon. Harry S. Truman, and the Congress of the United States to give their approval to this measure.

The resolution adopted by the council reads as follows:

## Resolution 790

Resolution memorializing the Congress of the United States to pass, and the President of the United States to approve, if passed, the General Pulaski's memorial day resolution now pending in Congress

Whereas a resolution providing for the President of the United States of America to proclaim October 11 of each year as General Pulaski's memorial day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski is now pending in the present session of the United States Congress; and

Whereas the 11th day of October 1779 is the date in American history of the heroic death of Brig. Gen. Casimir Pulaski, who died from wounds received on October 9, 1779, at the siege of Savannah, Ga.; and

Whereas the States of Arkansas, California, Connecticut, Delaware, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, Nevada, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, West Virginia, Wisconsin, and other States of the Union, through legislative enactment designated October 11 of each year as General Pulaski's memorial day; and

Whereas it is fitting that the recurring anniversary of this day be commemorated with suitable patriotic and public exercises in observing and commemorating the heroic death of this great American hero of the Revolutionary War; and

Whereas the Congress of the United States of America has by legislative enactment designated from October 11, 1929, to October 11, 1946, to be General Pulaski's memorial day in United States of America; Now, therefore be it

Resolved by the Common Council of the city of Cudahy and State of Wisconsin:

SECTION 1. That we hereby memorialize and petition the Congress of the United States to pass, and the President of the United States to approve, if passed, the Gen-

eral Pulaski's memorial day resolution now pending in the United States Congress.

SEC. 2. That certified copies of this resolution, properly authenticated, be sent forthwith to the President of the United States, the Vice President of the United States, and each of the United States Senators and Representatives from Wisconsin.

Passed and approved this 1st day of March 1949.

VINCENT TOTKA,  
Mayor.

**Congress, Not the Federal Register, Is the  
Place To Change a Law, and Federal  
Savings and Loan Associations Should  
Deal Fairly With Their Customers**

EXTENSION OF REMARKS  
OF

HON. JOHN JENNINGS, JR.

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 7, 1949

Mr. JENNINGS. Mr. Speaker, in the Federal Register of Friday, March 11, 1949, on pages 1001 to 1113, inclusive, is printed a proposal by the Home Bank Board to change the essential character of Federal savings and loan associations from institutions in which their shareholders invest their money into what appears to be an institution authorized to accept money on deposit. Actually, when a person places his money in the hands of a Federal savings and loan association he becomes the owner of stock in such organization and does not become a depositor in it. Such a share account in a Federal savings and loan association represents ownership in such association and is clearly distinguished from a debtor-creditor relationship such as exists between a savings bank and its customer or a customer of a commercial bank. A depositor in a bank is a creditor of the bank; the bank owes him the amount of his deposit. The depositor, unless he places his deposit with the bank for a definite time, is entitled to withdraw it upon demand. Under the Federal savings and loan plan, the association may repurchase from its shareholders their shares in it, but an association cannot be forced into liquidation because of financial inability to meet promptly its obligation to repurchase the shares it has sold to its shareholders.

Federal savings and loan associations are the creatures of Congress. The Home Owners Loan Act of 1933 authorized the Federal Loan Bank Board to provide for:

The organization, incorporation, examination, operation, and regulation of associations to be known as "Federal Savings and Loan Associations," and to issue charters therefor, giving primary consideration to the best practices of local mutual thrift and home-financing institutions.

Said act provides that:

Such associations shall raise their capital only in the payments on such shares as are authorized in their charter, which shares may be retired as provided in their charter.

It is further provided in the act:

No deposits shall be accepted and no certificates of indebtedness shall be issued ex-

cept for such borrowed money as may be authorized by regulations of the Board.

The home-loan nature of these associations is further established by the provision in the act that:

Such associations shall lend their funds only on the security of their shares or on the security of first liens upon homes or combinations of homes and business property within 50 miles of their home office.

The act further provides that:

No charter shall be granted except to persons of good character and responsibility, nor unless in the judgment of the Board a necessity exists for such an institution in the community to be served, nor unless there is a reasonable probability of its usefulness and success, nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

The Home Owners Loan Act and the Federal Savings and Loan Associations authorized by it have fulfilled the purposes of the act.

There has, however, developed a disposition upon the part of some of the officials connected with the Federal Home Loan Bank Board and a few of the directors of the Federal Savings and Loan Associations to change the name of Federal Savings and Loan Associations to Federal Savings Associations. Bills containing such a proposal were introduced in the third session of the Seventy-fifth Congress as S. 3874 and H. R. 10558 in April and May 1938, respectively. These bills were identical in terms. Section 8 of each bill contained amendments to subsection (a) of section 5 of the original act of 1933 as amended by providing that the Federal Home Loan Bank Board is authorized to provide for the organization, incorporation, examination, operation, and regulation of associations to be known as Federal Savings and Loan Associations, or Federal Savings Associations, as the Board may determine.

This proposed amendment to the act thus sought to clothe the Board with authority to change the name and, therefore, the character of the Savings and Loan Associations theretofore organized by it to Federal Savings Associations. Neither of these bills was reported to the Congress. In the following year, 1939, a bill was introduced in the House seeking to change the name of the Federal Savings and Loan Insurance Corporation to Federal Savings Insurance Corporation. The bill passed the House, but not until after it was amended by striking out all of section 11 which contained the proposal to change the name of the insurance corporation to Federal Savings Insurance Corporation. Congress thus stood by its original purpose as expressed by the Home Owners Loan Act of 1933 as amended to create and operate Federal Savings and Loan Associations.

It is, therefore, seen that the Home Loan Bank Board in the amendment to its rules and regulations which it published in the Federal Register of March 11 of this year is attempting to do the very thing which Congress refused to do. This action on its part is clearly an unconstitutional attempt to usurp and exercise a power which is vested only in the Congress.



# S. 1209

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## IN THE SENATE OF THE UNITED STATES

APRIL 7 (legislative day, MARCH 18), 1949

Modified and ordered to be printed

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## AMENDMENT

Proposed by Mr. KEM to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, viz: On page 4, between lines 19 and 20, insert the following:

- 1       (c) Section 111 of such Act is further amended by  
2 adding at the end thereof a new subsection as follows:  
3       “(d) The Administrator shall not authorize assistance,  
4 under this Act, within any participating country, when such  
5 assistance will provide dollars or dollar credits which may  
6 be used by such participating country, directly or indirectly,  
7 to acquire and operate in whole or in part any basic industry  
8 as a nationalized industry.”



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## AMENDMENT

Proposed by Mr. Kew to the bill (S. 1209) to  
amend the Economic Cooperation Act of  
1948.

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APRIL 7 (legislative day, MARCH 18), 1949  
Modified and ordered to be printed











S. 1534. A bill for the relief of Harry Comber; to the Committee on the Judiciary.

S. 1535. A bill to amend the Housing and Rent Act of 1947, as amended, with respect to housing accommodations in hotels; to the Committee on Banking and Currency.

By Mr. TYDINGS:

S. 1536. A bill to authorize advances in pay to personnel of the Army, Navy, Air Force, and Marine Corps upon permanent change of station, and for other purposes; to the Committee on Armed Services.

By Mr. FULBRIGHT:

S. 1537. A bill to establish a Tax Settlement Board; to the Committee on Finance.

By Mr. NEELY:

S. 1538. A bill to amend the Public Health Service Act to provide for research and investigation with respect to the cause, prevention, and treatment of cerebral palsy, and for other purposes; to the Committee on Labor and Public Welfare.

By Mr. MILLER:

S. 1539. A bill for the relief of the Elmore Cooperative Hatchery; to the Committee on the Judiciary.

By Mr. DOUGLAS:

S. 1540. A bill for the relief of Emery and Eleanor Nussbaum; to the Committee on the Judiciary.

By Mr. YOUNG:

S. 1541. A bill to promote the rehabilitation of the Standing Rock Sioux Tribe of Indians and better utilization of the resources of the Standing Rock Indian Reservation, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HAYDEN (for himself and Mr. McFarland):

S. 1542. A bill to authorize the withdrawal of public notices in the Yuma reclamation project, and for other purposes; and

S. 1543. A bill to authorize the disposal of withdrawn public tracts too small to be classed as a farm unit under the Reclamation Act; to the Committee on Interior and Insular Affairs.

By Mr. McCARRAN:

S. 1544. A bill to amend title 18, United States Code, section 220, relating to receipt of commissions or gifts for procuring loans; to the Committee on the Judiciary.

(Mr. McCARRAN (for himself and Mr. BALDWIN, Mr. BRICKER, Mr. BUTLER, Mr. BYRD, Mr. CAIN, Mr. CAPEHART, Mr. CONNALLY, Mr. CORDON, Mr. DOWNEY, Mr. EASTLAND, Mr. ELLENDER, Mr. FREAR, Mr. GURNEY, Mr. HICKENLOOPER, Mr. HOLLAND, Mr. JENNER, Mr. JOHNSON of Texas, Mr. JOHNSTON of South Carolina, Mr. KNOWLAND, Mr. LONG, Mr. MALONE, Mr. MARTIN, Mr. MUNDT, Mr. O'CONOR, Mr. REED, Mr. ROBERTSON, Mr. SALTONSTALL, Mr. SCHOEPFEL, Mr. STENNIS, and Mr. THYE) introduced Senate bill 1545, to confirm and establish the titles of the States to lands beneath navigable waters within State boundaries and natural resources within such lands and waters and to provide for the use and control of said lands and resources, which was referred to the Committee on Interior and Insular Affairs, and appears under a separate heading.)

#### HOUSE BILL REFERRED

The bill (H. R. 4916) making appropriations for the Departments of State, Justice, Commerce, and the Judiciary, for the fiscal year ending June 30, 1950, and for other purposes, was read twice by its title, and referred to the Committee on Appropriations.

#### FRANK HELLMAN—INDEFINITE POSTPONEMENT OF BILL

Mr. LANGER. Mr. President, I ask unanimous consent that the Committee on the Judiciary be discharged from the further consideration of Senate bill 1523,

for the relief of Frank Hellman, and that the bill be indefinitely postponed.

The VICE PRESIDENT. Without objection, it is so ordered.

#### INVESTIGATION OF OPERATION OF BUREAU OF RECLAMATION

Mr. DOWNEY submitted the following resolution (S. Res. 105), which was referred to the Committee on Expenditures in the Executive Departments:

*Resolved*, That the Committee on Expenditures in the Executive Departments, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete study of the operation of the Bureau of Reclamation at all levels with a view to determining its economy and efficiency. The committee shall report to the Senate at the earliest practicable date the results of its study and investigation, together with such recommendations as it may deem desirable concerning additional legislation, or such other action as it believes the Congress should adopt.

#### TERCENTENARY OBSERVANCE OF THE MARYLAND ACT OF RELIGIOUS TOLERANCE

Mr. O'CONOR. Mr. President, with the tragic object lesson before our eyes, in other portions of the world, of persecutions of religious groups which strike at the very foundation of religion itself, it is appropriate, I believe, to call attention to an observance in the State of Maryland which offers a welcome contrast to today's world situation.

Three hundred years ago, on April 21, 1649, the legislators of the infant colony of Maryland decided to embody in words and in law the principles of toleration upon which their colony had been founded. The resulting enactment, known as an act concerning religion, is widely credited with being the first attempt of a sovereign State to safeguard the consciences of all citizens, without regard to creed.

The beneficent influence of this notice to the world has leavened the life of Maryland's citizens throughout these three centuries. Today, with the world in turmoil, and with the seeds of strife and intolerance being sown among our people and throughout the world by self-seeking groups, we in Maryland believe that the example set by our valiant forebears is one that today can help to convince our people of the benefits of tolerance in everyday living.

I have prepared a resolution on behalf of the senior Senator from Maryland [Mr. TYDINGS] and myself which I send to the desk for appropriate reference.

The resolution (S. Res. 106) was referred to the Committee on the Judiciary, as follows:

Whereas on April 21, 1649, the General Assembly of Maryland, by enacting the statute known as an act concerning religion, pioneered in efforts to embody in American law the principle of religious toleration—a principle which had prevailed by custom since the foundation of the colony; and

Whereas the experience of 300 years has vindicated the far-seeing wisdom of that principle in that it has delivered both the members of all faiths and the State from the ills and strife of religious conflict; and

Whereas in many lands men and women still suffer under law for conscience' sake,

it is both appropriate and timely for those who enjoy the fruits of freedom of worship to consider well their previous privilege, to value it, and ever be alert to preserve, practice, and defend it: Therefore be it

*Resolved*, That the Senate of the United States in 1949, reaffirm its devotion to the principle of religious freedom as embodied in and developed from the Maryland act of 1649; and urge upon the people of our Nation that they keep ever in mind the benefits in good will and good citizenship resulting from the general practice of toleration among the many religious, racial, and other groups whose combined contributions have made the United States the mighty leader of the freedom-loving peoples of the world.

#### MARCH 18, 1949—ADDRESS BY SENATOR THOMAS OF UTAH

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD a radio address entitled "March 18, 1949," delivered by him on April 6, 1949, which appears in the Appendix.]

#### HAVE WE A RESERVE SHELF OF PUBLIC WORKS?—ADDRESS BY GENERAL FLEMING, WITH A FOREWORD BY SENATOR DOUGLAS

[Mr. DOUGLAS asked and obtained leave to have printed in the RECORD an address entitled "Have We a Reserve Shelf of Public Works?" delivered by Maj. Gen. Philip B. Fleming, Administrator, Federal Public Works Agency, before the annual meeting of the Chicago Building Congress, Chicago, March 10, 1949, together with a foreword by himself, which appears in the Appendix.]

#### THE AMERICAN FARM BUREAU FEDERATION—EDITORIAL FROM THE OMAHA EVENING WORLD-HERALD

[Mr. WHERRY asked and obtained leave to have printed in the RECORD an editorial entitled "A Bow to the Bureau," relating to the American Farm Bureau Federation, published in the Omaha Evening World-Herald of April 5, 1949, which appears in the Appendix.]

#### COMPARISON OF POTENTIAL VOTERS AND ACTUAL VOTES CAST IN 1944 AND 1948

[Mr. BREWSTER asked and obtained leave to have printed in the RECORD a tabulation giving a comparison of potential voters and actual voters in 1944 and 1948, which appears in the Appendix.]

#### AMERICAN CONTRIBUTIONS TO EUROPEAN AID—EDITORIAL FROM THE BEDFORD DAILY TIMES-MAIL

[Mr. JENNER asked and obtained leave to have printed in the RECORD an editorial entitled "ECA Is Building Formidable Competitors," from the Bedford (Ind.) Daily Times-Mail, which appears in the Appendix.]

#### SOCIALIZED MEDICINE IN GREAT BRITAIN—EDITORIAL FROM THE BEDFORD DAILY TIMES-MAIL

[Mr. JENNER asked and obtained leave to have printed in the RECORD an editorial entitled "A British Doctor Discusses Socialized Medicine," from the Bedford (Ind.) Daily Times-Mail, which appears in the Appendix.]

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

Mr. MYERS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. MYERS. I inquire what is the pending amendment?



The VICE PRESIDENT. The pending amendment is that offered by the Senator from Missouri [Mr. KEM], as modified. The question is on the amendment.

Mr. CONNALLY. Mr. President, I desire to speak for only a minute. I very much hope the Senate will vote down the amendment. Mr. Hoffman consulted me this morning, and he was in great distress over the amendment. He said it would be impossible for him to administer assistance if he is obliged to determine whether or not such assistance would indirectly enable participating countries "to acquire and operate in whole or in part any basic industry as a nationalized industry." Under the general terms of the bill he has complete authority to discontinue assistance in any country where he finds that it is not to the interest of the United States. When he supplies funds, it is extremely difficult to trace them and determine the indirect effects upon some of the plans of the recipient countries.

Very briefly, Mr. Hoffman says that although this amendment is directed toward nationalization in Europe, it would in fact undermine the entire recovery program, and that it would be a propaganda weapon given the Communists to claim that the Marshall plan is a device to control Europe.

Mr. President, I ask for a vote.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. KEM], as modified.

Mr. WHERRY. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KEM. Mr. President, when one reads the newspapers, he can appreciate the ardent desire of the proponents of the bill to take it from the Senate floor. Yesterday there was quoted the statement of Dr. Edwin G. Nourse, Chairman of the Council of Economic Advisers to the President of the United States. This morning I read in the Washington Post the following:

Later in the day Chairman CONNALLY, Democrat, of Texas, of the Senate Foreign Relations Committee, and Assistant Secretary of State Ernest A. Gross had a heated exchange over a report that the State Department intended to make public the arms-aid plan today. CONNALLY declared that publication of the plan would further delay Senate action on the ECA extension plan.

I ask this question: If the plan is ready, why should it not be made public? Are we to have only so much information as is good for us, or are we to have all the information which is relevant and material to this very important measure pending before the Senate today?

Mr. President, the press of England, with the characteristic British sense of fair play, has apparently given both sides of this debate. They have apparently proceeded on the theory that not only are the British people interested in what is said in favor of the pending measure, but that they have a legitimate and proper interest in what is said against it.

This morning I received in the mail a very interesting letter from Mrs. E. C.

Clifford, of Halsdon Close, Exmouth, Devon, dated April 4, 1949. She says:

I read with great interest enclosed cutting.

I now read the clipping enclosed in her letter, taken from an unidentified newspaper:

Up sprang another Republican, Senator JAMES KEM, of Missouri, to complain that aid dollars are being used as slush fund to build up Britain's socialized industries and to popularize her Government for next year's general election.

I resume the reading of Mrs. Clifford's letter:

How right you are. It's tragic that more of your Senators and people of the United States are not aware of the position in Britain—the Socialist Government is squandering the Marshall aid for their own ends—private enterprise killed—people frustrated and half starved. It's beyond my comprehension that Washington does not see what's going on—they seem blinded by false figures and soft talk of our Socialist leaders. Russia has had thousands of guns, hundreds of planes, etc., etc., sold to her by Britain—why? We shouldn't have needed the Marshall aid had the first loan been spent on production and giving the people freedom—today workers won't pull their weight for the reason of overtaxation—and no incentive. Luxury buildings going up all over the country as offices for Laborites, whilst thousands have no homes—and so it goes on—and Marshall aid is going to eventually ruin our country—helping on Socialist and dictator rule.

The statement of this lady in Devon is reminiscent of the statement of Mr. Winston Churchill, which was quoted here yesterday, that socialism is the handmaiden and the herald of communism.

Mr. President, I am perfectly willing that Members of the Senate vote on the pending amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. KEM], as modified. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Virginia [Mr. BYRD], the Senator from Washington [Mr. MAGNUSON], and the Senator from Nevada [Mr. MCCARRAN] are detained on official business.

The Senator from North Carolina [Mr. GRAHAM] is absent because of illness.

The Senator from Illinois [Mr. LUCAS], and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Arkansas [Mr. McCLELLAN] is absent by leave of the Senate, presiding as president of the National Rivers and Harbors Congress, which is holding its annual meeting in Washington today.

If present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from North Carolina [Mr. GRAHAM], the Senator from Illinois [Mr. LUCAS], the Senator from Washington [Mr. MAGNUSON], and the Senator from New York [Mr. WAGNER] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Penn-

sylvania [Mr. MARTIN] are absent by leave of the Senate.

The Senator from Wisconsin [Mr. McCARTHY] and the Senator from South Dakota [Mr. MUNDT] are absent on official business. If present and voting, the Senator from South Dakota [Mr. MUNDT] would vote "nay."

The Senator from New Jersey [Mr. SMITH] is absent because of illness. If present and voting, the Senator from New Jersey would vote "nay."

The Senator from Ohio [Mr. TAFT] is absent on official business. If present and voting, the Senator from Ohio would vote "nay."

The result was announced—yeas 20, nays 62, as follows:

#### YEAS—20

Brewster	Ellender	Malone
Bricker	Ferguson	Schoeppel
Bridges	Frear	Watkins
Butler	Hickenlooper	Wherry
Capehart	Jenner	Williams
Cordon	Kem	Young
Ecton	Knowland	

#### NAYS—62

Aiken	Hunt	Neely
Cain	Ives	O'Connor
Chapman	Johnson, Colo.	O'Mahoney
Chavez	Johnson, Tex.	Pepper
Connally	Johnson, S. C.	Reed
Donnell	Kefauver	Robertson
Douglas	Kerr	Russell
Downey	Kilgore	Saltonstall
Eastland	Langer	Smith, Maine
Flanders	Lodge	Sparkman
Fulbright	Long	Stennis
George	McFarland	Taylor
Gillette	McGrath	Thomas, Okla.
Green	McKellar	Thomas, Utah
Gurney	McMahon	Thye
Hayden	Maybank	Tobey
Hendrickson	Miller	Tydings
Hill	Millikin	Vandenberg
Hoey	Morse	Wiley
Holland	Murray	Withers
Humphrey	Myers	

#### NOT VOTING—14

Anderson	McCarran	Mundt
Baldwin	McCarthy	Smith, N. J.
Byrd	McClellan	Taft
Graham	Magnuson	Wagner
Lucas	Martin	

So Mr. KEM's amendment, as modified, was rejected.

Mr. BREWSTER. Mr. President, I call up my amendment B, which I have previously presented. It deals with advertising expenditures.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. At the proper place in the bill, it is proposed to insert the following:

No funds authorized for the purposes of this act shall be allocated to or expended for any foreign government for the purpose of expenditures for the advertising of foreign products in this country nor for advertising foreign travel in this country.

Mr. CONNALLY. Mr. President, will the Senator from Maine be satisfied if I tell him that I will take his amendment to conference?

Mr. BREWSTER. I will be.

Mr. CONNALLY. I will do that.

Mr. BREWSTER. Is that on condition that I do not say anything about it?

Mr. CONNALLY. I am not insisting on that, but I would not complain if the Senator did not.

Mr. BREWSTER. Suppose I agree not to speak over 5 minutes.



Mr. CONNALLY. Of course, I may not give the amendment 5 minutes' attention in the conference. [Laughter.]

Mr. BREWSTER. Of course, I hope there may not be a problem about it in the conference, as a result of what I hope will be favorable action in the House of Representatives. However, aside from that, I very much appreciate the courtesy and consideration of the chairman of the Foreign Relations Committee in agreeing to take the amendment to conference. I should like to explain, as I have said, in less than 5 minutes what the amendment is all about.

The amendment simply deals with the expenditure of ECA funds for advertising in the United States of foreign products and foreign travel.

During the past year, this subject has been covered by what I would term a gentlemen's agreement that such advertising would not be done, and that agreement has been rigorously enforced. However, there is contemplation of a change, and that has given me great concern, as I am sure it has also given concern to the representatives of other areas of the United States which depend to a great extent upon recreation and tourist travel, whether in California, Florida, Texas, the State of Maine, or in New England generally.

My own State derives about \$100,000,000 a year from tourist travel, and it is one of the principal factors in our economy. New England as a whole receives about \$500,000,000 from the same source, and it is of great significance. Logically there is no reason, if tourist travel is one of the most effective means of restoring the balance of trade with Europe, why this should not be done; and the logic of it I think has led to its consideration; but when it comes to the use of ECA dollars in this way in direct competition with our own agencies in this country, both public and private, that are seeking to stimulate travel in our national parks and other places, it seems to be the consensus of many that it would be wiser to put a limitation of this character on advertisements concerning foreign travel. The advertising of foreign travel would logically be followed by the advertising of foreign products. I am sure that all the industries in this country that are seeking the consumer's dollar would have a just cause for complaint if ECA dollars were used directly in advertising the distribution of foreign products in this country, however much it might contribute to the rehabilitation of exchange. That is all I have to say.

Mr. TOBEY. Mr. President, will the Senator yield for a question?

Mr. BREWSTER. I am glad to yield.

Mr. TOBEY. It is merely a question I have as to the practicality of this action. Let us assume that England, or any other country, is receiving financial benefits from this country, and she has a certain amount of funds in her own budget to be used. The funds we give her might well release her own funds to use for this purpose, so that the net result would be nil, would it not, so far as the effect of the amendment is concerned?

Mr. BREWSTER. That is quite correct; that they could use any of what we call their free dollars.

Mr. TOBEY. Yes.

Mr. BREWSTER. But they have a good many uses for those free dollars.

Mr. TOBEY. There is no doubt of that.

Mr. BREWSTER. Mr. Hoffman is holding the matter down, and I think England will be far less liberal with her free dollars than with ECA dollars, so that I think this amendment will have a salutary effect. But, above all, it will have the effect that at least our great recreational areas will not feel that their own tax dollars are being used directly to stimulate travel in foreign countries.

Mr. TOBEY. But the Senator will agree with me, will he not, that there is a variable there?

Mr. BREWSTER. Yes.

Mr. CONNALLY. Mr. President, I accept the amendment, to go to conference. I make no hard and fast promise, but the committee is quite sympathetic with the Senator's view. I think he can safely trust to our good offices.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Maine [Mr. BREWSTER].

The amendment was agreed to.

Mr. BRIDGES. Mr. President, I send to the desk an amendment, which I ask to have read and immediately considered.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 4, between lines 19 and 20, it is proposed to insert the following:

(d) Section 115 (d) of such act is amended to read as follows:

"(d) The Administrator shall encourage each participating country to insure, by an effective follow-up system, that efficient use is made of the commodities, facilities, and services furnished under this title. In order further to insure that each participating country makes efficient use of such commodities, facilities, and services, and of its own resources, the Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to observe and review the operation of such follow-up systems."

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. CONNALLY. The Senator from Texas, as chairman of the committee, is willing to accept the amendment under the same conditions he proposed with respect to the amendment of the Senator from Maine [Mr. BREWSTER], to take it to conference.

Mr. BRIDGES. I am very happy that the Senator will accept it, but I do not want to make a bargain here that may permit it to be thrown out.

Mr. CONNALLY. No; I am acting in good faith. I will take it to conference and give it a chance. There is a good deal of sympathy in the committee for the Senator's view. So I accept the amendment.

Mr. BRIDGES. Very well.

The VICE PRESIDENT. The question is on agreeing to the amendment

offered by the Senator from New Hampshire.

The amendment was agreed to.

Mr. BRIDGES. Mr. President, I now send to the desk another amendment offered on behalf of the distinguished Senator from Nevada [Mr. McCARRAN] and myself, and ask that it be read.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 4, between lines 19 and 20, it is proposed to insert the following:

(c) Section 111 is further amended by adding at the end thereof a new subsection as follows:

"(d) In providing for the procurement of commodities under authority of this title, the Administrator shall take such steps as may be necessary to assure that such commodities or the containers thereof (including inner containers as well as outer packaging) are plainly, indelibly, and appropriately labeled by the supplier thereof in such manner as to indicate, by emblem and wording in the language of the recipient country, that the commodities have been supplied by the United States for European recovery. No payment shall be made by the Administrator under letters of commitment or other financial arrangements made with respect to the procurement of commodities under this title except upon receipt of an affidavit of the supplier, whether within or without the United States, that the requirements of this subsection have been complied with in the case of such commodities. The Administrator shall immediately commence negotiations with the several participating countries with a view to the inclusion in the respective bilateral agreements entered into with such countries in accordance with section 115 (b) of this title of provisions designed to insure the continuation of such labeling within each such country, of bulk raw materials including coal, grain, petroleum, oil lubricants, fibers packaged in bales, and metal and lumber-mill products of a semifinished nature."

Mr. BRIDGES. Mr. President, I want to say a few words on this amendment. The amendment, as the Senate can plainly see, has for its objective a more adequate labeling of American products sent under relief.

The lack of adequate labeling on products we have thus far delivered to Europe is shocking. Surely all of us are in agreement after our experience with UNRRA and other earlier foreign-aid programs that we should adopt the most practicable methods of gaining for this country the good will which we hope will come to us from the substantial sacrifices we are making in our efforts to bring economic stability to the remaining free countries of western Europe.

It seems to me that one of the best ways of accomplishing this in an inoffensive and yet effective manner is to require that our goods be so labeled as to carry the message of United States aid all the way to the great masses of people in Europe. This can be accomplished by appropriately labeling those agricultural commodities we give which these people eat, as well as the industrial goods and raw materials with which they have the means to work, and as a result of which their livelihood is assured and their recreation made possible.

Unfortunately, this matter of labeling has not been adequately handled so far.



In October 1948 the ECA established by regulation certain marking requirements for commodities furnished under the act. These marking requirements were made as a part of the revised regulation, which reads as follows:

SEC. 1111.13. Marking requirements: Commodities furnished under the act will be stamped, branded, tagged, stenciled, or labeled with the official ECA emblem, samples of which may be obtained from ECA, Washington, D. C. If it is not practicable to mark the commodities themselves in such manner, the containers in which the commodities are packaged will be so marked. The shipping containers, whether boxes, cases, barrels drums, hogsheads, or of other types, will also bear the official ECA emblem. The size of the ECA emblem may vary, depending upon the size of the commodity, package, or shipping container to be marked. In addition, the shipping containers will be stamped, branded, stenciled, or labeled, as follows:

"ECA-----  
"(Procurement authorization No.)

"-----  
"(Participating country)

"-----  
"(Shipper's marks)"

The procurement authorized number and name of the participating country shall be in characters at least equal in height to the shipper's marks. The height of the ECA emblem on the shipping container should, wherever possible, be at least twice the height of the lettering used in the shipper's marks.

Any raw materials (including coal, grain, and petroleum, oil, and lubricants) not shipped in containers; fibers packaged in bales; and metal and lumber-mill products of a semifinished nature which are not packaged or crated are excepted from those marking requirements. If compliance with the provisions of this section is found to be impracticable with respect to other commodities, the participating country will promptly request ECA, Washington, D. C., for an exemption from the requirements of this section.

I think it is of some importance to note that throughout these requirements the words "practicable" and "impracticable" occur and reoccur, and that bulk materials, baled materials, and metal and lumber-mill products of a semifinished nature have been excepted from the marking requirements.

In addition to this, ECA's report on recovery progress of February 14, 1949, in discussing the question of labeling, at page 185, pointedly states that the responsibility of arranging for labeling has been placed on the importers in participating countries. The report further states that foreign representatives in Washington and abroad promised cooperation and that the ECA emblem appears on the goods themselves whenever practicable and on the containers in which they are shipped.

Furthermore, in many cases which have come to my attention it has not been considered practicable to label ECA goods because of the methods of procurement which have been authorized by ECA, particularly where ECA has financed procurement through Federal channels, such as the Department of Agriculture and, to a lesser extent, the Department of the Army.

It is my belief that we are losing a splendid opportunity to gain good will for this Nation through ERP in failing

so far to require permanent, indelible, and adequate labeling of products which are being financed by our foreign-assistance funds.

When this country is furnishing money, when our people are going without certain articles which they need, and when they are making sacrifices to help countries abroad, I think it is very essential properly to mark the goods, and I think we are derelict in our duty if we do not adequately mark each product so that the recipients will know whence they came and who gave them.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield to the Senator from Utah.

Mr. WATKINS. Is there anything to identify the goods as coming from the United States of America?

Mr. BRIDGES. No.

Mr. WATKINS. Mr. President, will the Senator yield for a further question?

Mr. BRIDGES. I yield.

Mr. WATKINS. Why not add, following "ECA," the words "United States of America?" How many Europeans know what "ECA" means? I find thousands of Americans do not know what it means.

Mr. BRIDGES. That is what I am trying to make clear. We should identify these things. As I proceed, the Senator will see some of the cases which have come to our attention in which goods have been deliberately stripped of such tagging as they bore when they started out.

Mr. WATKINS. Mr. President, will the Senator yield further?

Mr. BRIDGES. I yield.

Mr. WATKINS. Does the Senator think it would be wise to have the words "United States of America" immediately following "ECA," so that the recipients will know what "ECA" means?

Mr. BRIDGES. I think that is an excellent suggestion.

Mr. WHERRY. Mr. President, will the Senator yield for a question?

Mr. BRIDGES. I yield.

Mr. WHERRY. I should like to make a query of the distinguished Senator from New Hampshire. I would suppose, inasmuch as the goods are going to participating countries, that they would be fair about the labeling; but does the Senator recall the report made by those who investigated the situation in connection with the distribution of UNRRA food and other commodities which were distributed in Russian-occupied Austria? In that instance it was disclosed that on thousands of boxes of meat the English language had been painted out and the Russian language had been substituted? Does the Senator recall that in Russian-occupied Austria biscuits were distributed three or four at a time, so that the identification was lost and the United States got no credit at all?

Mr. BRIDGES. I do. That is a very interesting point. One of the most horrifying things to me, in going around Europe a year ago, was the fact that so many persons failed to understand whence this aid was secured. Having heard the stories of UNRRA and how American emblems and markings were

removed and other markings substituted so the goods could be used to promote Communist dictatorship in those countries, it makes me all the more convinced that we should consider this matter in a practical way. I do not see how any Senator who has taken his oath of office can object to seeing his country receive proper credit for the things we are giving as a result of our own sacrifice, both in money and in substance. I cannot imagine how any Senator could rise and try to put a quietus on a proposal to provide proper labeling of American products. We are giving without stint. We are putting no qualifications upon the gifts. We are asking only that they be marked properly and adequately so that the people to whom the goods are going may know whence they come and who is making the contribution.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. BRIDGES. I yield.

Mr. WHERRY. Did the Senator interrogate anyone in the area I have mentioned—I was in Russian-occupied Austria—to ascertain whether those who distributed the food and other commodities knew whence they came?

Mr. BRIDGES. That is one of the things which I am glad the Senator has brought out. It was difficult to understand. Not only were the recipients of the food and other supplies ignorant of their source, but the people who distributed them either did not know or did not want to know whence they came. That is a terrible condition. It shows a complete break-down of our ability to make the people understand from whom the goods come. We appropriate millions of dollars for the Voice of America to tell other nations what we are doing, and we appropriate billions of dollars under ECA, but do not adequately label the goods. The people get something tangible to eat, something tangible to wear, and that is much more effective than an intangible, vague word from the Voice of America. I think the Voice of America is doing a good job, but I think that here is a place where something tangible can be done directly, and I think it is one of the things we should consider. I cannot imagine why anyone should object to having America get the benefit of the good will of the recipients of these goods.

Mr. WHERRY. Mr. President, will the Senator yield for one more question?

Mr. BRIDGES. I certainly will.

Mr. WHERRY. What language would be used to carry out the purpose suggested by the distinguished Senator? Would the language of the recipient country be used?

Mr. BRIDGES. I would use both languages. I think, in order to be effective, we should use not only the English language, but the language of the recipient country, and we should use, perhaps, as an emblem, the American Flag. Certainly we should use the words "United States of America." Even "U. S. A." might bring about the desired result.

Under the constant surveillance of ECA's mission personnel and investigators of the joint committee on foreign economic cooperation, labels describ-



ing by emblem and wording in the language of the recipient country should be affixed to the products delivered in such a way as to prevent either removal, painting out, or substitution. Tags and painted shields are not enough.

Cans and metal products should be impressed with ERP shields, with descriptions in appropriate foreign languages. Likewise, grain, coal, and other bulk commodities delivered to participating countries by way of gift or loan should have not only the ship delivering them plainly marked, but also the freight cars which carry the products from dockside to consuming points should have the source of their contents indicated perhaps by removable metal shields on the outside of the cars. In the case of further storage within participating countries, the storage points themselves should be equally well marked.

Whatever added expense is necessary to accomplish an effective and indelible labeling program is surely justifiable in the interest of insuring that the people who receive our goods know their source. And as the goods continue to be used in their economy, they should know from day to day that the machines they work with or the raw materials they process are supplied by the United States of America for their own recovery.

Let me give a few examples of weaknesses in this labeling program. Great quantities of flour bags and other commodities have gone to Europe with no labels at all, and where labels have been used, in many cases removable tags in English have been fastened to flour and peanut bags. These tags are easily torn off; in fact, a shipment of peanuts that arrived in a certain European country recently—and this our investigator personally checked—was unloaded at dockside without labels, and when an investigator went on board the ship to look into the situation, he found all the labels in the bottom of the hold. They had been torn off the bags in transit, probably by members of the crew who were pro-Communist, and unsympathetic to our efforts to help this country. That is a condition which we must face.

A large number of freight cars arrived at another port in one of the ERP countries without labels on them, and considerable difficulty was encountered in attempting to have the freight cars properly labeled within the participating country because of threats of sabotage and general resistance to steps to advertise the United States foreign-aid program.

It does little good to label outer packaging without also labeling the inner containers. The outer packaging is soon thrown away or in too many cases is seen only by wholesalers or freight forwarders. Likewise it is ineffective to label in the English language when the great mass of people within the European countries cannot read English, or to contend that shipping symbols on commodities without the shield and without sales appeal furnish adequate labeling.

The message of our aid should be carried to the ultimate consumer in an

attractive, appealing way. Placing the labeling responsibility on foreign importers within participating countries is an absurd way of insuring effective labeling. The primary concern of seeing that the people know the truth about our help is our own, and the responsibility should be that of the administrator, and not be passed on to foreign representatives.

I, for one, am a person who believes in economy. No Member of this body over the years has fought harder for economy than have I, but I do not know of an expenditure which could be made more appropriately than to use some money for the proper labeling of American goods which we are pouring into the participating countries. I think it could be one of the most worthwhile things we could do.

The bilateral agreements with each of the participating countries contain provisions in which participating countries agree to give full publicity to the objectives and progress of ERP, and to actions taken in furtherance of ERP. Information which has come to several of us from many sources indicates a disappointing lack of cooperation on the part of participating governments under these terms of the bilateral agreements, particularly with regard to labeling.

The language of the bilateral agreements on publicity is quite general. I quote from the provisions of the bilateral agreement with France on this point:

#### ARTICLE VIII. PUBLICITY

1. The Governments of the United States of America and France recognize that it is in their mutual interest that full publicity be given to the objectives and progress of the joint program for European recovery and of the actions taken in furtherance of that program. It is recognized that wide dissemination of information on the progress of the program is desirable in order to develop the sense of common effort and mutual aid which are essential to the accomplishment of the objectives of the program.

2. The Government of the United States of America will encourage the dissemination of such information and will make it available to the media of public information.

3. The Government of France will encourage the dissemination of such information both directly and in cooperation with the organization for European economic cooperation. It will make such information available to the media of public information and take all practicable steps to ensure that appropriate facilities are provided for such dissemination. It will further provide other participating countries and the organization for European economic cooperation with full information on the progress of the program for economic recovery.

4. The Government of France will make public in France in each calendar quarter, full statements of operations under this agreement, including information as to the use of funds, commodities and services received.

Mr. President, in the face of reports from responsible sources indicating that substantial quantities, and in some cases 90 percent, of all our goods have been moved to Europe unlabeled, or improperly or inadequately labeled, I believe that the amendment which is proposed by the distinguished Senator from Nevada [Mr. McCARRAN] and myself is essential.

The Congress of the United States bears some responsibility in this matter.

When the Congress votes to give away our substance and our money—and I have joined in it because I believed in the objectives and the purposes of the ECA Act—if the Congress is to bear its full responsibility it must see to it, as a part of its obligation, that the supplies and the equipment are adequately marked.

Mr. President, the proposed legislation should make certain to the maximum extent possible that the message of American good will flows from the little people of America to the little people of Europe. We know that over there the press and radio do not reach a large part of the great mass of people. We know that the sooner a businesslike basis is achieved in this operation the sooner we will gain the respect of our partners across the sea, as well as the establishment of a European recovery operation which more nearly approaches the basic congressional intent.

The workers in a large European country are being told day after day by the Communists that all this activity by the United States is leading up to a day when the United States will take their country over. As ridiculous as it sounds, the susceptibility of these workers is such that this type of argument needs rebuttal by something more than an occasional printed manuscript, colored circular, or radio broadcast. The things these men and women receive to make their own living more endurable, the things which go into their factories or on their farms, the raw materials on which they work for their living—all these should be labeled to show where the goods and materials come from. They should be labeled so brightly, so vividly, so plainly, so legibly, and so indelibly in their own language that our message cannot be misinterpreted or destroyed.

As the European recovery program moves on into the second year of operation an increasing amount of industrial machinery, motor vehicles, engines, turbines, and agricultural equipment, as well as industrial raw materials, are moving to Europe. These heavy items should be dye-stamped with our message. They should be so prepared at source as to prevent the removal or destruction of the label without also wrecking the equipment.

If some retooling or an additional assembly line step is needed to accomplish this, such a course should be taken now. If the Economic Cooperation Administration is utilizing methods of procurement which preclude the possibility of adequate labeling, these methods should be modified to permit compliance with these essential objectives.

Therefore, Mr. President, I offer an amendment to the Foreign Assistance Act which is designed to shift the responsibility for labeling from the importers in participating countries to the suppliers of the goods financed by ECA. The amendment provides that these suppliers may obtain payment under letters of commitment or other financial arrangements only by giving an affidavit that the labeling requirements set forth



have been complied with. Since this is an affidavit used in connection with procuring payment from the Federal Government, the penalties of perjury apply and violation will be a very serious matter indeed.

The amendment provides also that inner containers, as well as outer packaging, shall be plainly, indelibly, and appropriately labeled by suppliers so as adequately to show, by emblem and wording in the language of the recipient country, that the goods and commodities have been supplied by the United States for European recovery. It also directs the Administrator to start immediately negotiations with the several participating countries with a view to insuring the continuation of appropriate labeling in the receipt, storage, and distribution of bulk raw materials after their arrival within these countries.

I cannot overstress the importance of this matter. I can think of nothing more essential to an effective spreading of the message of American aid within European countries than an intelligent, effective, and widespread labeling program. If it requires a larger administrative expense, and for this reason something less in the dollar program for participating countries, I submit that it is worth it to help sell our American foreign policy in this way. If we fail to get the credit for this program with the great masses of people in Europe who are peculiarly susceptible to the Communist propaganda of American imperialism—if we do not built up a reservoir of good will with these great masses of good people—it seems very doubtful as to whether the record of our European recovery effort will have overcome the "calculated risk" of failure to get the truth to our European friends.

Mr. President, we now come to a very simple matter, namely, do we want the goods our country sends abroad adequately labeled so that we can get the reciprocal good will which the pouring out of our sacrifices deserves from the recipients? On that issue I think the Senate can make only one answer.

Mr. PEPPER. Mr. President, the able chairman of the Committee on Foreign Relations, the Senator from Texas [Mr. CONNALLY], had to absent himself from the Chamber for a little while, and he asked that I say a few words about the pending amendment in behalf of the Committee on Foreign Relations.

All of us are sympathetic with what the Senator from New Hampshire has in mind, and the objective, of course, is certainly an excellent one, that the peoples in Europe should know that the ECA supplies are being sent by the United States. However, the Senator from New Hampshire, I am advised by the ECA officials, would, by his amendment, impose certainly the impracticable, if not the impossible, administratively, upon the ECA authorities.

The Senator from New Hampshire has already read the labeling requirements which are in force and effect by order of the ECA authorities, but let me read them again for the information of the Senate. This is headed "Marking requirements," and reads:

Commodities furnished under the act will be stamped, branded, tagged, stenciled, or labeled with the ECA emblem, samples of which may be obtained from ECA, Washington, D. C.

I interpolate to say that if Senators have on their desks copies of the European recovery progress report they will see the ECA symbol. It is a striking symbol. There appear on it in large letters the words:

For European recovery.

Under which also in large letters are the words:

Supplied by United States of America.

That symbol is attached by the ECA authorities under regulations now in effect to every article to which it is practicable and possible to attach that emblem.

I read further from the regulations of ECA:

If it is not practicable to mark the commodities themselves in such manner, the containers in which the commodities are packaged will be so marked.

I may interpolate again and say that wherever it is practicable and possible to do so this emblem itself is imprinted upon the article. When it is impracticable to imprint the emblem upon the article then the emblem is imposed upon the container of the article.

Again I repeat the words appearing on the emblem:

For European recovery.

Supplied by United States of America.

Those words appear on the striking ECA emblem.

I read further from the ECA regulations:

The shipping containers, whether boxes, cases, barrels, drums, hogsheads, or of other type, will also bear the official ECA emblem.

That is the one to which I have just referred.

The size of the ECA emblem may vary depending upon the size of the commodity, package, or shipping container, to be marked. In addition, the shipping containers will be stamped, branded, stenciled, or labeled as follows.

Mr. President, that is in addition to the ECA emblem which is affixed either to the article or to the container of the article.

In addition, the shipping containers will be stamped, branded, stenciled, or labeled as follows:

ECA -----  
(Procurement authorization No.)  
-----  
(Participating country.)  
-----  
(Shipper's marks.)

The procurement authorization number and name of the participating country shall be in characters at least equal in height to the shipper's marks. The height of the ECA emblem on the shipping container should, wherever possible, be at least twice the height of the lettering used in the shipper's marks.

Then it proceeds to provide with respect to raw materials, Mr. President:

Any raw materials (including coal, grain, and petroleum; oil and lubricants) not shipped in containers; fibers packaged in bales; and metal and lumber mill products

of a semifinished nature which are not packaged or crated are excepted from these marking requirements.

I interrupt the reading to say that obviously we cannot put labels on oil and lubricants. We cannot put a label on each piece of coal which is sent over there. Whenever the foods are placed in containers, of course, the emblem is attached. But when they are not in containers, when they are shipped in bulk, how in the world is the emblem or the identification to be placed upon the material shipped?

Mr. WHERRY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Does the Senator from Florida yield to the Senator from Nebraska?

Mr. PEPPER. I yield.

Mr. WHERRY. May I ask the distinguished Senator from Florida if it would not be possible to place emblems on box cars or on tank cars, or any other conveyance? I know that the first train load of UNRRA supplies delivered into Wienerneustadt had on the engine the flag of a certain country, and on the box cars were pictures of the dictator of that country, and his name, and other statements. Inasmuch as the train came from the East it gave the impression that the supplies came from that country, and not from UNRRA.

Mr. PEPPER. Mr. President, I am informed that the practice of placing the emblem on conveyances is observed administratively in many instances. Wherever practical the emblem is placed on boxcars and other shipping containers. In other words, the ECA thoroughly agrees with the objective the Senator from New Hampshire has in mind, and in every way practicable and possible that objective is being carried out.

Mr. WHERRY. Mr. President, will the Senator yield further?

Mr. PEPPER. I yield.

Mr. WHERRY. The last statement made by the Senator from Florida is a general statement. I have read the report from which the Senator is reading. I know what the ECA emblem is. If we believe we are receiving full value from the money we are spending on the Voice of America it seems to me we could go much further than we have done in labeling or accomplishing the purposes for which the Senator from New Hampshire has offered his amendment. Conditions now are perhaps much better than when ECA was originally organized. But I may say to the distinguished Senator from Florida, that aside from the ECA emblem I did not see anything to identify ECA products being distributed in Europe. I ask the Senator from Florida if he does not feel it would be possible and practicable to make definite identification of the products being distributed by ECA, in connection with shipments of grain, boat loads of oil, tankers of oil, boxcars of coal, and so forth? I agree that the small emblem is placed on containers. Even the boxcars have the small emblem on them. But the amendment calls for a different form of publicity which I feel is practicable, and I believe it certainly would carry with it



a message which has not been carried unless the practice has been changed in the last few months.

Mr. PEPPER. Mr. President, there is no fundamental difference between the Foreign Relations Committee and the Senator from New Hampshire or the Senator from Nebraska. The difficulty about the amendment is that it is utterly impracticable in many cases, and in other cases it would have a very obstructive effect upon the program. Let me point out some such cases. The amendment of the Senator from New Hampshire provides:

In providing for the procurement of commodities under authority of this title, the Administrator shall take such steps as may be necessary to assure that such commodities or the containers thereof (including inner containers as well as outer packaging) are plainly, indelibly, and appropriately labeled—

And so on. The Senator from New Hampshire does not take into account the utter impossibility or impracticability of complying with that provision of his amendment. That is the weakness of the amendment. The regulations provide the same thing. I read again from the regulations:

Commodities furnished under the act will be stamped, branded, tagged, stenciled, or labeled with the official ECA emblem, samples of which may be obtained from ECA, Washington, D. C.

That is a flat requirement, but the matter of practicability is recognized in the following sentence:

If it is not practicable to mark the commodities themselves in such a manner, the containers in which the commodities are packaged will be so marked.

Then it provides further on:

Any raw materials (including coal, grain, and petroleum; oil and lubricants) not shipped in containers; fibers packaged in bales; and metal and lumber mill products of a semi-finished nature which are not packaged or crated are excepted from these marking requirements.

But, Mr. President, the matter of practicability, of course, has to be taken into account when a great program such as this is being carried forward. I said the adoption of the amendment would also have the effect of obstructing the carrying out of the program. The amendment of the able Senator from New Hampshire provides that there must be an affidavit showing compliance with his amendment before payment can be made by the recipients of the commodities. I read from page 2 of the amendment, line 2, as follows:

No payment shall be made by the Administrator under letters of commitment or other financial arrangement made with respect to the procurement of commodities under this title except upon receipt of an affidavit of the supplier, whether within or without the United States, that the requirements of this subsection have been complied with in the case of such commodities.

Mr. President, many manufacturers of commodities which go into the program, when they manufactured the commodities did not know they were going into the program for Europe. They did not place on the container, upon the little can, for example, these markings; and to pull the various receptacles and containers back out of the channels of de-

livery in which they might already be moving, and place these labels on them, as the Senator from New Hampshire would have them do, would be an utterly impracticable and a very expensive process. Or if such procedure should take place when the goods reach the other side, or if an endeavor should be made to catch them wherever they are in transit and put them through the process of labeling them as the Senator's amendment makes mandatory, whether practicable or not, that again, Mr. President, would delay the delivery of these articles and commodities and at the same time would be a matter of great expense in the administration of the program.

I have before me several photographs showing the emblem and markings as they appear on box cars. These are photographs of railroad box cars which are moving ECA commodities. Senators will see the large ECA emblem. I am sure that they can see, even from a distance, the ECA emblem on the outside of those box cars. That is simply an enlargement of the ECA emblem which appears on all ECA literature. Here is one on the back of the European recovery program progress report:

For European Recovery: Supplied by the United States of America.

This is all being done without the amendment of the Senator from New Hampshire, but to carry out the same objective which the able Senator from New Hampshire hopes to achieve. So everything practicable and possible which the Senator would like to have done, and everything which can be done without inordinate delay or expense, is already being done by the ECA authorities.

The same thing applies to commodities. One of the photographs before me is from the New York Times of Tuesday, November 9, 1948. Underneath the picture there is printed the following:

Maj. Gen. Charles P. Gross, Deputy Chief of the Bipartite Control Office, Transport Group, addressing gathering of Germans at Furth im Wald, near the Czechoslovak border, where 75 freight cars, the first consignment of 3,400 to be purchased from Czechoslovakia for western Germany, were delivered. Some of the cars can be seen at the station. The sign reads, "American Is Helping to Build up Europe. These freight cars supplied by the Marshall plan."

That is what the Senator from New Hampshire has in mind. That is what is already being done over there. I am sure that scrutiny and close inspection would not disclose a single case in which the ECA is not, by every practicable and feasible method, attempting to carry out the program of identification which the Senator from New Hampshire has in mind.

Another photograph in the group of exhibits which I have before me shows an American steam shovel in Germany. It has an American flag on it. Also upon the steam shovel is a marking showing that it is being supplied by the United States under the Marshall plan.

The amendment of the Senator from New Hampshire would provide as follows:

The Administrator shall immediately commence negotiations with the several par-

ticipating countries with a view to the inclusion in the respective bilateral agreements entered into with such countries in accordance with section 115 (b) of this title of provisions designed to insure the continuation of such labeling within each such country, of bulk raw materials including coal, grain, petroleum, oil, lubricants, fibers packaged in bales, and metal and lumber-mill products of a semifinished nature.

In the first place, under the law it is not the ECA Administrator, but the Secretary of State, who negotiates such bilateral agreements. I am sure the Senator would not want to change the basic law, under which these agreements are negotiated by the Secretary of State, and not by the ECA Administrator.

In the second place, the provisions of the Senator's amendment in that respect would simply be impracticable, if not impossible of performance. I wish it were possible for the Senator to be satisfied with the regulation which is already in effect, because ECA feels that it has gone as far as is feasible and practicable in identifying all these products as having been supplied by the United States for the recovery of Europe under the Marshall plan. We are all agreed in the objective, but ECA feels very strongly—and it is the sentiment of the committee that they are right—that the Senator's amendment would impose upon them burdens and difficulties which would delay consummation of the delivery of these commodities and make the handling of them in literal compliance with the Senator's amendment more expensive than the present system. For example, he would require an affidavit to be supplied before payment could be made. That would impose a mass of red tape and bookkeeping which would very much obstruct and delay the carrying out of the of the program.

I therefore hope, on behalf of the committee, that the amendment of the Senator from New Hampshire will not be adopted.

Mr. BRIDGES. Mr. President, I should like to say just a word in reply to the remarks of the Senator from Florida.

This is a very simple amendment. It has to do with the question whether or not we want to have the goods, supplies, and equipment which we are furnishing to people in other lands at a sacrifice to ourselves properly labeled. If a Senator objects to proper labeling, to be consistent he should oppose all appropriations for the Voice of America, or any other agency which spreads the goodwill message of America. If there is any way in which good will can be spread in a tangible way, it is when we are giving something to someone else. That is a great deal more effective than the intangible results of radio broadcasts. I am for the Voice of America. I am for the European recovery program; but I want my country protected first. Second, I want my country to get the benefit of the good will which will come as a result of this program.

Mr. President, if we do not make such labeling mandatory, I think we are taking a very stupid position. I cannot understand why a Senator, representing his country as against the other countries on the face of the earth, would not take great pride in making it mandatory,



when his country gives of its substance to people in other lands, that the goods and commodities be properly labeled, so that the recipients will know where they come from.

Mr. MALONE. Mr. President, will the Senator yield for a question?

Mr. BRIDGES. I yield.

Mr. MALONE. I ask the distinguished Senator from New Hampshire if there is at this time any mandatory provision, either implied or actual, in the bill or in the act, which requires such marking?

Mr. BRIDGES. There is a labeling provision in the act, but it is not effective. The amendment which I propose would make labeling mandatory and effective. Under the present provision the requirements are so indefinite that it is possible to avoid compliance with the law.

Mr. MALONE. Mr. President, will the Senator further yield?

Mr. BRIDGES. I yield.

Mr. MALONE. As I understand the Senator, there is no mandatory provision in the act on this subject?

Mr. BRIDGES. That is correct. There is the following provision in the regulations:

Commodities furnished under the act will be stamped, branded, tagged, stenciled, or labeled with the official ECA emblem, samples of which may be obtained from ECA, Washington, D. C. If it is not practicable to mark the commodities themselves in such manner, the containers in which the commodities are packaged will be so marked.

The language "If it is not practicable" allows opportunity for avoiding the requirement. The burden is placed on the importers. I think the distinguished Senator from Nevada will agree with me that when we are spending many billion dollars on this program we can make no more effective use of a portion of the funds than by properly labeling the goods and commodities which we send to the people of other lands.

Mr. MALONE. Mr. President, will the Senator further yield?

Mr. BRIDGES. I yield.

Mr. MALONE. Is it not true that during lend-lease days there was considerable complaint because lend-lease equipment was relabeled in Russia, England, and elsewhere, to make it appear that the recipient nations were being furnished such equipment from sources other than the United States?

I ask the distinguished Senator whether this amendment would simply follow through, so that in the case of any help or assistance rendered in peacetime, the same complaint could be overcome with some definiteness.

Mr. BRIDGES. That is correct; the Senator is correct in that assumption.

Mr. KEM. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MURRAY in the chair). Does the Senator from New Hampshire yield to the Senator from Missouri?

Mr. BRIDGES. I yield.

Mr. KEM. Would the distinguished Senator from New Hampshire permit me to say that at the last session, when the ERP bill was under consideration in the Senate, I submitted an amendment not

unlike that of the Senator from New Hampshire. The purpose of my amendment was to have all the goods and materials which went to foreign countries under the Marshall plan labeled so as to show that they came from America and were the free gifts of the American people.

Would the Senator further permit me to say that my amendment was accepted by the committee and was adopted by the Senate, but was eliminated in the conference; and would the Senator further permit me to say that I indulge in the hope that his amendment will have better luck than mine.

Mr. BRIDGES. I thank the Senator. Mr. President, the point which I wish to stress is this: The Senator from Florida has stated that it will be a hardship to carry out the provisions of my amendment, but that, speaking for the Foreign Relations Committee, he agrees with the objective of the amendment. Mr. President, even though the Senator from Florida says it would be a hardship to carry out the provisions of the amendment, and even admitting for the moment that it would be a hardship—although I do not believe it would be—what if it were a hardship and what if it did add a little burden on the ECA? Why should not we place on the ECA that slight extra burden, which perhaps might involve a little cost, so that we in America who are making this great contribution of our money, the proceeds of the taxes we pay, this great contribution of our goods and the production of our labor, will receive a little credit for that contribution when those goods go all over the world? That is why I propose my amendment, so that the people of other lands which receive our goods under the ECA plan will have some idea of what we do for them.

Mr. President, as I stand here on the floor of the Senate, I say to you that those of us who, for a while—up until last November, at least—were chairmen of some of the Senate committees and who aided in putting through these programs, thought we were going to make an adequate attempt to label American contributions and see to it that we in America received credit when credit was due. But it has simply been shocking to me to receive reports that a large percentage of these goods go to foreign persons who have no idea in the world where the goods come from; and then we spent millions of dollars on The Voice of America, in an effort to spread good will for the United States, whereas we are passing up the opportunity of producing, in a very practical and very tangible way, good will for the United States on the part of some of the persons, at least, who will receive our contributions. At least they will be thankful for what we do for them, if my amendment is adopted; and my amendment would convey that information directly to them, rather than by reliance upon words scattered over the air waves.

Mr. KEM. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. KEM. I should like to ask the Senator whether an article entitled "ECA

and France," or bearing some such title, appearing in the current issue of the magazine Fortune, has come to his attention.

Mr. BRIDGES. I have not read it, but I have heard of it. I would be very much interested in knowing what it says.

Mr. KEM. I do not happen to have the article with me; but as I recall, the writer tells of an investigation he made among the rank and file of the people of France, the common people there, as to their opinion of Uncle Sam and the Marshall plan. He found that the great majority of the people there were in utter and abysmal ignorance of that fact that a vast amount of goods and commodities of many kinds were coming to the people of France as the free gift of the American people. He said that a typical French farmer said, "I buy what I get. I pay for everything I get. Why do you say this is a gift from the American people?"

For instance, one farmer said to him, "I bought an American tractor, but I paid 300,000 francs for it"—or whatever the exact figure may have been; I do not recall it exactly. "So why do you say it is a gift from America?"

Obviously, Mr. President, if that tractor carried on it a label stating that it was a gift of the American people, then the people of France would not be envious of America and would not have the feeling of ill-will toward America and Americans which the writer of the article reports.

Mr. BRIDGES. Certainly.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hoey	Murray
Anderson	Holland	Myers
Brewster	Humphrey	Neely
Bridges	Ives	O'Connor
Butler	Johnson, Colo.	Pepper
Cain	Johnson, Tex.	Robertson
Capehart	Johnston, S. C.	Russell
Chapman	Kefauver	Saltonstall
Connally	Kem	Smith, Maine
Donnell	Kerr	Sparkman
Douglas	Knowland	Stennis
Eastland	Langer	Taylor
Ellender	Lodge	Thomas, Okla.
Flanders	Long	Thomas, Utah
Frear	McCarran	Thye
Fulbright	McFarland	Tobey
George	McKellar	Tydings
Gillette	McMahon	Vandenberg
Green	Maybank	Wherry
Gurney	Miller	Williams
Hickenlooper	Millikin	Withers
Hill	Morse	Young

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). Sixty-six Senators having answered to their names, a quorum is present.

Mr. HILL subsequently said: Mr. President, I failed to state on the previous quorum call that the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Kansas [Mr. SCHOEFFEL], and myself were attending an important meeting of a subcommittee of the Senate Committee on Appropriations. That is the reason we did not answer the quorum call. I ask that this statement may appear immediately following the quorum call.



Mr. DONNELL. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. DONNELL. I wish to reserve the right to object. I inquire whether or not the Senator from Alabama is asking that, either directly or impliedly, the names of the Senators whom he has listed should be included as having been present at the roll call, or whether or not the statement was to be appended, as I understood him to say, after the roll call, without any intimation or request that they be included in such call.

Mr. HILL. Mr. President, it was not the intention of the Senator from Alabama, directly, impliedly, by innuendo, implication, or otherwise, to request in any way, shape, fashion, manner, or form, that the names of the Senators referred to by the Senator from Alabama be placed on the roll.

Mr. DONNELL. There is no objection, Mr. President.

The PRESIDING OFFICER. Without objection, the request of the Senator from Alabama will be complied with.

The question is on agreeing to the amendment offered by the Senator from New Hampshire [Mr. BRIDGES], on behalf of himself and the Senator from Nevada [Mr. McCARRAN].

Mr. BRIDGES. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BRICKER (when his name was called). On this vote I have a pair with the junior Senator from Wisconsin [Mr. McCARTHY]. If he were present he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from Virginia [Mr. BYRD] is absent on official business.

The Senator from North Carolina [Mr. GRAHAM] is absent because of illness.

The Senator from Illinois [Mr. LUCAS] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from Arkansas [Mr. McCLELLAN] is absent by leave of the Senate, presiding as President of the National Rivers and Harbors Congress, which is holding its annual meeting in Washington today.

If present and voting, the Senator from North Carolina [Mr. GRAHAM], the Senator from Illinois [Mr. LUCAS], and the Senator from New York [Mr. WAGNER] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Pennsylvania [Mr. MARTIN] are absent by leave of the Senate.

The Senator from Kansas [Mr. REED] is unavoidably detained.

The Senator from New Jersey [Mr. SMITH] is absent because of illness. If present and voting, the Senator from New Jersey would vote "nay."

The Senator from Ohio [Mr. TAFT] is absent on official business. If present and voting, the Senator from Ohio would vote "nay."

The Senator from Wisconsin [Mr. McCARTHY] is detained on official business, and his pair has been formerly announced by the Senator from Ohio [Mr. BRICKER].

The Senator from South Dakota [Mr. MUNDT] is absent on official business. If present and voting, the Senator from South Dakota [Mr. MUNDT] would vote "nay."

The result was announced—yeas 26, nays 57, as follows:

#### YEAS—26

Brewster	Jenner	Millikin
Bridges	Johnson, Colo.	Russell
Butler	Kem	Schoeppel
Cain	Knowland	Tobey
Capehart	Langer	Watkins
Ecton	McCarran	Wherry
Ferguson	McFarland	Williams
Hendrickson	Malone	Young
Hickenlooper	Maybank	

#### NAYS—57

Aiken	Hill	Murray
Anderson	Hoey	Myers
Chapman	Holland	Neely
Chavez	Humphrey	O'Connor
Connally	Hunt	O'Mahoney
Cordon	Ives	Pepper
Donnell	Johnson, Tex.	Robertson
Douglas	Johnston, S. C.	Saltonstall
Downey	Kefauver	Smith, Maine
Eastland	Kerr	Sparkman
Ellender	Kilgore	Stennis
Flanders	Lodge	Taylor
Frear	Long	Thomas, Okla.
Fulbright	McGrath	Thomas, Utah
George	McKellar	Thye
Gillette	McMahon	Tydings
Green	Magnuson	Vandenberg
Gurney	Miller	Wiley
Hayden	Morse	Withers

#### NOT VOTING—13

Baldwin	McCarthy	Smith, N. J.
Bricker	McClellan	Taft
Byrd	Martin	Wagner
Graham	Mundt	
Lucas	Reed	

So the amendment offered by Mr. BRIDGES (for himself and Mr. McCARRAN) was rejected.

Mr. KEM. Mr. President, I offer the amendment, which I send to the desk and ask to have stated, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Missouri.

The CHIEF CLERK. On page 4, between lines 19 and 20, it is proposed to insert the following:

(c) Section 111 of such act is further amended by adding at the end thereof a new subsection as follows:

"(d) No assistance shall be furnished under this act to any participating country until such country has eliminated any currency controls imposed by it that prevent its currency from reflecting its actual purchasing power in terms of the United States dollar on the free monetary market of the world."

#### CONTROL OF CURRENCIES IN EUROPE

Mr. KEM. Mr. President I think there is a proposition on which we can generally agree:

All of the dollars in the world cannot of themselves cure the economic ills of the 16 Marshall-plan countries. Until European countries permit their currencies to seek their true value, as expressed in terms of goods and services, the demand for our sound dollars will remain unabated.

This was said in the debate on the ERP measure when it was pending in the Senate about a year ago,

It is a truism that the most important basic difficulty confronting western Europe was then, and still is, the refusal of the countries now participating in the Marshall plan to permit their currencies to seek their true value with respect to the American dollar and other currencies in the free monetary markets of the world. Last year the Congress, at the time it approved the Economic Cooperation Act of 1948, made known its belief that the participating countries should put their financial houses in order. Section 102, subsection (b), of the act stresses that the participating countries should make individual and concerted efforts to become independent of extraordinary outside economic assistance within the period of the operations under the law by "furthering the restoration or maintenance of the soundness of European currencies, budgets, and finances."

Section 115 (b) of the same law provides:

In addition to continued mutual cooperation of the participating countries in such a program, each such country shall conclude an agreement with the United States in order for such country to be eligible to receive assistance under this title. Such agreement shall provide for the adherence of such country to the purposes of this title and shall, where applicable, make appropriate provision, among others, for—

(2) taking financial and monetary measures necessary to stabilize its currency, establish or maintain a valid rate of exchange.

Mr. President, in spite of these two seemingly mandatory provisions of the law, the countries of western Europe have not yet permitted their currencies to seek their true value in the world market. ECA officials have made it clear that this problem is one of the most serious and important with which they have to contend.

What is more important, they have made it clear that the deadline for action is near at hand. Richard M. Bissell, Jr., Assistant Deputy Administrator of ECA, testified before the Senate Committee on Foreign Relations on February 14 last. Mr. Bissell stated, with reference to the necessity of stabilizing the currencies of the participating countries:

I think we should set that as our goal to have by the end of fiscal 1950 at the very latest, because after currency stabilization has been achieved, and quite probably some changes in exchange rates have been carried through, after those things have been done there is still a job of promoting expanding European exports that have to be done before these countries can financially stand on their own feet. I think, unless we achieve these financial objectives in the next year, we will achieve them too late to come out at the end of the ERP period with a self-supporting western Europe.

So, Mr. President, the officials charged with the duty and responsibility of implementing and carrying out the ERA program have put the Congress on notice that unless something is done about the problem of stabilizing the currencies of western Europe, and done now, we cannot reasonably expect that the ERP program will be accomplished within the 4-year period which we have set for ourselves.



Not only have the officials of the ECA put us on notice, but the Secretary of the Treasury has put us on notice. In his testimony before the Senate committee on February 16, the Honorable John W. Snyder, Secretary of the Treasury, bluntly stated:

Without financial stability, participating countries will be unable in 1952 to balance their accounts without dependences upon extraordinary United States assistance.

Mr. President, calling this a 4-year plan should not be just a device of those who favor it to catch votes. If we are in earnest about reaching our objective in a period of 4 years, then we must do something about the problem of stabilizing the currencies of the various countries of western Europe.

We have the Joint Congressional Committee on Foreign Economic Cooperation, the so-called "watch-dog committee," which is watching the operations of ECA for us. This committee has investigated this matter, and has given the Senate the benefit of its conclusions. I quote from the report submitted by the joint committee on January 27, 1949:

The following conditions prevail in most of the countries which participate in United States aid: There is a tendency to prefer commodities to money, which results in withholding materials from production. There is a tendency for production to go into domestic consumption rather than into exports. Foreign trade is conducted on a bilateral barter basis. Each of these trends is contrary to the objectives of European recovery.

All of these conditions can be attributed primarily to lack of confidence in the national currency. Manufacturer and consumer alike are afraid to hold money so they convert money into goods as quickly as possible and hold the goods against the uncertainties of the future. The exporting firm, even when selling for currency better than its own, must surrender its foreign exchange to the exchange control agency of the Government in return for local currency which it does not want. Domestic trade has the same result but with additional benefits of internal barter for supplies and more rapid turn-over. Nations insist that trade must balance out in goods since money is unacceptable as a settlement. The establishment of sound currencies in Europe would eliminate these retarding influences.

The ECA has made what might be described as a commodity approach as distinguished from a monetary approach to the problem of European recovery; that is, it has given primary emphasis to supplying the means of production to Europe, relying on the use of the counterpart funds and moral suasion to bring about currency reform.

As long as each participating country relies on a currency that is not desired by its own people and by other nations, there will be a continuous drag on the recovery program. ECA in considering the 1949-50 assistance program of participating nations should require that each program lay a foundation for a sound currency.

We are told that in addition to general recovery or reconstruction the ERP has other objectives. To date much of the money sent to Europe has been used for WPA or relief purposes. More money is needed for relief when the currencies are controlled than would otherwise be required.

I believe the senior Senator from New Jersey [Mr. SMITH] in speaking on the

bill early in the debate estimated that to date 80 percent of the money sent to Europe had been used for relief purposes as against 20 percent for recovery purposes. I should say as a matter of fairness the Senator added that he thought that percentage was clearly not true as of the current operation. Of course it is perfectly apparent that more money is needed for relief when the currencies are controlled than would otherwise be required.

Finally, we are told that the final objectives is the reintegration of the European economies into the world economy. Here again currency controls are blocking the way. They tend to make each national economy self-sufficient, and to prevent the achievement of an internationally valid price level.

So, Mr. President, if we do not do something about this it will not be because we have not had ample notice. We have been told by officials of the ECA that the matter is pressing. We have been told by the Secretary of the Treasury that the matter is pressing. We have been told by our own watch-dog committee that it demands immediate action. So, in effect, they dump the problem on our lap, and it is squarely up to the Congress.

I want to say a few words about the so-called dollar shortage. We are frequently told that because of the dollar shortage, we cannot do anything about this pressing problem. Well, Mr. President, I have experienced a dollar shortage all my life, and I have observed many individuals who have experienced the same shortage. I have noticed that the dollar shortage occurs particularly under certain conditions, and that is when a person is living beyond his means, when he undertakes to buy more than he can pay for, and on the first of the month or at every settlement period he experiences a dollar shortage. There is no reason for it to be assumed that men of the experience of the Members of the Senate do not know something about dollar shortages. I am free to say that the dollar shortage which occurs in the experience of a country in my opinion is for all practical purposes exactly the same as the dollar shortage which occurs in the usual and ordinary experience of most of us.

Mr. MALONE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Nevada?

Mr. KEM. I yield.

Mr. MALONE. In the opinion of the distinguished Senator from Missouri, would the reason for the dollar shortage be in any way connected with promises candidates for office may make in the matter of socialization and nationalization of industry, or any other promises which obviously could not be fulfilled with the current production of the country concerned?

Mr. KEM. I think that has a great deal to do with it. I believe, for instance, the people of Great Britain for some years past have been living beyond their means. They have been spending more than they have been taking in. Quite

naturally, a deficit occurred, and in order to make the request palatable to us they labeled their situation a dollar shortage and asked us to send them money to make up the difference.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. KEM. I am glad to yield.

Mr. MALONE. Some reference has been made to this subject heretofore, but I have in my hand a newspaper which carries the announcement of a British loan to Russia. It is the Evening Star, of Washington, D. C., of March 31, 1949. It comes at a very opportune time, following the disclosure of 88 trade treaties made by the nations of Europe, the 16 Marshall plan or ECA nations, 40 of which treaties were held as restricted and not allowed to be made public by a United States Senator, and 3 of which were held to be highly confidential, and were watched very carefully while they were in my office. I was allowed to keep 45 of those treaties, and I offered them for printing in the CONGRESSIONAL RECORD. However, many of them were in foreign languages, not understandable to me certainly, and, of course, I suppose had never been translated by the State Department, because the Department made no offer to furnish translated copies.

I also noted and at that time offered for the RECORD, and they were printed, the two nonaggression treaties between France and Russia, and England and Russia, signed in the early 1940's, in 1941 or 1942.

Mr. President, I noticed in the newspaper an Associated Press dispatch, as follows:

LONDON, March 31.—Britain disclosed today that it plans to loan Russia £9,000,000 pounds (\$36,000,000) for purchase of non-military supplies from Britain in the next 12 months.

I read the last two paragraphs of the dispatch, as follows:

Treasury officials of England said that the Russian loan was made under a 1941 credit agreement.

The Russian figure was listed in the budget estimates under the general heading of "Supplies, food, and miscellaneous services."

That nonaggression pact provided that each country would help the other economically during the recovery period, and guaranteed that they would enter into no alliances which would in any way conflict with the agreement.

I ask the distinguished Senator from Missouri if in his opinion action such as this might affect the dollar shortage.

Mr. KEM. Mr. President, I do not think there can be any question about it. If England sends out of her substance to Russia she does not have it to pay the United States. If she sends \$36,000,000 in loans to Russia, then she is \$36,000,000 short when she settles her credit balance with the people of the United States.

Of course, I was interested, and I must confess, perturbed, when the Senator from Nevada disclosed the fact that Great Britain is under a treaty of alliance with Russia; that the Socialist-controlled Government in England is in alliance with the Socialist-controlled



Government of the Union of Soviet Socialist Republics. I was further concerned when I saw that under the provisions of that treaty the British Treasury recently advanced the sum of \$34,000,000 to Russia.

Mr. MALONE. Mr. President, will the Senator further yield?

Mr. KEM. I yield.

Mr. MALONE. The Senator is aware, of course, that the wording of two or three paragraphs in the nonaggression pact with Russia is very similar to that in certain paragraphs of the North Atlantic Pact. Is the Senator aware that there is a considerable resemblance between the North Atlantic Pact recently signed by the United States and the nonaggression pact which was signed between Great Britain and Russia?

Mr. KEM. I was not aware of that fact. I thank the Senator for his contribution.

#### THE DOLLAR SHORTAGE IS CREATED BY THE CONTROL OF CURRENCIES

It is argued that the European countries cannot pay with dollars for the items they would like to obtain from the United States, and so it is necessary for us either to give them dollars or to send dollars to them disguised as loans. Actually the dollar shortage is a myth which has persisted despite the fact that it is contrary to basic economic principles, whether one approaches the problem from a practical standpoint, as I did a few moments ago, or from a theoretical standpoint. The alleged shortage of dollars results not from any production deficiencies, but rather from the insistence of foreign countries on maintaining an excessive valuation for their currencies by the totalitarian device of pegging the rate of exchange for their currency far above its actual value.

For example, France has pegged the franc at 214 francs to the dollar. If this were the actual value, the French could buy in this country and pay in francs, and the person receiving the francs could convert them at his bank to the equivalent amount of dollars. However, this is not the value of the franc. It is a fictitious value; and no United States exporter will take francs for his product when he cannot get for the francs the amount of dollars equal to the sales price. France and the other countries therefore say that they do not have the dollars with which to buy, and so need our aid. They do not have dollars because they have placed an artificial value on their currency; and so long as we are going to give them their dollars free, why should they not continue forever this out-of-balance ratio so that there will always be this magical genie, the dollar shortage?

Prof. Walter Sulzbach, noted economist, recently had this to say about this situation in the Commercial and Financial Chronicle:

There should have been good reason to regard the European dollar shortage with critical eyes. For though the world had always known about frontiers, the multiplicity of currencies, international trade, and destitution as the aftermath of wars, no one had ever heard in the past of such a thing as a dollar shortage or, for that matter, a shortage of pounds sterling or Swiss francs.

There is one fact which should give pause even to the most ardent supporters of the theory that the dollar scarcity is something that has overcome the world otherwise than through avoidable human actions: The Latin Americans and the Swedes are also short of dollars. If the dollar shortage were the result of the expenses of the late war and the devastation caused by it, the former neutrals should have stronger currencies than the United States. For the latter has spent hundreds of billions of dollars for its war effort and has seriously depleted some of its natural resources. There should then not be dollar scarcity in Mexico and Buenos Aires, but rather peso scarcity in New York.

The shortage here consists of people who are willing to sell an American dollar for 50 cents.

I think it is apparent from the authorities I have read that the shortage with which we are dealing is simply a shortage of people who are willing to sell an American dollar for 50 cents, or for less than its real value in the markets of the world. The theory of my amendment is that we should make a free currency a condition to granting further relief to any country.

The Marshall plan is the third occasion in 4 years when we have adopted measures having as their objective stabilizing European currencies. It is about the tenth occasion on which we have poured forth money for the purpose of European recovery. I should like to detail those ten occasions briefly as I recall them:

First. The first UNRRA; cost, \$2,700,000,000.

Second. The second UNRRA; cost, approximately \$400,000,000.

Third. The International Monetary Fund; cost \$2,175,000,000.

Fourth. The International Bank; cost, \$3,750,000,000.

Fifth. The so-called interim-aid bill; cost, \$432,000,000.

Sixth. The Greek-Turkish loan; cost, \$400,000,000.

Seventh. The International Refugee Organization; cost, \$150,000,000.

Eighth. Children's welfare operation; cost, \$15,000,000.

Ninth. The first Marshall plan bill; cost, \$5,200,000,000.

Tenth. The second Marshall plan bill, the pending measure, which will cost, if the recommendation of the Senate committee is adhered to, \$5,580,000,000.

Mr. President, of these 10 programs for European recovery, at least 4 had currency stabilization as their prime objective. In each case the program failed, and we had to realize that we had failed to accomplish what we set out to do.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. KEM. I yield to the Senator from Nevada.

Mr. MALONE. Does the Senator recall the loan to Great Britain of \$3,750,000,000? By the way, I do not recall that loan was included in the 10 specifications which the Senator outlined. It was one of the steps in the effort to stabilize currencies. Does the Senator recall that the bill included a provision that the Empire preferential rates and other manipulations should not be effective in the expenditure of

that fund, and that almost immediately after Congress adjourned the authorities of Great Britain waited on the State Department and obtained relief from that requirement on some pretext to the effect that it was impossible to eliminate the manipulations under the Empire preferential rates and comply with the recovery anticipated under the loan?

Mr. KEM. I think the Senator is quite correct. The Senator refers to paragraph 7 of the financial agreement between the Government of the United States and the United Kingdom, dated December 6, 1945. That paragraph is headed "Sterling area exchange arrangements." I think it provides substantially as the Senator has said.

The Senator from Nevada has also been good enough to call my attention to the fact that in the list of recovery programs which I have given I did not include the so-called British loan. I do not know how I happened to omit it. I wrote the list from memory, and my memory played me a trick. I appreciate the suggestion of the Senator. Therefore the number of our efforts to date at European recovery is not 10. The total is 11. As Mr. Churchill would say, "11 is a lot."

Mr. MALONE. Mr. President, will the Senator yield further at this point?

Mr. KEM. I am glad to yield.

Mr. MALONE. Does the amendment proposed by the distinguished Senator from Missouri provide that such manipulations of currency as have been occurring for generations among the empire-minded nations of Europe and other European nations cannot be continued under ECA funds?

Mr. KEM. Exactly. Earlier in my remarks, Mr. President, I read the provisions, which would seem to be mandatory in character, requiring the participating countries to put their financial houses in order and free their currencies in the markets of the world. But, Mr. President, the results to date are, I may say, nil.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. KEM. I am glad to yield.

Mr. MALONE. I wish to state as a preface to my next question that it has always seemed to me that the manipulation by a nation of its currency so as to get away from a trade compact which had been made in regard to tariffs or import fee rates, or such matters, was a form of piracy. In other words, if at this time England were to see fit to lower the value of the pound from \$4.03—which, of course, is a fictitious value; anywhere from \$1 to \$2 of that amount is fictitious, depending on where one happens to be when he tries to buy the pound—to \$3.00, let us say, then an automobile normally valued at \$1,600, and going to England from New York, would be valued at \$1,200, and all other imports would have a similar decrease in value. In other words, any trade agreement would be null and void on its face, under such circumstances. Therefore, as I have said, it seems to me that such action would be a form of piracy.

So I ask the Senator why, in his opinion, we do not require the stabilization of currency or why we do not allow



for a sliding scale of value when we make our trade agreements under the selective free-trade policy which the State Department has adopted, based on the 1934 Trade Agreements Act. In other words, why do not we allow, on a sliding scale, for any devaluation, so that it would not nullify the trade agreements, so far as they are concerned? Can the Senator give me any reason for not doing that?

Mr. KEM. Of course, Mr. President, that is the purpose of this amendment.

Why we have not done it before is more than I can understand. I can only say that my opinion is that it is due to a lack of realism on the part of the Congress of the United States in its approach to the problem of European recovery. We have had a sort of Pollyanna point of view about the problem; in other words, we have felt that we should simply send our money to the European countries, and hope that things will be better and better. We are promised that the European currencies will be stabilized "tomorrow." Mr. President, it is always "tomorrow," "mañana"—but not today. But when "tomorrow" comes, we find that we are just where we were "the day before."

Of course, the Senator from Nevada is correct when he says that the British loan had, as one of its major objectives, stabilization in the sterling area. The Senator from Nevada is also quite correct when he suggests that that money was frittered away, largely for consumer goods. That means that the British loan became a plain relief-program fund, a glorified WPA fund, under which we sent the great sum of \$3,750,000,000 to Britain. It was used by Britain largely for relief purposes for the benefit of the people of Great Britain and its dependencies.

Mr. MALONE. Mr. President, will the Senator yield for a further question?

Mr. KEM. I am glad to yield.

Mr. MALONE. Does the distinguished Senator from Missouri intend to say that a large proportion of the so-called prior gifts and loans, made under the various headings which have been outlined by the distinguished Senator from Missouri and also under the Marshall plan or ECA of 1948, and now under the gift loan presently before us, probably have been utilized and are to be utilized as more or less of a current living fund, and not altogether for the rehabilitation of industry, the feeding of hungry people, and the meeting of other emergencies resulting from the war, as previously stated to be the purpose?

Mr. KEM. I cannot estimate with any degree of accuracy the proportion of the money we are sending to Europe which is being used for relief and the proportion which is being used for recovery. I can only refer again to the estimate made previously in the debate by the distinguished senior Senator from New Jersey [Mr. SMITH], who estimated that 80 percent has been used for relief and 20 percent has been used for recovery. Of course, the Senator from New Jersey said that in his opinion that proportion does not apply to present operations, and that he believes that a large proportion now is being used for recovery purposes.

Mr. MALONE. Mr. President, will the Senator yield further?

Mr. KEM. I am glad to yield.

Mr. MALONE. What the distinguished Senator from Missouri says fits in very largely with what I have found to be the case in various Asiatic and European countries, namely, that almost every country in the world is living over its head, and is simply expecting us to "bail it out" before the crash comes. In other words, the distinguished Senator from Missouri has already very ably stated that a large amount of the ECA money is being used for current purposes, not for recovery; and also that the loan now proposed would be used for similar purposes. In short, even though the European countries have more than recovered on the basis of the 1938 index, there is still nothing in the act which would prevent, if I correctly understood the Senator's statement, a continuation at this time of the trend toward a crash.

Mr. KEM. I think that is a very safe assumption, because we know they are still controlling their currencies. We have been sending the money to them in the hope or with the wish that they will stop controlling their currencies, but they continue to control them. So I am sure I am safe in saying that their currencies will continue to be controlled.

Mr. President, the European countries realize, just as we do, that they must approach this subject from a realistic point of view. The Organization for European Economic Recovery, or the OEEC, comprised of representatives of all the participating countries, has said in its interim report for the current year that 1949 is the year which must bring fiscal stability to Europe. That report was made in 1948. As I have said before, all the promises the European countries make are in terms of tomorrow, "mañana"—not this year, but next year. But by my amendment I propose that we say to them, "Very well, it may be next year; but please do it before you get any more Marshall plan money."

Mr. Hoffman, the able Administrator of ECA, testified before the Senate Foreign Relations Committee, as follows:

It is now their own recommendation—

The reference is to the OEEC countries—

It is now their own recommendation, and all we propose to do is to remind them of their recommendation.

All the Administrator of the ECA proposes to do is to remind participating countries of their recommendation. I have another suggestion to offer. My suggestion proceeds on the theory that a gentle reminder such as the Administrator proposes, or a polite exhortation such as has been made on the floor of the Senate, is not sufficient. My amendment proceeds on the theory, the good old American doctrine of Patrick Henry, that we may judge the future by the lamp of experience only. I may say in passing that we have had a good deal of experience with European countries in the past 3 or 4 years. It is my view that the American doctrines and American principles which have guided

the American people in the development of our own continent have yet to be demonstrated to be unsound. They are still worthy of our adherence.

My amendment says that we shall go further than we have gone in the recent past. If we are wise we shall make it clear to all participating countries that if they expect to receive further aid from the United States they must take the necessary steps, however painful, to achieve fiscal stability. Fiscal stability so necessary for the welfare of the world is what my amendment is designed to accomplish. Further aid to a participating country would be granted only on condition that the country take immediate steps to eliminate exchange controls, so that the rate of exchange on the currencies of foreign countries may be determined in a free, open, world market.

I have previously quoted from the testimony of the Secretary of the Treasury, given upon his appearance before the Senate committee. I wish to quote further from the testimony of Secretary Snyder on the same occasion, as follows:

In years gone by, the United States Government generally took the position that the rate at which a country bought and sold dollars was primarily its own concern. Now, however, when we are contributing billions of dollars to build up European economies, it becomes a matter of very grave, direct concern to us insofar as the exchange policies which a country may be pursuing tend to retard its exports or misdirect its trade and increase its Western Hemispheric deficit, and thus indirectly increase its calls upon the United States for assistance.

So, again, from a high official of the administration we have received sound economic advice. Yesterday we read in the newspapers that Dr. Nourse, Chairman of the Council of Economic Advisers, had in plain language told the President and the American people that we must get down to brass tacks; that, if we must spend money on European armament, then we must cut down the amounts to be authorized for other purposes. We now find the Secretary of the Treasury telling the people that it is a matter of grave, direct concern to us here in America how the exchange policies of the European countries are carried out.

The American people are making great sacrifices in order to aid the countries of western Europe. As has often been said on the floor of the Senate, there is nothing similar to it in all recorded history. Certainly we do not wish to interfere with the internal economy of any country, unless it becomes necessary to do so in our own interest. But under the circumstances, in view of the burdens and sacrifices the American people are making in order to send relief and recovery funds to Europe, is there any reasonable answer to the proposition that we should attach to those gifts such conditions as shall make it necessary that the recipients do what they themselves have said is required in order to achieve the objectives we have in mind?

I know it is said that certain of the Marshall plan countries would prefer to decline further aid if we require them to eliminate exchange controls as proposed



under the amendment. That may be so; but all we can say is, "We have spoken, we have saved our soul. America has offered her support, but her offer has been refused."

Mr. McMAHON. Mr. President, I shall take but a few moments to discuss the amendment. It was considered in the committee at great length. The objective sought by the amendment is something to be devoutly wished by everyone, namely, the complete freedom of the interchange of the currencies of the world. If the amendment, however, could be adopted safely at this time, we should have no need for the program as a whole. If the currencies of the countries of the world could be freely interchanged it would mean that their fiscal condition would be such that they would not need the bolstering they are getting from the dollars of the Marshall plan.

All European countries today have controlled currencies. They have them because they must have them, not because they want them. They have them because they must see that proper use is made of the dollars earned by their exports. That they must do and that is what we want them to do, because it is to our interest as much as it is to theirs to see that the dollars they earn through their exports shall not be used by the nationals of France, Belgium, or of any other country, in order to buy, for example, Cadillacs instead of tractors. The situation is not such that the French Government can permit its nationals to take their francs, come to America, and translate them into dollars with which to purchase, for example, homes in California, or as I stated a moment ago, for the purpose of buying Cadillacs. The Government must for the time being, by reason of the internal situation, see to it that the dollars earned by exports of their nationals are used to purchase the things which, basically, they desperately need in order to put their economy in order.

A further, and I think overwhelming, objection to the adoption of the amendment lies in the fact that we were the originators of the International Monetary Fund and of the International Bank. The purpose of those institutions, more particularly the fund, is to bring about exactly what the Senator from Missouri wishes to bring about, namely, free interchange, as soon as possible. We have plighted our troth, we have made an agreement with the other nations who are members of the fund, that we will at the earliest possible moment bring about a revaluation of currency. At this time the question is being studied by officers of the International Bank. As the Senator from Missouri says, we put up in excess of \$2,000,000,000 in order to make revaluation possible at the very earliest practicable moment.

I think, Mr. President, that that pretty well sums up the reasons why the committee was unanimously opposed to the plan which has been proposed by the Senator from Missouri.

I shall close by saying that if we were to adopt the amendment, there is no

question in my mind that we might as well abandon the entire Marshall plan.

#### CHICAGO SPEECH OF SENATOR LUCAS

Mr. WHERRY. Mr. President, I do not like to inject an extraneous matter into the consideration of the pending ECA bill, but the senior Senator from Illinois [Mr. LUCAS], the majority leader, is reported by the press to have made a speech in Chicago last night in which he raked over the recent contest in respect to the Wherry cloture rule. Ordinarily, I would not take the time of the Senate on a matter such as this. I have cooperated to the best of my ability to bring the debate on the ECA bill to a close. I am reluctant to speak at this time, since the senior Senator from Illinois is not present. However, his speech has been printed across the land—

Mr. MORSE. Mr. President, will the Senator yield?

Mr. WHERRY. I yield for a question.

Mr. MORSE. Was the Senator present in Chicago last night when the majority leader spoke?

Mr. WHERRY. I certainly was not. I wish I had been, even though it was a Jefferson Day-Jackson Day dinner.

I should like to say, Mr. President, that the charges made by the senior Senator from Illinois are a misrepresentation of the facts.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. WHERRY. I yield for a question.

Mr. BREWSTER. Would the Senator from Nebraska be willing to yield so that I might suggest the absence of a quorum?

Mr. WHERRY. No; I do not want to delay the debate on the pending measure.

Obviously, I would have to consume many hours of the Senate's time if I were to correct all the misleading statements that have been made by the majority leader and others, on this cloture issue. But I shall not now detain the Senate long.

The United Press dispatch from Chicago today says:

Senate Majority Leader LUCAS criticized Republican Senators last night for "failure to stop filibusters in the Senate once and for all."

LUCAS, in a speech at the Jefferson-Jackson Day dinner, particularly blamed the gentleman from Michigan, Mr. ARTHUR VANDENBERG, who "made an impassioned speech" against the antifilibuster measure, and the gentleman from Ohio, Mr. ROBERT TAFT.

TAFT remained inactive and quiet, although he had said he would vote to support the Barkley ruling, LUCAS said.

Mr. President, that is the kind of propaganda that is being circulated by the majority leader with regard to the cloture matter, speaking at a Democratic rally in Chicago last night.

Mr. BREWSTER and Mr. MORSE addressed the Chair.

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). Does the Senator from Nebraska yield; and if so, to whom?

Mr. WHERRY. I yield to the Senator from Maine.

Mr. BREWSTER. Did I correctly understand the Senator from Nebraska

to say that the Senator from Illinois [Mr. LUCAS] stated that the Senator from Ohio [Mr. TAFT] had kept quiet?

Mr. WHERRY. Yes. He criticized him for remaining quiet. Believe me, it is the first time in all my experience that the Senator from Ohio has ever been criticized for being quiet. He is usually criticized for talking too much.

Mr. KEM. Mr. President, will the Senator yield?

Mr. WHERRY. I yield for a question.

Mr. KEM. Will the Senator permit me to make the observation that if a Senator is a Republican, it is a case of damned if you do and damned if you do not? He is criticized if he speaks, and criticized if he remains silent.

Mr. WHERRY. That is correct.

That is the way the story begins; that is the kind of propaganda that is being circulated by the majority leader on this cloture matter.

Everyone familiar with the official record knows that it was the senior Senator from Illinois who tried to strike a dagger at the heart of our efforts to obtain a workable cloture rule.

Everyone familiar with the official record knows that it was the majority leader who sought to adjourn the Senate and thereby displace the Hayden-Wherry resolution.

Everyone familiar with the official record knows that it was the Republican leadership that insisted upon the Senate recessing so that further opportunity would be given for development of an effective cloture rule.

Every Senator remembers that the Senator from Illinois asked if the Senator from Louisiana [Mr. ELLENDER] would yield, and said, "I am about to make a motion to adjourn the Senate." I ask, Who put up the white flag? Who killed the attempt to amend the cloture rule? Who killed civil rights?

Mr. McMAHON. Mr. President, will the Senator yield?

Mr. WHERRY. I yield.

Mr. McMAHON. I suggest that the Senator will get his answers to those rhetorical questions at the next election.

Mr. WHERRY. No one more than I would like to have those questions answered, in Illinois or in Nebraska, when I meet the Senator from Illinois in the campaign, for putting out that sort of a misrepresentation of what happened on the Senate floor.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. WHERRY. I yield to the Senator from Oregon.

Mr. MORSE. Is it not true that it was the great statesman from Illinois, the distinguished senior Senator, the majority leader, who was the first on the Democratic side to announce to the people of the Nation that he could not follow his chief in the White House, the President of the United States, Mr. Truman, on the President's own plan for invoking cloture by way of a majority vote of the Senate?

Mr. WHERRY. Certainly. I thank the Senator from Oregon for that statement. The Senator from Illinois said



he could not go along with the President on a simple majority cloture rule, and that he hated to part company with the Chief Executive on that question. Of course, that is not all the Senator from Illinois said, but it is very interesting to note that, when we were getting along very well, he injected himself into the cloture debate, advocating a simple majority rule. It is interesting to note that on the vote the suggestion of the President received only 7 votes, and 80 Senators voted against it. Every American should be told the story over and over again.

Mr. MYERS. Mr. President, will the Senator yield?

Mr. WHERRY. I want to be fair; I want to be entirely fair to the acting majority leader.

Mr. MYERS. Has the Senator finished his introduction?

Mr. WHERRY. If the Senator does not want to ask me a question, I shall not yield.

Mr. MYERS. I am about to ask one.

Mr. WHERRY. Then I shall yield.

Mr. MYERS. The Senator apparently did not think the Senate was in a good humor when he started this morning.

Mr. WHERRY. If the majority leader will permit the Senate to do its work instead of his running daggers through Senators who try to cooperate, we will get through all the proposed legislation.

Mr. MYERS. Mr. President, will the Senator yield further?

Mr. WHERRY. I yield.

Mr. MYERS. If I should tell the Senator from Nebraska that the senior Senator from Illinois will be on the floor at 4 o'clock, would the Senator be willing to withhold his remarks?

Mr. WHERRY. I wish the Senator from Pennsylvania had told me that before. I shall finish my speech, and the Senator from Illinois can say what he pleases at 4 o'clock this afternoon.

Mr. President, that was the decisive action of the majority leader. That was the accomplishment of this abject surrender to the Senators who had prolonged debate on the Hayden-Wherry resolution.

That is the official record, and no amount of double-talk, or efforts to cover the tracks, can erase the official record.

The official record also shows that it was the minority floor leader who protested against the scuttle-and-run program mapped by the majority leader.

The fact is, that if the so-called Wherry cloture rule had not been adopted, the Senate today would not have an effective cloture rule.

If the Senate had followed the course proposed by the majority leader, we would still have the old cloture rule, with its loopholes through which filibusters could be waged against motions to consider measures; and filibusters against provisions in the Senate Journal.

The majority leader, in his speech, is reported to have said that the senior Senator from Michigan [Mr. VANDENBERG] made an impassioned speech against the antifilibuster measure.

The dispatch goes on to quote the majority leader as saying Senator TAFT voted to overrule the so-called Barkley ruling after saying he would vote to sustain it.

Of course, Senator VANDENBERG and Senator TAFT are quite capable of taking care of themselves.

I simply cite these statements by the senior Senator from Illinois, as samples of the tissue of misleading statements that he presented to his political rally.

Obviously, the misrepresentation will be passed along by these unwitting campaigners.

The fact is, Senator VANDENBERG did not make any speech against the antifilibuster measure. We all know the senior Senator from Michigan is wholeheartedly in favor of limiting debate by Senate rule.

Perhaps the dispatch is incorrect, perhaps the Senator was misquoted. I am telling what came in on the ticker. The dispatch proceeds to quote the majority leader as saying:

Senator TAFT voted to overrule the so-called Barkley ruling after saying he would vote to sustain it.

Of course, Mr. President, the Senator from Michigan and the Senator from Ohio are quite capable of taking care of themselves. I merely cite these statements by the senior Senator from Illinois as samples of the tissue of misleading statements which he repeated at his political rally.

Mr. BREWSTER. Mr. President, will the Senator from Nebraska yield?

Mr. WHERRY. I am glad to yield.

Mr. BREWSTER. Am I to understand the Senator from Illinois was quoted as saying that the senior Senator from Ohio [Mr. TAFT] voted to overrule the Barkley ruling? Was that the statement?

Mr. WHERRY. In answer to the Senator's question, this is what is on the ticker:

TAFT remained inactive and quiet—

I have already commented on that—although he had said he would vote to support the Barkley ruling.

Mr. BREWSTER. Did it later say he voted to overrule it?

Mr. WHERRY. In another portion of what is on the typewritten sheet I do not have with me I understand the interpretation was that way.

Mr. BREWSTER. That, of course, is not in accordance with the fact or the RECORD.

Mr. WHERRY. The fact is that the Senator from Michigan [Mr. VANDENBERG], if I recall correctly—and I did not scan the RECORD completely—did not make any speech against the antifilibuster measure.

Mr. VANDENBERG. Mr. President, will the Senator from Nebraska yield?

Mr. WHERRY. I yield.

Mr. VANDENBERG. Will the Senator read to me what the distinguished Senator from Illinois said about me?

Mr. BREWSTER. I have the quotation here, if the Senator from Nebraska will permit me.

Mr. WHERRY. Wait a moment.

Mr. VANDENBERG. I merely desire to keep the RECORD straight.

Mr. BREWSTER. I have the quotation here.

Mr. WHERRY. I yield to the Senator from Maine.

Mr. BREWSTER. This is from the ticker:

LUCAS, in a speech at the Jefferson-Jackson Day dinner, particularly blamed Senator ARTHUR VANDENBERG, Republican, Michigan, who "made an impassioned speech" against the antifilibuster measure.

Mr. VANDENBERG. If the Senator from Nebraska will permit me, he is quite right; I made no speech, impassioned or otherwise, against the antifilibuster measure.

Mr. WHERRY. That is correct.

Mr. VANDENBERG. I supported the antifilibuster measure from start to finish. I did make a speech, whether impassioned or otherwise, in favor of due process of law in the Senate, as well as in the American way of life everywhere.

Mr. WHERRY. I wish to thank the Senator for his contribution. The statement comes with more force than if anyone else attempted to answer such a charge as that made by the majority leader.

Mr. CAPEHART. Mr. President, will the Senator from Nebraska yield?

Mr. WHERRY. I am glad to yield to the Senator from Indiana.

Mr. CAPEHART. Who controls the United States Senate, Democrats or Republicans?

Mr. WHERRY. There seems to be some question about that. [Laughter.]

Mr. CAPEHART. Why is it that when the Republicans controlled the Eightieth Congress the President of the United States and the leading Democrats blamed them for everything that happened, and now that the Democrats control the United States Senate, we get blamed for everything that happens?

I should like to offer this suggestion to the able Senator from Nebraska, that perhaps we should not be too critical of the majority leader, the Senator from Illinois, who is back in his own town, who is running for election next year, who is possibly having a lot of trouble there, and wants to be reelected. Possibly he has a right to go out there and play a little politics, and blame the boys who are 1,000 miles away. He will possibly return and simply say, "Well, you know how it is. I just had to go out and play a little politics and had to blame somebody. We have been picking on the Republicans for years, and we thought we would just continue to do so."

Mr. WHERRY. I thank the Senator for his statement.

Mr. President, I do not like to have such misrepresentations made, certainly they should not be made maliciously, and I do not make any such charge against the Senator from Illinois, but we must keep the RECORD straight. I wish to



apologize to the chairman of the Committee on Foreign Relations for even taking these few minutes out of the time of the debate. I am trying my level best to cooperate with him, and will do so, but if he will pardon me another 5 minutes, I should like to continue, because I think the RECORD has to be made straight. I think this statement of the majority leader has to be answered now.

The fact is that the Senator from Ohio [Mr. TAFT] voted to sustain the ruling of the Vice President. The majority leader is quoted as saying the senior Senator from Ohio "remained inactive and quiet." But I leave that the senior Senator from Ohio.

The dispatch goes on to say:

LUCAS also criticized minority leader, Senator KENNETH WHERRY, Republican, of Nebraska, for giving the civil-rights program the final death blow.

"WHERRY called for the imposition of debate limitation by so-called constitutional two-thirds majority," LUCAS said.

The Illinois Senator said this meant that 64 of the Senate's 96 Members must always be present and vote for cloture if filibusters are to be stopped.

I see no profit in rehashing the whole record. What is the use? Every time one answers a misrepresentation, two more are fabricated to take its place.

The majority leader charges that I gave the civil-rights program the final death blow.

I ask, are we now to infer that the majority leader is not going to present anti-poll-tax and antilynching legislation to the Senate? Is this the final, indirect way of saying there will be no effort by the administration forces to deliver on their pledges, and offer antipoll tax and antilynching legislation?

Repeatedly, I have challenged the majority leader to bring an anti-poll-tax bill on the Senate floor, but he has not seen fit to do so. He has indulged in much talk about civil-rights legislation being dead, blaming others for his failure. He has branded the new cloture rule as being unworkable. He has led many people to believe that the Senate now has no effective rule to limit debate, and he has said the cloture rule we now have sets the country back years and years. That is what he has said about our effective, bulletproof, holeproof cloture rule. I submit that any reasonable person, any fair person, must conclude that the present rule is better than the one we had before, because the old rule was full of loopholes that permitted filibusters to be waged.

There is a good way to test the new rule, namely, by calling up an anti-poll-tax bill. If the debate developed into a full-fledged filibuster, we could invoke the new cloture rule. Now, for the first time in history, we have a rule under which Senators can go on record.

It is my belief that we can muster a two-thirds of the Senators duly chosen and sworn to break any filibuster that might possibly develop on a bill to outlaw the poll tax, or even an antilynching bill, so let us give it a trial. I believe we can produce on this side of the aisle. Can those on the other side? That is a question for them to decide.

So, Mr. President, I repeat my challenge to the majority leader to call up an anti-poll-tax bill, and then we can see whether the new cloture rule will work. At any rate, we will be able to go on record on the issue—something that has not been possible in the past. Until the majority leader presents a bill to the Senate to outlaw poll taxes in elections of Federal officers, or an antilynching bill, his efforts to blame the Republicans for lack of civil-rights legislation will have a hollow sound.

For those of us who have succeeded in causing the adoption of the new cloture rule—a step toward civil-rights legislation—the speech by the majority leader in Chicago is discouraging, because it leaves an impression that he prefers to blame others for his failure, rather than take the practical action of bringing up an anti-poll-tax bill, that we might have it before us for consideration.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. WHERRY. I yield to the Senator from Oregon.

Mr. MORSE. Am I to understand from the sentence just spoken by the distinguished minority leader that the speech made last night by the great statesman of Illinois, the majority leader, at Chicago, is going to make it more difficult for the majority leader to carry out what after all is the real test of leadership of a majority leader, namely, the ability to obtain cooperation on both sides of the aisle?

Mr. WHERRY. The Senator well knows that in order to get legislation passed there must be cooperation on both sides of the aisle. While I agree the responsibility of course is with the administration, yet in order to get the full cooperation, the thing to do, it seems to me, is for the majority leader himself to make an impassioned plea on the floor of the Senate, make a motion to consider a bill, plead with Members on both sides of the aisle to get behind him in the effort to have it taken up, and see if we can invoke a cloture rule which will limit debate on the motion.

Mr. MORSE. Mr. President, will the Senator yield for another question?

Mr. WHERRY. I am glad to yield.

Mr. MORSE. Does the Senator from Nebraska agree with me that one of the tests of the quality of a majority leader's leadership is his ability so to win the confidence of the Members on both sides of the aisle that he can elicit the cooperation of both sides in obtaining unanimous-consent agreements to proceed with the business of the Senate?

Mr. WHERRY. I will say it is. A majority leader certainly must have the confidence of Members of the Senate in order to secure agreement to unanimous-consent requests. I think I know something about that matter. I do not want in any way to question the fine leadership of the Senator from Illinois—we all wish him well—but I do feel that if we are to proceed down the road of action and pass proposed legislation expeditiously we must have the full cooperation of all Senators. If we expect unanimous-consent requests to be agreed to, certainly Senators must have confidence in the

majority leader, or such requests will not receive Senate approval.

Mr. MORSE. Mr. President, will the Senator yield for one more question?

Mr. WHERRY. I should like to finish my statement.

Mr. MORSE. I ask the Senator to yield for only one more question.

Mr. WHERRY. I yield.

Mr. MORSE. As minority leader, has the Senator from Nebraska, on the basis of his experience in recent days, reached the conclusion that the great statesman from Illinois, the majority leader, is going to have difficulty in obtaining cooperation on the Republican side of the aisle, in view of such a speech as he made last night in Illinois, and in view of certain speeches he has also made on the floor of the Senate in recent days?

Mr. WHERRY. My answer to that question, which I think is very pertinent, is that such speeches will not help the majority leader in securing the cooperation needed. I want to be fair in my statement. As minority leader, I make the statement now that whenever legislation is brought before the Senate I will do everything in my power to see that it is expedited and passed as quickly as possible. I think I have a record for having done so in the past, and I think every Senator knows it to be true.

The solid fact is that there are not a sufficient number of Truman Democrats in the Senate, along with the Republicans, to pass any civil-rights legislation. I am going to be perfectly frank about that. When they promised the people last year they would deliver on civil rights, I think they were talking through their hats.

I thank Senators for having listened to me. I am now glad to yield to any Senator.

Mr. CAPEHART. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Indiana?

Mr. WHERRY. I yield.

Mr. CAPEHART. The Democrats controlled the Congress for 15 years, and during the 15 years why did they not pass civil-rights legislation? At one time during their control there were only 16 Republican Senators. If the Democrats have been sincere and conscientious about it, why did they not pass civil-rights legislation back in the days when they controlled both Houses of Congress?

Mr. WHERRY. Mr. President, I thank the Senator from Indiana for his contribution.

I am speaking from the bottom of my heart. Let us keep the record straight. After all, we are all Members of the United States Senate. We vote on legislation which comes before the Senate. Anyone has a right to attack our record. Anyone has a right to go any place, at home or abroad, and talk about the record one makes in the United States Senate; but in view of the representations made by the Senator from Illinois last night, I think it is the duty and responsibility of Senators to see to it that the statement is corrected, that the record is kept straight, and that the people get the facts. The people are no



longer fooled with respect to who killed civil rights. The record speaks for itself.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

The Senate resumed the consideration of the bill (S. 1209) to amend the Economic Cooperation Act of 1948.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Missouri [Mr. KEM].

Mr. CAPEHART. Mr. President, I think I am justified in saying a few words, because the issue we are now considering is the authorization to spend \$5,580,000,000. The able junior Senator from Massachusetts [Mr. LODGE] yesterday, I believe it was, made a statement, and he spoke no truer words in his life than when he said the time had arrived when someone within the Government should decide how much money this Nation should and could spend, and how large a national debt it could stand. I agree with the able Senator from Massachusetts that that should be done. But my opinion is that the proper authority to do so is the Congress of the United States.

The able junior Senator from Massachusetts yesterday, I believe, if I am quoting him correctly, and I intend to do so, asked if anyone had a formula. Mr. President, I say that business in America is falling. Unemployment in America is increasing. Anyone who can read and write, anyone who can add, knows that our national income for the fiscal year ending June 30, 1950, is going to be smaller than it will be for the year ending June 30, 1949.

I should like to offer a formula to the Members of the United States Senate. It is very simple. It is understandable. It is a formula we can all follow immediately. It is not a formula which requires the use of a great many figures. It is not a formula which requires months and months of study. It is the very simple formula that we cannot remain solvent and spend more money each day and each month and each year than we take in.

I recommend most seriously to the Senate of the United States that at this moment we adopt this formula, which is, that we first admit that our revenues for the year ending June 30, 1950, are going to be less than for the previous year, and that we appropriate not one penny for expenditures above a reasonable, sane anticipation of Federal revenues. That is a formula anyone can understand. It is a formula which is very simple and very easy for this body to follow. It is a formula which is in the best interests of the people of the United States. It is a formula which is in the best interests of our friends abroad. It is the only practical formula for us to follow. It is an easy formula to follow. I recommend that we follow that formula.

Mr. LANGER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from North Dakota?

Mr. CAPEHART. I yield.

Mr. LANGER. Does not the Senator from Indiana believe that we ought to

figure out first how much we are going to need in our own country before we go ahead and appropriate \$5,000,000,000 for other countries.

Mr. CAPEHART. I agree with the able Senator from North Dakota that we should do that, but at the moment I am talking about an over-all budget, I am talking about over-all revenues, and I am trying to sell the United States Senate and the United States House of Representatives on the proposition that we should not appropriate a single penny above the anticipated revenue, because I can think of nothing worse, I can think of no greater calamity, than for the United States in peacetime, with a \$252,000,000,000 debt, to run in the red several billion dollars.

It is time we began to think about that. I recommend—and I repeat—that we use common horse sense in anticipating the revenues for next year. If there is a single Senator who does not believe that revenues are going to drop, that business is going to decline, that prices are going to fall, he had better go out into the country and take a look at what is going on.

I have said before on the floor of the Senate that I think our revenues are going to fall anywhere from \$5,000,000,000 to \$8,000,000,000, and perhaps more. I do not care how sincerely any of us may think we should appropriate money for this project or that project or some other project. I say to the Senate, that we must have the courage during this session of Congress not to appropriate a dollar more than we reasonably expect in national income or national revenue.

Mr. LANGER. Mr. President, will the Senator yield further?

Mr. CAPEHART. I am happy to yield.

Mr. LANGER. The Senator has me puzzled. Does not the Senator believe we ought to appropriate money for the United States Government first?

Mr. CAPEHART. There is no question about that. I thought I made that perfectly clear. This morning I received a petition from unemployed people in Fort Wayne, Ind., asking me to do something about getting jobs for them; asking Congress to appropriate money for unemployment purposes.

The other day I made a speech over the radio introducing a young lady who came from Indiana to be a princess at the cherry blossom festival here. This morning I received a letter from a man who said that he had listened to the broadcast, but that he was out of a job, that he could not eat cherry blossoms, and that he wished I would please help him to get a job. I am warning the United States Senate and the Congress that there will be a big drop in business. We shall have unemployment, and before this session of Congress is over we shall be called upon to appropriate many millions of dollars to help our own people.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. KEM].

#### CONTROL OF EUROPEAN CURRENCIES

Mr. KEM. Mr. President, as I understand, two objections are made to this amendment. In the first place, it is

said that we have had some unfortunate experience in trying to free the currencies of the countries of western Europe from currency controls. Reference is made to the British loan. Under the terms of the British loan we loaned the people of Great Britain the sum of \$3,750,000,000, as I recall. The articles of agreement entered into with Great Britain at that time provided that one of the principal objectives should be to free the currencies in the so-called sterling area countries. Section 7 of the agreement provided as follows:

7. Sterling area exchange arrangements.  
\* \* \* The sterling receipts from current transactions of all sterling area countries \* \* \* will be freely available for current transactions in any currency area without discrimination; with the result that any discrimination arising from the so-called sterling area dollar pool will be entirely removed and that each member of the sterling area will have its current sterling and dollar receipts at its free disposition for current transactions anywhere.

As is well known, that did not work. Of course, hindsight is always better than foresight; but it is perfectly apparent now why it did not work. It did not work because the currencies of western Europe were part free and part controlled. Of course it was impossible for the plan to work when some countries were controlled and other countries were free. Our experience in the past, as indicated by the British loan transaction, shows us beyond any question that we cannot enter into arrangements with one or two or three European countries and undertake to cut their currencies free from currency controls and put them into a free market, while at the same time keeping the others under wraps.

The other argument, and the one which was advanced by the Senator from Connecticut [Mr. McMAHON] at the close of his remarks, as I understand, is this: He says that the United States is a member of the International Monetary Fund, and that that fund undertakes to peg the currencies of the western European countries. The Senator argues that so long as we are a member of the fund we cannot insist that the currencies be cut free. That seems to be a perfectly plausible argument; but I ask the Senator from Connecticut, if we cannot expect the countries of western Europe to decontrol their currencies, why do we insist on their doing it under the terms of the ECA Act? Why do we represent to the American public and to others that we are insisting that that be done? That is the first question which I wish to ask him.

The second question I wish to ask him is whether he is familiar with section 1 of article XV of the International Monetary fund agreement. That provision reads as follows:

Right of members to withdraw.—Any member may withdraw from the fund at any time by transmitting a notice in writing to the fund at its principal office. Withdrawal shall become effective on the date such notice is received.

Mr. President, this fund is the child of Bretton Woods. The other day the Senator from Indiana [Mr. JENNER] was addressing himself to the subject of the



amount of money we had spent on international relief, he was asked whether he had in mind the Bretton Woods Agreement. He replied that he had Bretton Woods in mind, but that he would like to forget it. So far as I am concerned, I should like to forget the International Monetary Fund. I should like to liquidate it, and to draw out our proportionate share of the assets of that fund. It is a pretty good rule, when one sees that one has made a bad deal, to liquidate it as soon as one conveniently can. I do not see any reason why we should not liquidate the International Monetary Fund so far as the United States is concerned. I do not see any reason why we should not say to the members and to the world, "We have tried that device. We have weighed it in the balance and have found it wanting, so we are going to try something else." And then in my judgment we should say to the participating countries under the Marshall plan, "You must decontrol your currencies as a condition to further Marshall plan aid."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. KEM].

Mr. LANGER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Green	Millikin
Brewster	Hayden	Morse
Bricker	Hendrickson	Murray
Bridges	Hickenlooper	Myers
Butler	Hoey	Pepper
Cain	Holland	Reed
Capehart	Hunt	Robertson
Chapman	Ives	Russell
Chavez	Jenner	Smith, Maine
Connally	Johnson, Tex.	Sparkman
Cordon	Johnston, S. C.	Taylor
Donnell	Kem	Thomas, Okla.
Douglas	Kerr	Thomas, Utah
Eastland	Knowland	Tobey
Eaton	Langer	Tydings
Ellender	McFarland	Vandenberg
Ferguson	McMahon	Wherry
Flanders	Magnuson	Wiley
Frear	Malone	Williams
George	Maybank	Withers
Gillette	Miller	Young

The PRESIDING OFFICER. A quorum is present.

Mr. TAYLOR. Mr. President, I have not spoken on the pending subject. I wish to address myself to the bill, not to the pending amendment. Lest any of my colleagues become uneasy in the thought that I am embarking on a long speech, I want to make it clear that I intend to speak for only a few minutes. I simply want to state why I intend to vote against the pending measure.

I was elected to the United States Senate upon my promise to the voters of Idaho that I would support an organization to maintain peace in the world. As it turned out, that organization was the United Nations. I have determined, and up to this point I have carried through on the determination, to oppose everything that seems to me to have the effect of weakening the United Nations. I opposed the Truman doctrine as exemplified by our interference in Greece, because I felt the United Nations should have handled the matter. Up to

that time the United Nations had done pretty well. Without firing a shot actually, or even verbally for that matter, the Iran incident was settled. Russian troops went home, simply because the matter was called to the attention of the United Nations. Because the United Nations enjoyed a certain degree of prestige, I believe a considerable prestige at the time, the Russians went home.

A little later there arose the matter of Syria and Lebanon, where the British and French who were in those protectorates had not gone home on schedule. Simply because the matter was brought to the attention of the United Nations, the British and French returned home, and the United Nations scored two other notable victories. I think the United Nations was well on its way at that time toward becoming the great organization to keep peace in the world which I believe it was envisaged to be by President Roosevelt.

Then came the Truman doctrine, with our interference in Greece. That has been very nearly a debacle, of course, and I think I am being fully justified in having voted against our interfering in Greece. I know from talking to high United Nations officials that they desperately wanted to handle the Greek situation, but the opportunity was denied them. I believe that was the beginning of the decline of the United Nations.

At the time the Marshall plan was presented to the Senate, I voted against it, but not because I do not want to feed hungry people, not because I do not want to rehabilitate the economies of the nations that were devastated by the war. At the time, I offered an amendment to channel the aid through the United Nations. The amendment was rejected, and then, in keeping with my determination to support the United Nations and to oppose anything that I felt would weaken the United Nations, I voted against the Marshall plan. I intend to vote against the present measure for the same reason.

I refuse to accept something which I feel is hurting the United Nations, even though it may accomplish some good. I admit good has been accomplished by the Marshall plan. Hungry people have been fed. Economies have been rehabilitated. But I do not feel that the good which has been accomplished can anywhere near off-set the harm which has been done the United Nations and the cause of world peace by our taking the ball unilaterally, so to speak, and running with it. I believe that our whole foreign policy is ill-conceived and eventually will be proved to have been a very poor course of action for us to follow.

I believe we are becoming a militaristic Nation. I remember, when Mr. Hitler was coming into power in Germany, many Americans would become very indignant and berate the German people because they did not rise up in opposition to him. But frankly, Mr. President, I do not blame the German people any more. I can begin to understand the predicament they were in. We are moving along toward militarism in this country, and it is getting so it is almost a

traitorous act to criticize any of the policies which are taking us down the road toward militarism. I believe we are getting a superman complex in this country. We can read in the newspapers very often lately about our soldiers becoming involved in very unsavory incidents in many countries of the world. I think it is simply because they are getting the idea that we are above and beyond, that we are a law unto ourselves.

In today's Washington News there is an article about military justice as administered in Germany. It seems that the authorities can try a civilian employee of the Army in Germany. The army denies a civilian the right of counsel. Even if he has committed a minor misdeed, they can trail him to the United States and yank him back to Germany and throw him in jail without trial or benefit of civilian counsel. Certainly when I see such things happening I have to agree with the Hoover Commission in the statement that the military, to use a quaint American expression, is getting too big for its breeches in this day and age in our country.

There is another thing I deplore, Mr. President. It seems to me that in our great anxiety to fight communism we are succumbing to totalitarian practices in our own country. I can see no profit in that. If I am going to have to live under totalitarianism, it makes very little difference to me whether it is our own brand or some other brand. I do not like totalitarianism—period.

A case in point is that of Dorothy Bailey, a Government employee who was tried, if it may be called that, by a loyalty board. She appealed her case through all the various channels available to her. Nevertheless, she was dismissed from the Government service. She held a rather important post. It was brought out that as an official of a union of government employees she very often, most generally as I gather, voted against the extreme left wing in her union. But nevertheless, because at some time, many years ago, she had attended a Communist meeting, she was deprived of her job. She stands, for all practical purposes, convicted of treason, Mr. President. Her life, her career is ended, really. She cannot get another responsible job.

I deplore such things, Mr. President, and I think they are all coming upon us as part of the anti-Russian hysteria. I do not believe that it is the fear of Russian aggression that is causing these things. I believe rather it is the unreasonable hatred of the economics of communism. There are those who fear and hate communism. They are determined to rid the world of what they consider to be a menace to capitalism. I do not believe communism would be a menace to a benevolent capitalism which had at heart the interests of the people. But every time we try to bring up measures on this floor to make the lives of our people more enjoyable, and give them more freedom from want and fear, such measures are attacked by the very same people who are the most forward in supporting any measure against communism. I do not believe, Mr. President, we are going to defeat communism by force.



I deplore what has happened in Indonesia, the Dutch using our funds, or using their own funds which were freed because they had our funds, to murder the young Indonesian Republic. I believe, Mr. President, that one act has done more to make Communists in this world than has all the efforts put forth by Russia. There are many people in Asia. They are just beginning to awaken, and when they see the Dutch using our implements and our money to murder a young republic, it is inexplicable, and will result in making a great many Communists.

I think our foreign policy is leading right down the same road we traveled between World Wars I and II. Recently I read an article by Walter Lippmann in which he said that responsible political leaders of western Germany had been holding conferences behind the iron curtain with political leaders of eastern Germany. Yes, Mr. President, I predicted that that would probably happen. We are building up western Germany. I believe that has come about because friends of German cartelists, persons in this country who are in league with the cartelists and occupying important positions in our Government—I shall not name names—are endeavoring to build up cartels for personal gain in western Germany, using the same excuse which Hitler used, that we are in mortal danger of being attacked by Russia. We now find that the western German political leaders and the political leaders of eastern Germany are conferring. If it ever comes to a show-down, I believe that all Germany will go with Russia, for the simple reason that we would be a much richer prize to conquer than would Russia. If the Germans join with the Russians, I imagine they figure they would have a very good chance of taking over, and the amount of loot would be beyond calculation, in all probability.

Mr. President, since I am on my feet, I may as well say that I expect to vote against the North Atlantic Pact. I think it is very much like sending scrap iron to Japan. We cannot hope to arm Europe sufficiently to withstand the gigantic Russian land armies available for an attack. I think that all the industries we are building up in Germany, all the armaments we may send to Europe, would fall to the Russians, if the worst came to the worst, and we should become involved in a conflict with the Russians. I do not recall any incident in history in which armed alliances have prevented war or even assured victory for those who allied themselves together in such an alliance. So, Mr. President, I shall have to vote against the North Atlantic Pact.

I suppose I am the only Member of this body who will vote against the ECA bill. I shall vote against it because I stand foursquare behind the United Nations, even though it has come to a sorry state, and largely, I believe, Mr. President, because we have bypassed it and undercut it and have not given it our full support. I am for the United Nations. I do not believe our foreign policy is calculated to help the United Nations.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. TAYLOR. I yield for a question.

Mr. RUSSELL. The Senator states that he thinks the policy of the United States has demoralized the United Nations. Would not the Senator be willing to admit that the abuse of the veto power by Russia has contributed more to the impotence of the United Nations than has any other single factor?

Mr. TAYLOR. No; I cannot agree with the Senator from Georgia on that. When we discussed the Marshall plan on the floor of the Senate—I believe I remember the occasion—I made a rather long speech in which I went over the vetoes, one by one, and told why they had occurred.

It seems to me most of the matters vetoed were deliberately put up to the Russians with the hope in mind of securing a veto so it could be used for propaganda purposes. As I pointed out at that time, I may say to the very able Senator from Georgia, we made the Russians veto the same identical issue three or four times when we knew there would be a veto by Russia. So it would seem to me we have tried to use that as a propaganda weapon against the Russians. I think they have used the veto needlessly at times, but I do not believe it has been so devastating to the United Nations as have our outside activities, such as taking over the situation in Greece, instead of turning it over to the United Nations, and handling the Marshall plan unilaterally instead of putting it through the United Nations; also our military alliances, which can only appear to be aimed at the Russians and which cannot make for peace.

Mr. RUSSELL. Mr. President, will the Senator yield further?

Mr. TAYLOR. I am happy to yield to the Senator from Georgia.

Mr. RUSSELL. Does not the Senator know that when we had in operation UNRRA, to which all the nations, including Russia, were parties, though we were footing most of the bills, as has been the case in most of our international activities, it was on that policy that the breach first developed between the United States and Russia and the cold feelings between those two nations began?

Mr. TAYLOR. As I remember, Mr. President, we went into Greece on our own while UNRRA was still in existence.

Mr. RUSSELL. That is correct.

Mr. TAYLOR. As I say, when we went into Greece, 2 or 3 years ago, I believe, I asked, How would we feel if the Russians came into Mexico or into Canada and started to do some of the things we have done in Greece and in Iran? I am rather gratified to see that Walter Lippmann recently has used the same comparison, asking how we would feel if Russians came into Mexico, only he was speaking about our moving into Norway, which is contiguous to Russia.

I am not saying that the Russians are blameless, but I believe we are equally to blame. I am terribly sorry that we did not stay within the United Nations. With the great prestige we had at the end of World War II, I believe we could have built up the United Nations, if we had put the money and the energy into

building it up that we have applied to projects which bypassed and weakened the United Nations. We could have forced the Russians, then, to have agreed to a just program of disarmament, and we would not be faced with the situation in which we are going from bad to worse.

For the reasons stated, I shall vote against the pending bill.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Missouri [Mr. KEM].

The amendment was rejected.

Mr. MYERS. Mr. President, many Senators have inquired how late the Senate will remain in session today. Last night I stated that it was our hope to finish the bill today. I believe the Senate should remain in session this evening in an endeavor to conclude the pending bill. So we shall carry on and endeavor to reach a final vote.

Mr. LANGER. Mr. President, I now call up my amendment B to the pending measure, and I ask that it be read.

The VICE PRESIDENT. The clerk will state the amendment offered by the Senator from North Dakota.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to add a new section as follows:

SEC. 10. Section 118 of such act is hereby amended by adding at the end thereof a new sentence as follows: "The Administrator shall also terminate the provision of assistance under this title to any participating country which hereafter engages in the dismantling of peacetime industries in Germany, or in removing any such industries or facilities thereof from Germany, or which hereafter receives any such plant or facility which shall have been removed from Germany."

Mr. LANGER. Mr. President, I spoke on the bill and this amendment at some length 2 nights ago. I went into great detail at that time, and I do not see any use going over the same matter again.

The amendment deals entirely with the matter of dismantling factories in Germany. I merely wish to call the attention of the Senate once more to the fact that the President's own committee, selected by President Truman, made the recommendations which I discussed, and stated that the United States was paying for the reparations mentioned, and that they did not think it was right to have the United States pay for them without taking the amount out of the money provided for in the Marshall plan. I may say also, Mr. President, that the Herter committee of the House unanimously recommended along the line followed by the President's committee.

I hope that I may have the courtesy of a yea-and-nay vote.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from North Dakota, on which he asks for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from Virginia [Mr. BYRD] is absent because of illness in his family.

The Senator from New Mexico [Mr. CHAVEZ], the Senator from California [Mr. DOWNEY], and the Senator from



Tennessee [Mr. KEFAUVER] are unavoidably detained.

The Senator from Illinois [Mr. LUCAS] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from North Carolina [Mr. GRAHAM] is absent because of illness.

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from California [Mr. DOWNEY], the Senator from Illinois [Mr. LUCAS], and the Senator from New York [Mr. WAGNER] would vote "nay" on this amendment.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Pennsylvania [Mr. MARTIN] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Kansas [Mr. SCHOEPP], and the Senator from Wisconsin [Mr. WILEY] are unavoidably detained. If present and voting, the Senator from Wisconsin [Mr. WILEY] would vote "nay."

The Senator from New Jersey [Mr. SMITH] is absent because of illness.

The Senator from Ohio [Mr. TAFT] is absent on official business.

The Senator from Ohio [Mr. BRICKER] is unavoidably detained and is paired with the Senator from Wisconsin [Mr. MCCARTHY], who is detained on official business. If present and voting, the Senator from Ohio [Mr. BRICKER] would vote "yea" and the Senator from Wisconsin [Mr. MCCARTHY] would vote "nay."

The Senator from South Dakota [Mr. MUNDT] is absent on official business. If present and voting the Senator from South Dakota would vote "nay."

The result was announced—yeas 13, nays 66, as follows:

#### YEAS—13

Butler	Johnson, Colo.	Maybank
Cain	Johnston, S. C.	Russell
Eastland	Langer	Wherry
Eaton	McFarland	
Jenner	Malone	

#### NAYS—66

Alken	Hoey	Myers
Anderson	Holland	Neely
Brewster	Humphrey	O'Connor
Capehart	Hunt	O'Mahoney
Chapman	Ives	Pepper
Connally	Johnson, Tex.	Reed
Cordon	Kem	Robertson
Donnell	Kerr	Saltonstall
Douglas	Kilgore	Smith, Maine
Ellender	Knowland	Sparkman
Ferguson	Lodge	Stennis
Flanders	Long	Taylor
Frear	McCarran	Thomas, Okla.
Fulbright	McClellan	Thomas, Utah
George	McGrath	Thye
Gillette	McKellar	Tobey
Green	McMahon	Tydings
Gurney	Magnuson	Vandenberg
Hayden	Miller	Watkins
Hendrickson	Millikin	Williams
Hickenlooper	Morse	Withers
Hill	Murray	Young

#### NOT VOTING—17

Baldwin	Graham	Schoeppel
Bricker	Kefauver	Smith, N. J.
Bridges	Lucas	Taft
Byrd	McCarthy	Wagner
Chavez	Martin	Wiley
Downey	Mundt	

So Mr. LANGER's amendment was rejected.

Mr. McCARRAN. Mr. President, I send forward an amendment and ask to have it stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 11, line 15, it is proposed to insert the following:

(c) That section 112 is hereby amended by adding at the end thereof the following new subsection:

"(j) The Administrator shall, in providing assistance in the procurement of commodities in the United States, make available United States dollars for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II. In the event any participating country directly or indirectly prevents United States companies from competing for marine insurance on commodities procured in the United States with funds from the Economic Cooperation Administration, the Administrator shall require that all marine insurance on such commodities procured with such funds and shipped to such countries shall be insured with companies authorized to do a marine insurance business in the United States."

Mr. McCARRAN. Mr. President, the joint committee known as the Watchdog Committee held hearings growing out of a series of complaints from the marine-insurance industry of America, that they, the marine-insurance group, were being discriminated against by the attitude and rulings of the Administrator of ECA. The hearings developed that in the judgment of some members of the committee, at least, there was effective discrimination. The chairman of the watchdog committee requested that the ECA authorities and the marine-insurance industry get together for the purpose of working out a plan whereby the rulings of the Administrator might be modified. That was done, and I had hoped that the rulings of the Administrator would be so modified that there would be no complaint from the marine-insurance industry. But, Mr. President, as the ruling now stands, the marine-insurance industry of America is very definitely being discriminated against.

All the amendment would do would be to require that where there is competition, the marine-insurance industry of America shall have a fair opportunity to compete as against other countries which also have marine-insurance industries, and thus not destroy an industry in this country.

The reply made by Mr. Hoffman to some of these complaints was that ECA was not set up for the purpose of building industry in America, but rather for the purpose of rehabilitating Europe.

As I see it, the answer to that is that ECA was not set up to destroy American industry either. So if it cannot build up American industry, it can at least so modify its orders as not to destroy American industry.

Today the marine insurance industry of America is being put at a decided disadvantage as against marine insurance companies in France, England, and other countries abroad.

All the amendment would do—and it seems to me in fairness and in justice

it should be adopted—is to see to it that the American marine insurance industry shall have a chance to bid for business in their line of industry.

Mr. President, on this amendment I ask for a yea-and-nay vote, unless the Senator from Texas will accept the amendment.

Mr. CONNALLY. Mr. President, the Senator from Texas is very much in sympathy with the amendment, but, on the other hand, the committee rejected it. The Senator from Nevada is no doubt familiar with the letter Mr. Hoffman wrote concerning the matter. If the Senator from Nevada could so amend his amendment as not to make it too compulsory, I should be very glad to take it to conference and see what can be worked out.

Mr. McCARRAN. I thought that if there was anything too compulsory in the amendment, it could be adjusted in conference. I had hoped that might be the decision of the able Senator from Texas, who is in charge of the bill.

Mr. CONNALLY. The reason I suggested that the Senator from Nevada amend or modify his amendment was so that there could be something before the conferees. If the House should pass the bill in its present form there would be nothing in conference.

Mr. McCARRAN. I understand the House has not acted on the bill in the form in which it is now; at least I am not so advised.

Mr. CONNALLY. The House will not take it up until the Senate passes it. Mr. McCARRAN. That is what I thought.

The VICE PRESIDENT. The Chair suggests that this is a Senate bill; and unless the House should disagree to the provision, there would be no conference.

Mr. McCARRAN. Mr. President, unless the Senator from Texas can accept the amendment, I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from Virginia [Mr. BYRD] is absent because of illness in his family.

The Senator from Illinois [Mr. LUCAS] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from New Mexico [Mr. CHAVEZ] and the Senator from California [Mr. DOWNEY] are unavoidably detained.

The Senator from North Carolina [Mr. GRAHAM] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Pennsylvania [Mr. MARTIN] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Missouri [Mr. KEM], and the Senator from Kansas [Mr. REED] are unavoidably detained.

The Senator from New Jersey [Mr. SMITH] is absent because of illness. If present and voting, the Senator from New Jersey would vote "nay".

The Senator from Ohio [Mr. TAFT] is absent on official business, and is paired with the Senator from South Dakota [Mr. MUNDT] who is also absent on of-



ficial business. If present and voting, the Senator from Ohio would vote "nay", and the Senator from South Dakota [Mr. MUNDT] would vote "yea".

The Senator from Wisconsin [Mr. McCARTHY] is detained on official business.

The result was announced—yeas 59, nays 22, as follows:

## YEAS—59

Brewster	Johnston, S. C.	O'Connor
Bricker	Kefauver	O'Mahoney
Butler	Kerr	Pepper
Cain	Kilgore	Russell
Capehart	Knowland	Saltonstall
Chapman	Langer	Schoeppel
Cordon	Lodge	Sparkman
Donnell	Long	Stennis
Eastland	McCarran	Taylor
Eaton	McClellan	Thomas, Okla.
Ellender	McFarland	Thomas, Utah
Ferguson	McGrath	Thye
Gillette	McKellar	Tobey
Gurney	Magnuson	Tydings
Hendrickson	Malone	Watkins
Holland	Maybank	Wherry
Humphrey	Millikin	Williams
Hunt	Morse	Withers
Jenner	Myers	Young
Johnson, Colo.	Neely	

## NAYS—22

Aiken	Green	Miller
Anderson	Hayden	Murray
Connally	Hickenlooper	Robertson
Douglas	Hill	Smith, Maine
Flanders	Hoey	Vandenberg
Frear	Ives	Wiley
Fulbright	Johnson, Tex.	
George	McMahon	

## NOT VOTING—15

Baldwin	Graham	Mundt
Bridges	Kem	Reed
Byrd	Lucas	Smith, N. J.
Chavez	McCarthy	Taft
Downey	Martin	Wagner

So Mr. McCARRAN's amendment was agreed to.

Mr. FULBRIGHT. Mr. President, I call up my amendment lettered "D," marked "3-25-49."

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 1, in line 6, after the word "the", it is proposed to insert "political."

Mr. FULBRIGHT. Mr. President, I do not intend to delay the Senate. From even a casual examination of the amendment, it is quite evident that it is very simple. It merely calls for the insertion of one word. I think it is really in the nature of a clarifying amendment, because it achieves what I am sure most, if not all, of the Members of the Senate desire this legislation to achieve. The amendment simply makes specific what is inherent, I think, in this whole legislation.

I have previously spoken on the amendment at length, and I do not intend to delay the Senate now.

In view of the mood the Senate has exhibited by just now accepting another beneficial amendment, I hope my amendment will be accepted.

I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CONNALLY. Mr. President, this amendment provides for the insertion of the word "political." We already have voted down a similar amendment on the question of having this legislation specify that there shall be economic union in Europe.

The committee considered this amendment very carefully, and was almost unanimously against either undertaking to coerce Europe or to pay Europe to achieve union. If Europe wishes to have union, let her have it; but we will not do anything to discourage her or to coerce her or induce her to do anything which she does not wish to do.

We think the amendment should be voted down, and we ask the Senate to vote it down.

The VICE PRESIDENT. The question is on agreeing to the amendment lettered "D," of the Senator from Arkansas. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MYERS. I announce that the Senator from Virginia [Mr. BYRD] is absent because of illness in his family.

The Senator from New Mexico [Mr. CHAVEZ] and the Senator from California [Mr. DOWNEY] are unavoidably detained.

The Senator from Illinois [Mr. LUCAS] and the Senator from New York [Mr. WAGNER] are necessarily absent.

The Senator from North Carolina [Mr. GRAHAM] is absent because of illness.

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from California [Mr. DOWNEY], the Senator from Illinois [Mr. LUCAS], and the Senator from New York [Mr. WAGNER] would vote "nay" on this amendment.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Pennsylvania [Mr. MARTIN] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES] and the Senator from Kansas [Mr. REED] are unavoidably detained.

The Senator from New Jersey [Mr. SMITH] is absent because of illness. If present and voting, the Senator from New Jersey would vote "nay."

The Senator from Ohio [Mr. TAFT] is absent on official business. If present and voting, the Senator from Ohio would vote "nay."

The Senator from Wisconsin [Mr. McCARTHY] is detained on official business.

The Senator from South Dakota [Mr. MUNDT] is absent on official business. If present and voting, the Senator from South Dakota would vote "nay."

The result was announced—yeas 15, nays 67, as follows:

## YEAS—15

Bricker	Eaton	Malone
Butler	Fulbright	Russell
Cain	Humphrey	Sparkman
Capehart	Jenner	Taylor
Douglas	Kefauver	Thomas, Utah

## NAYS—67

Aiken	Gillette	Johnston, S. C.
Anderson	Green	Kem
Brewster	Gurney	Kerr
Chapman	Hayden	Kilgore
Connally	Hendrickson	Knowland
Cordon	Hickenlooper	Langer
Donnell	Hill	Lodge
Eastland	Hoey	Long
Ellender	Holland	McCarran
Ferguson	Hunt	McClellan
Flanders	Ives	McFarland
Frear	Johnson, Colo.	McGrath
George	Johnson, Tex.	McKellar

McMahon  
Magnuson  
Maybank  
Miller  
Millikin  
Morse  
Murray  
Myers  
Neely  
O'Connor

O'Mahoney  
Pepper  
Robertson  
Saltonstall  
Schoeppel  
Smith, Maine  
Stennis  
Thomas, Okla.  
Thye  
Tobey

Tydings  
Vandenberg  
Watkins  
Wherry  
Wiley  
Williams  
Withers  
Young

## NOT VOTING—14

Baldwin  
Bridges  
Byrd  
Chavez  
Downey

Graham  
Lucas  
McCarthy  
Martin  
Mundt

Reed  
Smith, N. J.  
Taft  
Wagner

So Mr. FULBRIGHT's amendment was rejected.

Mr. GILLETTE. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The VICE PRESIDENT. The clerk will read the amendment.

The CHIEF CLERK. On page 4, line 22, it is proposed to strike out the period and insert a semicolon and the following:

And by adding at the end thereof the following new sentence: "The amounts of corn and corn grits, corn meal, and corn flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States corn used to produce the corn grits, corn meal, and corn flour procured in the United States for transfer by grant to such countries under this title shall not be less than 15 percent of the aggregate of the unprocessed corn and corn in the form of corn grits, corn meal, and corn flour procured in the United States for transfer by grant to such countries under this title."

Mr. GILLETTE. Mr. President, during my absence, some of my colleagues were kind enough to put in the RECORD a statement with reference to the amendment, and I think Senators are familiar with it. It is a very simple proposal, and I am hopeful that the committee will accept it. It does not require the shipment of any additional product. It does not require the shipment any particular amount of corn. It simply requires that of the amount of corn shipped abroad under the program not less than 15 percent shall be in the form of processed, dry-milled corn. There are a dozen reasons why the amendment should be adopted; none that I know of, why it should not. May I have the attention of the chairman of the committee?

Mr. CONNALLY. The chairman of the committee is listening to the Senator, and has the Senator's statement in his hand.

Mr. GILLETTE. I hope the chairman will edify himself by reading the statement.

I am merely repeating what was in the statement, that some 35,000 people are now employed in the dry-milling of corn in this country, and there are 175 plants. The plants at the present time are operating at less than 50 percent of capacity. In addition to furnishing additional employment by requiring that 15 percent be milled, there is another very cogent reason in that our neighbors abroad do not have facilities for milling corn. Corn that has been sent to them is milled



on wheat-milling machinery and is unpalatable. In addition to that, there is a loss of the residue, the stock feed, the oil. In addition to that, it saves about one-third of the shipping expense. It also saves the expense of handling. It may be shipped in cotton bags which are readily utilizable in Europe.

I may say, without taking any more of the Senate's time, I am unable to conceive of any reason why the amendment should not be adopted. I am still hopeful that, notwithstanding the attitude the committee has taken with reference to various amendments, the committee will either accept it or will agree to take it to conference.

Mr. RUSSELL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Georgia?

Mr. GILLETTE. I am glad to yield.

Mr. RUSSELL. As the Senator knows, I come from the very center of the hominy-grits area of the United States, where people are taught to eat it from infancy. I understand that in the Senator's State they manufacture it, but that they do not eat it with the regularity they do down in the Southeast. I have sought in vain to buy hominy grits for breakfast ever since I have been in Washington, but have been unable to do so. I wonder whether the adoption of the amendment is likely to cause any shortage in hominy grits in this country. If it does, it would certainly strike a body blow at the diet of the South, if we did not have the grits with which to eat our gravy—when we have gravy.

Mr. GILLETTE. I am glad to answer the Senator that I am convinced the amendment will not do what he suggested. I have the figures, if the Senator cares to hear them, as to the utilization. I want to apologize to the Senator for the fact that the people of the State of Iowa have not used the processed corn product. I am speaking of dry milling, not of wet milling. We have not used the dry milling to the extent we should. That, I may say, is a further very urgent reason why the amendment should be adopted. If we could educate the people of Europe as the people of the South have been educated to know the nutritious value and palatability of these products we would have a market for any surplus corn in the future.

Mr. RUSSELL. If the Senator could educate the people of the rest of the United States to the delectable eating qualities of hominy grits he would certainly confer a great benefit on those of us from the South who were reared on it as a regular daily article of diet, when we are away from home.

Mr. GILLETTE. Even at the risk of taking some of the Senator's supply, may I ask?

Mr. RUSSELL. Of course, we would not want to see that done, but we certainly would want to open up new manufacturing plants to manufacture more hominy grits. During the war we had a great deal of difficulty getting hominy grits in the South, and I hope the adoption of the Senator's amendment will

not deny the people of the South their hominy grits.

Mr. GILLETTE. I may add that the committee has already accepted an amendment of this kind requiring 15 percent of milled wheat. I may encourage the Senator by stating that we have at this time the greatest surplus of corn the country has had in years, and with the anticipated crop in 1949 there will be no shortage of hominy grits in the South.

Mr. RUSSELL. Can the Senator assure me that my constituents will not suffer for lack of hominy grits in the event the amendment is adopted?

Mr. GILLETTE. I give the Senator my earnest assurance.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. GILLETTE. I yield to the Senator from Florida.

Mr. PEPPER. Mr. President, I ask the Senator from Iowa if there is any possible inference that his amendment, if adopted, may include gravy. [Laughter.]

Mr. GILLETTE. Mr. President, I move the adoption of my amendment.

Mr. CONNALLY. Mr. President, I myself am a user of corn products in a small way. The difficulty with the amendment of the Senator from Iowa is that it will not bring about what the Senator wants to accomplish. I have a statement from Mr. Hoffman who says that to date ECA has approved for financing all the corn-flour, grits, and meal for which requests have been submitted by the participating countries. He says that such quantities, however, have been far less than 15 percent of the total quantities of corn approved for financing. In other words, under this amendment we would have to send as much as 15 percent abroad, and the people of Europe do not want so large a quantity.

The committee considered the amendment very carefully. While I deeply sympathize with the Senator from Iowa and think there is a good deal in what the Senator from Georgia has observed, that the people of the north and east will not eat cornbread, hominy grits, or many of the other products of corn, I think we should better spend the money in this country, trying to educate the people to use grits, hominy, cornbread, and foods of that kind, to much greater advantage to the economy of the United States than would be the case if we shipped them to Europe where they are not wanted.

The Administrator points out that since October 1948, when corn became plentiful in the United States, more than 80 percent of the ECA's financed exports of corn have been used by the recipient countries for livestock feeding. There is no sense in sending them meal for livestock feeding. That is economically unsound. Instead of trying to educate European animals to eat a little more corn in a different form, we had better educate some of our people to eat a little more corn in forms that are wholesome and nourishing, but not fattening.

The committee voted down the amendment. I sympathize with the Senator from Iowa.

Mr. GILLETTE. Mr. President, I should like to say just a word before the vote.

Of course I appreciate the Senator's sympathy, and I value it very highly. The Senator has alluded to the very reason why the amendment should be adopted—the fact that the people of Europe, with no facilities for milling the whole corn and having no way of milling it except on a wheat basis, do not know the processed corn as the people of the southern United States know it.

In the Eightieth Congress the House of Representatives unanimously adopted this same amendment to the Foreign Assistance Act, and in connection with it this statement was made:

The most persuasive argument in behalf of this amendment springs from the fact that in the main European countries do not have good milling facilities for corn. It must be milled in available mills abroad which are adapted to the grinding of wheat and the net result is that a high-grade quality of corn meal, corn grits, and corn flour cannot be produced in the mills abroad. This means an inferior product from the standpoint of nutritional and caloric value. That is highly important because the very purpose of the food commodities to be sent abroad is to build up the physical capacity of the people to reconstruct their own industrial economy and this, of course, requires products where every element of nutrition is carefully preserved.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Iowa. [Putting the question.] The Chair is in doubt.

Mr. VANDENBERG. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered; and the Chief Clerk proceeded to call the roll.

Mr. MYERS. I announce that the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ] and the Senator from California [Mr. DOWNEY] are unavoidably detained.

The Senator from Virginia [Mr. BYRD] is absent because of illness in his family.

The Senator from Illinois [Mr. LUCAS], the Senator from Maryland [Mr. TYDINGS], and the Senator from New York [Mr. WAGNER] are necessarily absent.

I announce further that the Senator from North Carolina [Mr. GRAHAM] is absent because of illness.

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Pennsylvania [Mr. MARTIN] are absent by leave of the Senate.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Vermont [Mr. FLANDERS], and the Senator from Kansas [Mr. REED] are unavoidably detained.

The Senator from New Jersey [Mr. SMITH] is absent because of illness. If present and voting, the Senator from New Jersey would vote "nay."

The Senator from Ohio [Mr. TAFT] is absent on official business, and is paired with the Senator from South Dakota [Mr. MUNDT], who is also absent on official business. If present and voting, the Senator from Ohio would vote "yea," and the Senator from South Dakota [Mr. MUNDT] would vote "nay."



The Senator from Wisconsin [Mr. McCARTHY] is detained on official business.

The result was announced—yeas 44, nays 35, as follows:

## YEAS—44

Aiken	Ives	Maybank
Bricker	Jenner	Millikin
Butler	Johnson, Colo.	Murray
Cain	Johnston, S. C.	Neely
Capehart	Kerr	O'Connor
Chapman	Kilgore	Schoeppel
Eaton	Knowland	Stennis
Ferguson	Langer	Thomas, Okla.
Frear	Long	Thye
Gillette	McCarran	Watkins
Hendrickson	McClellan	Wherry
Hickenlooper	McFarland	Wiley
Holland	Magnuson	Withers
Humphrey	Malone	Young
Hunt		

## NAYS—35

Brewster	Hill	Pepper
Connally	Hoey	Robertson
Cordon	Johnson, Tex.	Russell
Donnell	Kefauver	Saltonstall
Douglas	Lodge	Smith, Maine
Eastland	McGrath	Sparkman
Ellender	McKellar	Taylor
Fulbright	McMahon	Thomas, Utah
George	Miller	Tobey
Green	Morse	Vandenberg
Gurney	Myers	Williams
Hayden	O'Mahoney	

## NOT VOTING—17

Anderson	Flanders	Reed
Baldwin	Graham	Smith, N. J.
Bridges	Lucas	Taft
Byrd	McCarthy	Tydings
Chavez	Martin	Wagner
Downey	Mundt	

So Mr. GILLETTE's amendment was agreed to.

Mr. MORSE. Mr. President, I advise my colleagues that I do not intend to speak at any length, so I think they should stay within the precincts of the Senate so that they may be here for a final vote on the pending measure, which I hope will take place in a very few minutes.

Mr. MAYBANK. Mr. President, will not the Senator speak a little louder? Senators on this side cannot hear him.

The VICE PRESIDENT. Senators can hear better if they will cease conversation.

Mr. MORSE. Mr. President, I send to the desk an amendment and ask to have it read.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 5, after line 7, it is proposed to insert the following new subsection:

(j) To the maximum extent consistent with the accomplishment of the purposes of this title, the Administrator shall provide that the procurement of machinery and other commodities in the United States will be made on a fair competitive basis to enable small business to compete with big business, and shall issue regulations to provide for compliance.

Mr. MORSE. Mr. President, I sought to discuss this amendment in connection with the amendment of the Senator from Nebraska [Mr. WHERRY] concerning small business a couple of days ago, but we became involved in the discussion of a little parliamentary problem and I thought a very bad precedent would have been set if I had discussed the matter at that time, because the suggestion was made, believe it or not, that the junior Senator from Oregon should agree to talk for 5 minutes. I thought that would

be a very bad precedent to establish, so I declined, and said that I would speak at a later hour. I now for the first time have the opportunity.

Mr. President, I wish to go back to the amendment of the Senator from Nebraska on small business which the chairman of the Committee on Foreign Relations so graciously and cooperatively agreed to take to conference. The amendment reads:

(b) Section 104 of such act is amended by adding at the end thereof a new subsection as follows:

"(g) There shall be in the Administration a Special Assistant to the Administrator in Charge of Small Business Liaison who shall be appointed by the Administrator. It shall be the duty of such Special Assistant to formulate methods whereby American small business will be assured equitable participation insofar as practicable in the furnishing of commodities and services for procurement with funds appropriated pursuant to this act. Such Special Assistant shall receive his instructions from the Administrator and shall report to the Administrator quarterly on the performance of the duties assigned to him."

Mr. President, I was hopeful the other day, while the colloquy to which I referred between the distinguished Senator from Nebraska and the distinguished Senator from Texas was proceeding, that the three of us could work out an arrangement whereby at least a part of the principle of my amendment might have been incorporated in the amendment which the Senator from Nebraska was successful in having taken to conference. That was the only purpose I had in mind, to save the time it would take to present my amendment independently; but I was not successful. I am not, however, going to speak about it at any great length.

Mr. President, the underlying principle of my amendment is no different from the underlying principle of the McCarran amendment on which the Senate voted a few moments ago, which was adopted by an overwhelming vote of the Senate. In the course of his discussion of his own amendment the Senator from Nevada pointed out that in conference with Mr. Hoffman, Mr. Hoffman had pointed out to him that the primary function of ECA is to build up industry in the recipient countries. We all understand that, but I thought the Senator from Nevada [Mr. McCARRAN] put it very well when he said that his reply to Mr. Hoffman was that ECA, however, should not be turned into an instrumentality for tearing down American business. I paraphrase the Senator, but I think that was the essence of his remarks. I add to that comment, Mr. President, that neither do I think ECA should become an instrumentality for making American big business bigger. I think small business in America should have a break in connection with the administration of ECA insofar as the letting of contracts is concerned.

Now, I know what Mr. Hoffman's answer will be, Mr. President. His answer will be that after all it is the purchasing commissions of the recipient countries which do the purchasing. That is true, Mr. President, but it is possible for the Congress to lay down the terms and con-

ditions under which the purchases shall be made as a condition precedent to the granting of funds.

I simply state it as a matter of fact—and I want to emphasize it—that the evidence is overwhelming in support of the contention of American small business that the result of the purchasing practices which have developed under ECA in respect to goods purchased with ECA money is that American small business is being discriminated against. I desire to read a letter dealing with that subject. I can produce a great many such letters. But I have said to the Senator from Texas [Mr. CONNALLY]—I trust he has not left the Chamber—I hoped I could be able to do a little mule-trading with him before I got through.

Mr. WHERRY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Nebraska for a question?

Mr. MORSE. I yield.

Mr. WHERRY. I am certain the Senator from Texas will be on the floor in a moment. He was called off the floor. I am satisfied that when he comes back the Senator from Oregon will at least be able to make him a satisfactory proposition, and I hope that as the result of the trade the Senator from Oregon has mentioned there will not be any spavins on his amendment when he gets through.

Mr. MORSE. There is not a blemish on my amendment. I do not even have to offer a caveat emptor at this time. I can vouch for my amendment, I will say to the Senator from Nebraska. It is not necessary for Senators to look at it even through colored glasses.

In the absence of the Senator from Texas, I shall put a little bit of evidence in the RECORD in support of the major contention I am making in behalf of my amendment. That contention is that American small business is being discriminated against so far as the purchasing practices which have developed under ECA are concerned.

I read, Mr. President, from a letter which I received from one small manufacturer.

Mr. CONNALLY. Mr. President, I stepped out of the Chamber for a moment. Does the Senator from Oregon wish to address a question to me?

Mr. MORSE. Yes. I will address some questions, if I may, to the Senator from Texas as soon as I finish reading the letter, which is as follows:

DEAR SENATOR: In reference to my visit to your office, I made a complaint on the inability of the small-business men to get orders on the machinery sold through ECA channels.

My corporation represents a number of small manufacturers in the States of Washington, Oregon, and California, and we find that over 90 percent of the orders go directly to big business. The present methods employed by ECA of dealing directly through commercial channels gives opportunity only to the firms that have been well established in Europe for many years.

There are many complaints that you will find in the digest of the Small Business Committee reports (the hearings were held during the last several months). The only salvation for small business is to have the purchases of machinery made through a govern-



mental agency, where this governmental agency will invite bids from competitive manufacturers.

Such an agency is the Bureau of Federal Supply, which had a great deal of experience in purchasing various machinery during the war and postwar period. In the opinion of small business, as well as my own, the Bureau of Federal Supply had been inviting a large number of competitive manufacturers to bid on different machinery, and the final award in most cases was made to the lowest bidder. This system provided a fair chance for small business to participate in the orders sponsored by the United States Government and paid by the taxpayers.

As a taxpayer and businessman, I feel that the distribution of orders for the machinery and commodities purchased in the United States through ECA channels should be made on a fair competitive basis, where small business can compete with big business and receive their just awards.

Mr. President, the problem in regard to purchases with Government funds not only through ECA, but in respect to other Government funds, is a matter the Senate should go into. In my judgment, we should establish the principle, which I think is a perfectly fair one if we are going to protect equally all business concerns, that competitive bidding should be recognized. I think it is most unfortunate that we find our small manufacturers and small merchants in such a position that it is almost impossible for them to make sales through ECA funds because, as the manufacturer who wrote me the letter points out, the foreign purchasers once removed from ECA, are doing the purchasing only through the large, well-established American concerns with French offices in Europe, which have been there for a great many years.

What I should like to call the attention of the Senator from Texas to is this: Agreeing as I do with the Wherry amendment, which the Senator from Texas has agreed to take to conference. I wonder if it would be possible for the two of us to agree on the floor here and now that when the Senator from Texas takes the Wherry amendment to conference he will be willing, without it being formally adopted on the floor of the Senate, to raise the question in conference whether the Wherry amendment can be modified, if it meets with the consent of the conferees, in respect to setting up some system whereby American small-business men can get a chance at some of these contracts through competitive bidding. I think that is the only fair and equitable principle we should follow. I want to be cooperative in regard to this matter. If I could have the assurance of the Senator from Texas that that matter will be taken up in conference without the formal adoption of my amendment, I shall be satisfied.

Mr. CONNALLY. Mr. President, I will say to the Senator from Oregon that I am entirely agreeable to his suggestion. The Wherry amendment, however, was adopted. We did not merely agree to take it to conference; it was adopted. But it will furnish the basis for negotiations around the idea presented by the Senator from Oregon. But there are difficulties in this matter, as the Senator no doubt is advised. The ECA does not make these purchases itself. They are

made by agents of the foreign governments. But I shall undertake to do what I can to incorporate some of the Senator's ideas into the Wherry amendment. I am sure the Senator from Nebraska would not be hostile to that view.

Mr. MORSE. In order to be sure that I understand the situation, let me say to the Senator from Texas that, as I understand, the Wherry amendment will be used as a basis for discussion in conference as to the advisability, if the conferees so decide, of trying to work out some system through the special administrator or special assistant the bill provides for, whereby small business may get a chance at some of these contracts through competitive bidding.

Mr. CONNALLY. That is what I said, and that is what I mean.

Mr. MORSE. That is perfectly satisfactory to me. You see, Mr. President, how easy it is to do business with the junior Senator from Oregon if Senators will only try. I withdraw my amendment. I thank the Senator from Texas.

The VICE PRESIDENT. The bill is still open to amendment. If there be no further amendments to be offered, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Mr. CONNALLY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. WHERRY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hoey	Millikin
Anderson	Holland	Morse
Brewster	Humphrey	Murray
Bricker	Hunt	Myers
Butler	Ives	Neely
Cain	Jenner	O'Connor
Capehart	Johnson, Colo.	O'Mahoney
Chapman	Johnson, Tex.	Pepper
Connally	Johnston, S. C.	Reed
Cordon	Kefauver	Robertson
Donnell	Kem	Russell
Douglas	Kerr	Saltonstall
Eastland	Kilgore	Schoeppel
Eaton	Knowland	Smith, Maine
Ellender	Langer	Sparkman
Ferguson	Lodge	Stennis
Flanders	Long	Taylor
Frear	McCarran	Thomas, Okla.
Fulbright	McClellan	Thomas, Utah
George	McFarland	Thye
Gillette	McGrath	Tobey
Green	McKellar	Vandenberg
Gurney	McMahon	Watkins
Hayden	Magnuson	Wherry
Hendrickson	Malone	Williams
Hickenlooper	Maybank	Withers
Hill	Miller	Young

The VICE PRESIDENT. A quorum is present.

The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSTON of South Carolina (when his name was called). On this question I have a pair with the senior Senator from Maryland [Mr. TYDINGS],

who is necessarily absent. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

Mr. MALONE (when his name was called). On this question I have a pair with the senior Senator from Ohio [Mr. TAFT]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

Mr. TAYLOR (when his name was called). On this question I have a pair with the distinguished majority leader, the senior Senator from Illinois [Mr. LUCAS], who is necessarily absent. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

Mr. WILLIAMS (when his name was called). On this question I have a pair with the Senator from South Dakota [Mr. MUNDT]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I therefore withhold my vote.

The roll call was concluded.

Mr. MYERS. I announce that the Senator from Virginia [Mr. BYRD], who is absent because of illness in his family, is paired on this vote with the Senator from California [Mr. DOWNEY], who is unavoidably detained. If present and voting, the Senator from Virginia would vote "nay," and the Senator from California would vote "yea."

The Senator from New Mexico [Mr. CHAVEZ] is unavoidably detained. If present, he would vote "yea."

The Senator from North Carolina [Mr. GRAHAM] is absent because of illness. If present, he would vote "yea."

I announce further that the Senator from New York [Mr. WAGNER] is necessarily absent. If present, he would vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Connecticut [Mr. BALDWIN] and the Senator from Pennsylvania [Mr. MARTIN] are absent by leave of the Senate. If present and voting, the Senator from Connecticut [Mr. BALDWIN] and the Senator from Pennsylvania [Mr. MARTIN] would vote "yea."

The Senator from New Hampshire [Mr. BRIDGES], the junior Senator from Wisconsin [Mr. MCCARTHY], and the senior Senator from Wisconsin [Mr. WILEY] are unavoidably detained on official business. If present and voting, the Senator from New Hampshire [Mr. BRIDGES], the junior Senator from Wisconsin [Mr. MCCARTHY], and the senior Senator from Wisconsin [Mr. WILEY] would vote "yea."

The Senator from New Jersey [Mr. SMITH] is absent because of illness. If present and voting, the Senator from New Jersey [Mr. SMITH] would vote "yea."

The Senator from South Dakota [Mr. MUNDT] is absent on official business, and his pair has been previously announced by the Senator from Delaware [Mr. WILLIAMS].

The Senator from Ohio [Mr. TAFT] is absent on official business, and his pair has been previously announced by the Senator from Nevada [Mr. MALONE].



The result was announced—yeas 70, nays 7, as follows:

## YEAS—70

Alken	Hoey	Murray
Anderson	Holland	Myers
Brewster	Humphrey	Neely
Bricker	Hunt	O'Connor
Cain	Ives	O'Mahoney
Chapman	Johnson, Colo.	Pepper
Connally	Johnson, Tex.	Reed
Cordon	Kefauver	Robertson
Donnell	Kerr	Russell
Douglas	Kilgore	Saltonstall
Eastland	Knowland	Schoeppel
Eaton	Lodge	Smith, Maine
Ferguson	Long	Sparkman
Flanders	McCarran	Stennis
Frear	McClellan	Thomas, Okla.
Fulbright	McFarland	Thomas, Utah
George	McGrath	Thye
Gillette	McKellar	Tobey
Green	McMahon	Vandenberg
Gurney	Magnuson	Watkins
Hayden	Maybank	Withers
Hendrickson	Miller	Young
Hickenlooper	Millikin	
Hill	Morse	

## NAYS—7

Butler	Jenner	Wherry
Capehart	Kem	
Ellender	Langer	

## NOT VOTING—19

Baldwin	Lucas	Taylor
Bridges	McCarthy	Tydings
Byrd	Malone	Wagner
Chavez	Martin	Wiley
Downey	Mundt	Williams
Graham	Smith, N. J.	
Johnston, S. C.	Taft	

So the bill S. 1209 was passed.

The bill as passed is as follows:

*Be it enacted, etc.,* That the fifth sentence of section 102 (a) of the Economic Cooperation Act of 1948 is amended by inserting after "United States" where it appears therein the first time "to encourage the unification of Europe, and."

SEC. 2. (a) The second sentence of section 104 (e) of the Economic Cooperation Act of 1948 is hereby amended by striking out "\$10,000 per annum" and inserting in lieu thereof "the highest rate authorized by such act."

(b) Section 104 of such act is amended by adding at the end thereof a new subsection as follows:

"(g) There shall be in the Administration a Special Assistant to the Administrator. It shall be the duty of such Special Assistant to formulate methods to assist American small business in securing equitable participation, insofar as practicable, in the furnishing of commodities and services for the procurement with funds appropriated pursuant to this act. Such Special Assistant shall receive his instructions from the Administrator and shall report to the Administrator quarterly on the performance of the duties assigned to him."

SEC. 3. Section 108 of such act is hereby amended by adding at the end thereof the following new paragraph:

"There shall be a Deputy United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 3, within the meaning of the act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. The Deputy United States Special Representative shall perform such functions as the United States Special Representative shall designate, and shall be Acting United States Special Representative during the absence or disability of the United States Special Representative or in the event of a vacancy in the office of the United States Special Representative."

SEC. 4. The last sentence of section 109 (a) of such act is hereby amended by striking out the period and inserting in lieu thereof a semicolon and the following: "and the chief of the special mission shall be entitled to receive the same compensation and allowances as a chief of mission, class 4, within the meaning of the act of August 13, 1946 (60 Stat. 999), or compensation and allowances in accordance with section 110 (a) of this title, as the Administrator shall determine to be necessary or appropriate."

SEC. 5. Section 111 (a) (2) of such act is amended by inserting before the period at the end thereof "for United States flag vessels."

SEC. 6. (a) The first proviso of section 111 (b) (3) of such act is hereby amended by striking out "in the first year after the date of the enactment of this act does not exceed \$15,000,000" and insert in lieu thereof "made in any fiscal year does not exceed \$10,000,000."

(b) The last two sentences of such section 111 (b) (3) are hereby amended to read as follows: "The total amount of the guaranties made under this paragraph (3) shall not exceed \$300,000,000, and as such guaranties are made the authority to realize funds from the sale of notes for the purpose of extending assistance on credit terms through allocating funds to the Export-Import Bank of Washington under paragraph (2) of subsection (c) of this section shall be accordingly reduced. After the amount of notes sold for the purpose of extending assistance on credit terms through allocation of funds to the Export-Import Bank of Washington under paragraph (2) of subsection (c) of this section and the amount of guaranties made reach in the aggregate \$1,000,000,000, any further guaranty made by the Administrator shall create an obligation against funds appropriated under authority of this title and the Administrator shall notify the Secretary of the Treasury of the issuance of such guaranty and of the maximum liability thereunder, and the Secretary of the Treasury shall then set aside on the books of the Treasury from the funds appropriated under this title an amount equal to the maximum liability under such guaranty as stated in such notification, which amount shall be available for expenditure to discharge liability under such guaranty, by the Administrator or by an agency designated by him, until such time as the liability under such guaranty shall have been discharged or shall expire. Any payments made to discharge liabilities under guaranties issued under paragraph (3) of this subsection shall be paid out of fees collected under subparagraph (ii) of paragraph (3) of this subsection as long as such fees are available, and thereafter shall be paid either out of funds realized from the sale of notes which shall be issued under authority of paragraph (2) of subsection (c) of this section or out of funds appropriated under authority of this title and set aside on the books of the Treasury as hereinabove provided."

SEC. 7. (a) Section 112 (c) of such act is amended by striking out "25 percent" and inserting in lieu thereof "15 percent"; and by adding at the end thereof the following new sentence: "The amounts of corn and corn grits, corn meal, and corn flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States corn used to produce the corn grits, corn meal, and corn flour procured in the United States for transfer by grant to such countries under this title shall not be less than 15 percent of the aggregate of the unprocessed corn and corn in the form of corn grits, corn meal, and corn flour procured in the United States

for transfer by grant to such countries under this title."

(b) Section 112 of such act is hereby amended by adding at the end thereof the following new subsection:

"(i) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price-support programs required by law) at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment."

(c) Section 112 (d) of such act is hereby amended by adding after the words "any agricultural commodity, or product thereof" the following: "or class, type, or specification thereof."

SEC. 8. (a) The first sentence of section 114 (c) of such act is hereby amended by striking out the period and inserting in lieu thereof a colon and the following: "Provided further, That in addition to the amount heretofore authorized and appropriated there are hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$1,150,000,000 for the period April 3, 1949, through June 30, 1949, and not to exceed \$4,280,000,000 for the fiscal year ending June 30, 1950: *Provided further*, That in addition to the foregoing any balance, unobligated as of June 30, 1949, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1950, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year. To enable the Administrator to finance such transfers of capital goods items, or of commodities and services allocated to projects, as may not be made by June 30, 1950, the Administrator is authorized prior to such date to obligate the United States to make expenditures after such date in an aggregate amount not to exceed \$150,000,000, which amount shall be in addition to the amounts above authorized."

(b) The last sentence of such section 114 (c) is hereby amended to read as follows: "The authorizations in this title are limited to the periods indicated in order that the Congress may pass on any subsequent authorizations."

SEC. 9. Section 114 of such act is hereby amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding the provisions of any other law, until such time as an appropriation additional to that made by title I of the Foreign Aid Appropriation Act, 1949 (Public Law 793, 80th Cong.), shall be made pursuant to subsection (c) of this section for the period April 3, 1949, through June 30, 1949, the Reconstruction Finance Corporation is authorized and directed to make advances not to exceed in the aggregate \$750,000,000 to carry out the provisions of this title, in such manner, at such times, and in such amounts as the Administrator shall request, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder from funds made available for the purposes of this title."

SEC. 10. (a) Section 115 (b) (6) of such act is hereby amended by striking out the period following the words "grant basis" and inserting in lieu thereof a colon and the following: "Provided, That the obligation to



make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates."

(b) Such section 115 (b) (6) is further amended by inserting after "or for such other expenditures as may be consistent with" the words "the declaration of policy contained in section 102 and."

(c) Section 115 of such act is hereby amended by adding at the end thereof the following new subsections:

"(h) Not less than 5 percent of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.

"(i) (1) The Administrator shall, to the greatest extent practicable, without detriment to the European recovery program, initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources; and in furtherance of those objectives the Administrator shall, in addition to the local currency allocated pursuant to subsection (h), use such other means available to him under this title as he may deem appropriate.

"(2) In furtherance of such objectives and within the limits of the appropriations and contract authorizations of the Bureau of Federal Supply to procure strategic and critical materials, the Administrator, with the approval of the Director of such Bureau, shall enter into contracts in the name of the United States for the account of such Bureau for the purchase of strategic and critical materials in any participating country. Such contracts may provide for deliveries over definite periods, but not to exceed 20 years in any contract, and may provide for payments in advance of deliveries.

"(3) Nothing in this subsection shall be deemed to restrict or limit in any manner the authority now held by any agency of the United States Government in procuring or stimulating increased production of the materials referred to in paragraphs (1) and (2) in countries other than participating countries."

(d) Section 115 (d) of such act is amended to read as follows:

"(d) The Administrator shall encourage each participating country to insure, by an effective follow-up system, that efficient use is made of the commodities, facilities, and services furnished under this title. In order further to insure that each participating country makes efficient use of such commodities, facilities, and services, and of its own resources, the Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to observe and review the operation of such follow-up systems."

SEC. 11. (a) The first sentence of section 117 (c) of such act is hereby amended by striking out the period at the end thereof and inserting a colon and the following: "Provided, That the Administrator shall fix and pay a uniform rate per pound for the ocean transportation of all relief packages of food or other general classification of

commodities shipped to any participating foreign country, regardless of methods of shipment and higher rates charged by particular agencies of transportation, but this proviso shall not apply to shipments made by individuals to individuals through the mails."

(b) Section 117 of such act is amended by adding at the end thereof a new subsection as follows:

"(e) Whenever the Administrator shall determine that the shipping capacity available to Italy is inadequate for such emigration from Italy as may be desirable to further the purposes of this title, the United States Maritime Commission shall, notwithstanding any other provision of law and without reimbursement by the Administrator, make available to Italy, under such terms and conditions as may be determined by the Administrator, not more than 10 vessels capable of engaging in such service, for the purpose of transporting emigrants from Italy to parts of the world other than the United States: *Provided*, That title to any such vessels which are owned by the United States Government shall remain in the United States, and any or all of such vessels shall be returned forthwith upon demand of the President, and in any event not later than June 30, 1952."

SEC. 12. (a) Sections 105 (c) and 117 (d) of such act are amended by striking out "section 6 of the act of July 2, 1940 (54 Stat. 714), as amended" and inserting in lieu thereof "the Export Control Act of 1949."

(b) Section 112 (g) of such act is amended by striking out "section 6 of the act of July 2, 1940 (54 Stat. 714), including any amendment thereto" and inserting in lieu thereof "the Export Control Act of 1949."

(c) That section 112 is hereby amended by adding at the end thereof the following new subsection:

"(j) The Administrator shall, in providing assistance in the procurement of commodities in the United States, make available United States dollars for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II. In the event any participating country directly or indirectly prevents United States companies from competing for marine insurance on commodities procured in the United States with funds from the Economic Cooperation Administration, the Administrator shall require that all marine insurance on such commodities procured with such funds and shipped to such countries shall be insured with companies authorized to do a marine insurance business in the United States."

SEC. 13. An amount, equal to any balance, unobligated as of April 2, 1949, or subsequently released from obligation, of funds appropriated by Public Law 793, approved June 28, 1948, for the purposes of the China Aid Act of 1948 is hereby made available to the President for obligation through February 15, 1950, for assistance to areas in China which he may deem to be not under Communist domination, to be furnished in such manner and on such terms and conditions as he may determine without regard to the foregoing provisions of this act.

SEC. 14. The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, as far as is practicable, that at least 50 percent of the gross tonnage of commodities procured out of funds made available under this title and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner, and tanker services, is so transported on United States flag vessels to the extent such vessels are available at market rates for United States

flag vessels; and, in the administration of this provision, the Administrator shall, insofar as practicable and consistent with the purposes of this title, endeavor to secure a fair and reasonable participation by United States flag ships in cargoes by geographic area.

SEC. 15. Section 112 of such act is hereby amended by adding at the end thereof the following new subsection:

"(j) No funds authorized for the purposes of this title shall be used for the payment of charges incurred after 60 days after the effective date of this amendment for charter hire, freight or passenger charges, or for any other purpose, to, on behalf of, or for the account of any vessel documented under the laws of any foreign country not a participating country unless, in the case of individuals the owner or owners of such vessel is a national of the country, and in the case of a corporation a majority of the voting power or controlling interest is vested in nationals of the country, under whose laws such vessel is documented. In administering this provision the Administrator may rely on the certificate of the owner of any vessel as to the nationality of such owner if an individual and as to the nationality of the controlling interest or majority stock ownership in the case of a corporation."

SEC. 16. The second sentence of section 118 of such act is amended by inserting before the period at the end thereof "or (3) the provision of such assistance would be inconsistent with the obligations of the United States under the Charter of the United Nations to refrain from giving assistance to any state against which the United Nations is taking preventative or enforcement action."

No funds authorized for the purposes of this act shall be allocated to or expended for any foreign government for the purpose of expenditures for the advertising of foreign products in this country nor for advertising foreign travel in this country.

Mr. CONNALLY. Mr. President, I wish to express my deep sense of appreciation for the action of the Senate and its courtesy and consideration during the time we have had this bill before us. This is the second chapter, as it were, in an act more generous and more far-reaching than any other in the history of all the centuries which have rolled around. Under this act we are expending billions of dollars, not for destruction, not for vengeance, but to rebuild and reconstruct the economy of the countries of western Europe and other countries which may become participants in this program. We do this, Mr. President, with two motives: A desire to see the economy of western Europe rehabilitated, but in another sense, a desire to preserve and maintain and strengthen the peace of the world to which the United States is devoted.

I thank every Senator for his cooperation.

#### SIGNIFICANCE OF EXPORT TRADE WITH MARSHALL-PLAN COUNTRIES

Mr. PEPPER. Mr. President, I have prepared a brief statement showing the significance to the export trade of the United States to the Marshall-plan countries, and some accompanying tables. I withheld the statement until after the vote, because I did not want to delay the vote. I ask unanimous consent that the statement may appear in full in the body of the RECORD.

The VICE PRESIDENT. Is there objection?



There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Table 1: Before the war the United States exported about \$500,000,000 worth of goods more than it imported. Most of this surplus went to the ERP countries, which paid for these goods with earnings on investments (many of which have since been liquidated) or earnings from shipping and other services. Our trade with the rest of the world was about in balance (so far as grand totals are concerned).

United States exports rose from about \$3,000,000,000 in 1936-38 to \$15,300,000,000 in 1947. Partly this reflects higher prices, but for the most part it occurred because only the United States could supply the goods the world needed to repair war damage and undermaintenance.

The surplus of exports in 1947 amounted to \$9,600,000,000. In other words barely one-third of our exports were paid for with imports. The balance was financed by various means: Primarily by the liquidation of the foreign nations and by United States assistance in the form of loans and grants.

In 1948, United States exports declined to about \$12,600,000,000 while imports rose from \$5,700,000,000 in 1947 to \$7,100,000,000 in 1948. This was the trend both for our dealings with ERP countries and with the rest of the world. The decrease of exports reflects the fact that throughout the world dollar assets were largely used up in 1947. The increase in imports reflects both the strong demand for goods in the United States and the recovery of production abroad.

Table 2: This level of United States exports could not have been maintained in 1948 without United States assistance. By loan and grant the United States Government made \$4,300,000,000 available to ERP countries in 1948 and \$1,300,000,000 to the rest of the world.

Table 3: The programs of the ERP countries (excluding their dependent overseas territories) as reviewed and revised by the OEEC and ECA indicate that merchandise trade with the United States will increase in 1949-50. Both exports and imports are expected to raise.

Table 4: The merchandise deficit of the ERP countries will be slightly larger in 1949-50 than it was in 1948-49, due to a somewhat greater increase in imports from the United States than in exports to the United States.

On the other hand, the dollar deficits of the ERP countries on invisible account and on merchandise account with other Western Hemisphere and nonparticipating countries will decline.

The future (no table): This dollar deficit of the ERP countries cannot continue indefinitely. Indeed it is the job of ECA to help these countries help themselves to get over the need for extraordinary assistance by 1952-53. If they are to balance their accounts, we must assume some decrease of exports from the Western Hemisphere to them. Chiefly we must expect them to export more to the Western Hemisphere. This means building up European production so that the ERP countries will be able to spare more goods for export as well as to reduce somewhat their requirement for imports.

The level of exports from the United States will depend in considerable measure upon the degree of prosperity in Europe. One way or another they must close the gap of nearly \$5,000,000,000 in their current account. Given time—and help—they hope to do this by increasing their production and exports. Without such help, they would still have to close the gap, but they could do it only by struggling violently to cut down imports

from the United States to a level that would bring depression and misery everywhere.

No one can tell what the level of exports from the United States would be under these circumstances. Common sense tells us that bankrupt businesses and unemployed workers are poor customers. United States ex-

porters need a prosperous Europe. United States importers want to be sure that this highly industrialized area never has to compete for survival on a cut-throat basis. Both United States importers and exporters want to insure the building up of a prosperous Europe.

TABLE 1.—United States merchandise trade

[In billion dollars]

	Exports including reexports <sup>1</sup>			General imports			Balance of United States trade (not covered by imports)		
	ERP countries	Rest of world <sup>2</sup>	Total	ERP countries	Rest of world <sup>2</sup>	Total	ERP countries	Rest of world <sup>2</sup>	Total
1936-38 average, 38 percent....	1.13	1.84	2.97	0.61	1.88	2.49	0.52	-0.04	0.48
1946 average, 32 percent.....	3.28	6.91	10.19	.68	4.23	4.91	2.60	2.68	5.28
1947 average, 34.5 percent.....	5.29	10.05	15.34	.70	5.03	5.73	4.59	5.02	9.61
1948 average, 33 percent.....	4.18	8.43	12.61	.95	6.12	7.07	3.23	2.31	5.54

<sup>1</sup> Includes aid and relief shipments and shipments to United States armed forces for distribution to civilian population in occupied countries beginning with 1947, but excludes surplus property and other goods not shipped from or into the United States customs area.

<sup>2</sup> Includes ERP dependencies.

Sources: Totals (recorded goods, 1936-47). Economic Report of the President, January 1949, p. 132 (1948); Survey of Current Business, March 1949, p. 16; ERP countries (1936-47), Department of Commerce, International Reference Service, vol. VI, No. 5, February 1949 (1948), ECA; Ninth Report to Public Advisory Board, pp. 86, 89.

TABLE 2.—Total United States exports and Government financing, 1948 and projected for 1949

[Billions of dollars]

	Calendar	
	1948	1949
ALL AREAS		
Merchandise exports.....	12.61	13.0
U. S. Government financing (gross)....	5.66	6.9
ERP.....	1.87	(4.4)
Civilian supplies for occupied areas.....	1.26	.....
Interim aid.....	.56	.....
Greek-Turkey assistance.....	.35	( <sup>3</sup> )
Export-Import Bank.....	.45	( <sup>3</sup> )
Surplus-property credits (including ships).....	.25	.....
United Kingdom loan.....	.30	.....
All other.....	4.62	( <sup>3</sup> )
ERP COUNTRIES		
Merchandise exports.....	14.18	4.6
U. S. Government financing (gross)....	14.34	5.4
ERP.....	1.87	( <sup>3</sup> )
Civilian supplies for occupied areas.....	.78	( <sup>3</sup> )
Interim aid.....	.56	.....
Greek-Turkey assistance.....	.35	( <sup>3</sup> )
Export-Import Bank.....	.17	( <sup>3</sup> )
Surplus-property credits (including ships).....	.18	( <sup>3</sup> )
United Kingdom loan.....	.30	.....
All other.....	.13	( <sup>3</sup> )
REST OF WORLD		
Merchandise exports.....	18.43	8.4
U. S. Government financing (gross)....	1.32	1.4
Civilian supplies for occupied areas.....	.48	( <sup>3</sup> )
Surplus-property credits (including ships).....	.07	.....
Export-Import Bank.....	.28	( <sup>3</sup> )
All other.....	.49	( <sup>3</sup> )

Note below: Financing is total aid extended including aid used to finance surplus property and other goods purchased outside the United States customs area and to finance freight and other services purchased from the United States and elsewhere.

<sup>1</sup> Department of Commerce: Recorded goods, excludes sales of United States goods outside United States customs area.

<sup>2</sup> Department of Commerce.

<sup>3</sup> Not available.

<sup>4</sup> Includes China aid, International Refugee Organization, war-damage payments and other transfers to the Philippine Republic, International Children's Emergency Fund, other unilateral transfers and loans including in 1948 post-UNRRA and in 1949 the loan for the UN Building.

TABLE 3.—Projected trade of 15 participating countries<sup>1</sup> with the United States

[In millions of dollars]

	Imports from United States	Exports to United States	Merchandise balance
1948-49.....	4,089	765	-3,324
1949-50.....	4,222	852	-3,370

<sup>1</sup> Excludes dependent overseas territories, Portugal, Switzerland, Trieste, and Turkey.

Source: ECA estimates of balance of payments (Mar. 9 and Mar. 24).

TABLE 4.—Projected dollar requirements of 15 participating countries<sup>1</sup>

	1948-49	1949-50
United States merchandise deficit.....	3,324.4	3,370.3
Other dollar merchandise deficit.....	964.2	742.5
Invisibles (dollar deficit).....	708.0	459.9
Net current dollar deficit DOT's.....	238.2	192.8
Total.....	5,234.8	4,765.5

<sup>1</sup> Excludes Indonesia, Portugal, Switzerland, Trieste and Turkey.

Source: ECA estimates of balance of payments (Mar. 9 and Mar. 24).

#### INDIA—A BULWARK OF DEMOCRACY

Mr. HUMPHREY subsequently said: Mr. President, I ask unanimous consent to have printed in the body of the RECORD following the vote on the passage of the bill and after the statement submitted by the Senator from Florida [Mr. PEPPER] a statement I have prepared concerning American foreign policy in the Near East and in the Far East.

The VICE PRESIDENT. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. HUMPHREY. Mr. President, the past weeks we have had our eyes on Europe. The only time we have turned around to look at the other side of the world—what we might term our rear, in cold-war terminology—came Tuesday, April 5, when this body voted aid to China.

I do not choose to talk about the wisdom of aiding China today. But I do want to



turn our thinking back in that direction. We have many reasons for helping Europe. One is their great need, a serious shortage of what they need for life, partly caused by our common war effort. Another is the encouragement we seek to give toward a world of greater cooperation and unity, at least of the democratic countries. The third reason is the threat of totalitarianism which often steps in where men and women lack the necessities of decent living.

All of these same reasons for aiding Europe apply to another country—to India. India has need. India fought beside us in the great Second World War. India should be brought into the councils of democratic world organization we are forming around the framework of the Atlantic Pact. Not only is India a nation of ever-increasing democracy, but her leaders today are among the great and wise men of our time. Finally, the threat of communism and the military threat of the Soviet Union has and may in the future press sharply down on the 300,000,000 people living in the rich peninsula.

China is an enigma. No one is sure what is happening—what we ought to do about it or what will happen if we do nothing. There is no question in India. She is a great and rich country, worthy of our help and needing it sorely.

Eighty-five percent of her people are poverty stricken and illiterate. India's national income was only \$13,636,300,000 for her 337,000,000 people as compared to our approximately \$224,000,000,000 income in 1948 for only 140,000,000 people. Her per capital income, then, was about one-fortieth of ours.

But India is making strides ahead and needs only investment and help to become a wealthy nation. She reclaimed 32,306 acres of wasteland for agriculture in the fiscal year 1947-48 and is now working to reclaim 100,000 acres more. The United Nations' Food and Agriculture Organization director, Norris Dodd, praised her plans for increased food production and said that if the plans succeed, India can become self-sufficient in food.

Industrial production is increasing, too. Production of electrical supplies, diesel engines, bicycles, superphosphates, caustic soda, soda ash, bicycle tires, sugar, hydrogenated oils, and soap are at new peaks in India in 1948.

India needs supplies to feed her expanding economy. Yet she has been forced by a dollar shortage to cut down her imports from hard money countries. Her deficit balance of trade with hard currency countries was \$93,000,000 in the last nine months of 1948. She will have to make this up through the International Monetary fund. Her deficit in trade with this country in 1947 was \$147,000,000. Our imports from India have dropped, causing this unfavorable trade balance between us, in spite of the fact that India's world-wide trade balance is favorable by \$100,000,000.

Now for that small gap between what India sells us and what we sell her, India has been forced to cut needed imports from dollar areas. But her imports were not luxury goods that could readily be cut. What India wanted to buy from us were basic needs—food and industrial equipment—which are absolutely essential if India's 300,000,000 are ever to rise above their poverty and illiteracy.

Because we are closing one eye and keeping the other focused on Europe we have overlooked our good friends in India, in Asia where the real struggle for men's minds is taking place. Seven European nations have received more ECA funds than India would need to continue importing according to plan from dollar areas. And whereas each of the 7 nations have received substantially more than India would need, the combined

population of those countries is scarcely greater than the total population of India.

There are practical reasons to help India. She is the second largest producer of vital manganese—and the first is the Soviet Union. She has 20,000,000,000 tons of unexploited iron ore and 60,000,000,000 tons of coal. Her steel production is seventh in the world and she produces nearly all of the world's mica, much of the tungsten, thorium (needed in atomic energy production), and lac (the basic ingredient of shellac).

In the alliance of free, democratic peoples, India deserves an important position. While she has looked at herself as a neutral between the great world blocs, she has found it necessary to put down Communist riots and strikes and she is working toward fuller democracy. More important, India represents the free people of southeast Asia and represents, too, the colored peoples of the world.

Militarily, her position is on the front line against the Soviet Union. She has a volunteer army of 300,000 men, an air force of 8,700 men, 6 fighter squadrons, 1 transport squadron. Her navy has one cruiser, four sloops, and a dozen mine sweepers.

In maintaining Asian stability, India is essential. As her Ambassador to the United States (Sir Bengal Rama Rau) said last October in New York, "It is no exaggeration to say that on the economic and political stability of India depends the prospect of maintenance of peace in Asia during the next decade, and consequently the maintenance of peace throughout the world." He went on to say that while communism was still weak in India, receiving only a handful of votes, "there is, however, one danger to be guarded against. The Indian Union will have a completely democratic system on the basis of adult suffrage. You can easily realize the significance of this in a country, the vast majority of the population of which is on a low standard of living if not on the margin of starvation. All of these men and women will now exercise their vote, and it is obvious that they will not tolerate the democratic system unless in the immediate future the Government elected under this system can improve their economic status and rid them of the fear of starvation and misery. If the standard of living is not raised, there is every danger of India falling under the influence of some other system, whether it is communism, or fascism or some other ism. The agriculture and industrial development of the country is, therefore, a matter of great urgency both from the political and the economic points of view."

India is not a question mark. In every way she belongs in the family of free nations. Her needs are no secret; they are all too evident. What must we do to help her and to encourage India's participation with the rest of the free world?

We must first recognize her needs as equally crucial as Europe's needs. Secondly, we must recognize India's legitimate interests and her grievances against us. We must recognize the self-government aspirations of southeast Asia colonies and avoid aid or comfort to European nations now putting down revolts and attempts at self-government. They will not trust us until we take that step. Nor will they trust us until our attitude right here at home toward our own colored citizens has changed to one of friendship and equality.

No one will be free and prosperous in this interdependent world until all are free and prosperous. Out Atlantic Pact and European recovery program are only half of the fight. Let us turn around and face our other friends and bring them into the councils of the free and help them to a standard of living that can truly make them free.

The people rising to greatness and strength are there, in Asia and Africa. We

should be their friends, and they will be our friends. Let us act in every way like friends, in our aid to them to start on the road to more prosperous life, in our immigration laws, and in our attitude toward their nationals in this country and toward our own citizens of their race.

The future lies across the Pacific. We are letting the future escape us until we recognize the fact.

Let us help India and work to cement friendships with the other Asian democracies. Free peoples everywhere must get together in a friendship and cooperation.

#### FIRST DEFICIENCY APPROPRIATION BILL, 1949

Mr. McKELLAR. Mr. President, I move that the Senate proceed to the consideration of House bill 2632, Calendar No. 120, making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1949, and for other purposes.

The motion was agreed to, and the Senate proceeded to consider the bill (H. R. 2632) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1949, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

#### JURISDICTION OVER LANDS BENEATH NAVIGABLE WATERS WITHIN THE STATES—BILL INTRODUCED

Mr. McCARRAN. Mr. President, on behalf of myself and 29 of my colleagues from all sections of the Nation, I ask unanimous consent to introduce a bill to confirm and establish the right of the States to lands beneath navigable waters within their original boundaries.

Mr. President, the policy which Congress should follow in this matter was clearly set forth in the report of the Senate Judiciary Committee in 1948 on Senate bill 1988, as follows:

\* \* \* We consider it against the public interest for the Federal Government to commence a series of vexatious lawsuits against the sovereign States to recover submerged lands within the boundaries of the States, traditionally looked upon as the property of the States under a century of pronouncements by the Supreme Court reflecting its belief that the States owned these lands.

The report also said:

\* \* \* The committee is of the opinion that not only will the public interest be best served by confirming the rights of the States but that common justice and equity require such action.

So, Mr. President, I ask unanimous consent to introduce the bill, and I also ask unanimous consent that my statement accompanying the bill be printed in the Record at this point.

The VICE PRESIDENT. Without objection, the bill will be received, and the statement will be printed; and in view of the fact that the reference of this bill may be a matter of some controversy, the Chair will withhold the reference until Monday.

The statement submitted by Mr. McCARRAN is as follows:

The bill is identical with H. R. 5992, approved by the House last year by a vote of 257 to 29, and substantially the same as S. 1988, both of which were pending on the Senate Calendar at adjournment of the



Eightieth Congress. It was prepared by the National Association of Attorneys General and is supported by them, the Council of State Governments, and the Governors' Conference.

In the past this legislation has been mistakenly labeled as the tidelands bill. Actually, it is far more than that. It covers lands beneath all rivers, lakes, bays, and tide-waters of both the inland and coastal States. I am attaching to this statement for insertion in the RECORD a list of the States showing the submerged-land area within the boundaries of each State. I wish every Member of the Senate would note that his State has at least some property which has been clouded by recent Federal claims. Note that inland waters cover a greater area than the tidelands, and the Great Lakes cover almost as much area as both of these put together.

State officials from 45 States testified or submitted statements during an extended hearing on this question last year that in their opinion the Supreme Court decision in the California case (*U. S. v. California* (332 U. S. 19)) has clouded the long-asserted titles of every inland, coastal, and Great Lakes State to lands and resources in and beneath navigable waters within their boundaries. This was confirmed by resolutions of the American Title Association and American Bar Association. It was agreed that all State ownership of submerged lands, whether inland or coastal, is based upon the same rule of law announced in 1845 by the Supreme Court in *Pollard v. Hagan* (3 How. 212, 230), as follows:

"First. The shores of navigable waters, and the soils under them, were not granted by the Constitution to the United States, but were reserved to the States respectively. Second. The new States have the same rights, sovereignty, and jurisdiction over this subject as the Original States."

This rule and the good faith claim of the States for over 100 years was recognized by the present Supreme Court in its California decision (*U. S. v. California* (332 U. S. 19)):

"As previously stated this Court has followed and reasserted the basic doctrine of the Pollard case many times. And in doing so it has used language strong enough to indicate that the Court then believed that States not only owned tidelands and soil under navigable inland waters, but also owned soils under all navigable waters within their territorial jurisdiction, whether inland or not."

Title to these lands was not decided or settled by the California case. Only paramount rights and powers over them for such purposes as national defense and navigation was decreed in the Federal Government, and these powers are admitted and properly protected in the bill which I offer. Continued State ownership cannot and will not interfere with exercise of these Federal powers. On the other hand, if the mere exercise of these Federal powers is allowed to automatically divest the States of their property, it would be a doctrine of nationalization which no State should permit to be foisted upon another lest it be extended in due time to all.

I want the Senate to know that private development of oil on these lands is no longer an issue. The Federal control bill recommended by the interested Federal agencies would validate existing leases and authorize future leasing to private concerns just as the States are now doing. The only difference is that the States are receiving far greater lease revenues than the Federal Government now receives on similar leases. In any event, both bills are alike in protecting the right of the Federal Government to get all of such property when necessary for national defense.

More important than oil to three States are the beaches, lakes, water, fish, sand, gravel, kelp, iron ore, coal, and other re-

sources produced from submerged lands by the other States. And above all is the principle of dual sovereignty and the respect which our Nation owes the right of property ownership reserved to the States in trust for their citizens.

This issue and this bill are nonpartisan. The coauthors are from both major political parties. In the 1948 elections only one political party adopted a platform plank advocating Federal control of any of these lands. That was the Progressive Party. A similar plank for "Federal control of the development of the natural resources of the Continental Shelf" was defeated in the Democratic platform and resolutions committee, and no minority report was made. Both the Republican and States Rights Parties adopted planks in favor of continued State control of these lands.

This legislation has the written endorsement and support of the following national organizations: The Council of State Governments, the Governors' Conference, National Association of Attorneys General, the American Bar Association, American Title Association, National Conference of Mayors, American Association of Port Authorities, National Reclamation Association, National Water Conservation Association, National Institute of Municipal Law Officers (representing 503 cities).

The Supreme Court, in the California case, recognized the authority of Congress to act in this "congressional area of national power" and added that it would not assume that Congress "will execute its powers in such a way as to bring about injustices to States, their subdivisions, or persons acting pursuant to their permission."

The policy which Congress should follow was clearly set forth in the report of the Senate Judiciary Committee in 1948 on S. 1988, as follows:

"\* \* \* We consider it against the public interest for the Federal Government to commence a series of vexatious lawsuits against the sovereign States to recover submerged lands within the boundaries of the States, traditionally looked upon as the property of the States under a century of pronouncements by the Supreme Court reflecting its beliefs that the States owned these lands."

The report also said:

"\* \* \* The committee is of the opinion that not only will the public interest be best served by confirming the rights of the States but that common justice and equity require such action."

Approximate areas of submerged lands within State boundaries  
[Expressed in square miles]

State	Inland waters <sup>1</sup>	Great Lakes <sup>2</sup>	Marginal sea <sup>2</sup>
	Square miles	Square miles	Square miles
Alabama.....	531		159
Arizona.....	329		
Arkansas.....	377		
California.....	1,890		8,970
Colorado.....	280		
Connecticut.....	110		600
Delaware.....	79		84
Florida.....	4,298		7,340
Georgia.....	358		300
Idaho.....	749		
Illinois.....	453	1,526	
Indiana.....	86	228	
Iowa.....	294		
Kansas.....	163		
Kentucky.....	286		
Louisiana.....	3,346		4,169
Maine.....	2,175		1,187
Maryland.....	690		93
Massachusetts.....	350		576
Michigan.....	1,194	38,459	
Minnesota.....	4,059	2,212	
Mississippi.....	296		213
Missouri.....	404		
Montana.....	822		
Nebraska.....	584		

Footnotes at end of table.

Approximate areas of submerged lands within State boundaries—Continued

[Expressed in square miles]

State	Inland waters <sup>1</sup>	Great Lakes <sup>2</sup>	Marginal sea <sup>2</sup>
	Square miles	Square miles	Square miles
Nevada.....	738		
New Hampshire.....	280		14
New Jersey.....	314		390
New Mexico.....	155		
New York.....	1,847	3,627	381
North Carolina.....	3,870		903
North Dakota.....	611		
Ohio.....	100	3,457	
Oklahoma.....	636		
Oregon.....	631		888
Pennsylvania.....	288	735	
Rhode Island.....	156		120
South Carolina.....	461		561
South Dakota.....	511		
Tennessee.....	285		
Texas.....	8,695		8,854
Utah.....	2,570		
Vermont.....	331		
Virginia.....	916		336
Washington.....	1,215		470
West Virginia.....	91		
Wisconsin.....	1,439	10,062	
Wyoming.....	408		
Total.....	45,251	60,306	26,608

<sup>1</sup> Areas of the United States, 1940, Sixteenth Census of the United States (Government Printing Office, 1942) pp. 2, et seq. These figures are very approximate but are absolute minimums, since they do not include some 74,364 square miles of lands under water, which consists of deeply indented embayments and sounds, and other waters lying between the outer limits set for inland water and behind or sheltered by headlands or islands separated by less than 10 nautical miles of water. Ibid.

<sup>2</sup> World Almanac and Book of Facts for 1947; published by the New York World Telegram (1947) p. 138; serial No. 22, Department of Commerce, U. S. Coast and Geodetic Survey, November 1915. In figuring marginal sea area, only original State boundaries have been used. These coincide with the 3-mile limit for all States except Texas, Louisiana, and the Florida Gulf coast. In the latter cases, the 3-league limit as established before or at the time of entry into the Union has been used.

Mr. McCARRAN. Mr. President, if I may be permitted to express my view on the matter, I think the bill should go to the Committee on Interior and Insular Affairs.

The VICE PRESIDENT. That is in accordance with the situation now; but since the title to these lands has vested in the Federal Government and they have become public lands, if it is agreeable to the Senator from Nevada, the chairman of the Judiciary Committee, the Chair will refer the bill to the Committee on Interior and Insular Affairs.

Mr. CONNALLY. I inquire what bill it is, Mr. President?

Mr. McCARRAN. If I may answer the Senator from Texas, it is a bill, just introduced by me on behalf of myself and 29 other Senators, to determine the title to lands beneath the tidewaters of the respective States.

Mr. CONNALLY. Did not a similar bill go to the Committee on the Judiciary last year?

Mr. McCARRAN. It went to the Committee on the Judiciary before the Reorganization Act came into effect.

However, it is my judgment that now, under the Reorganization Act, it should go to the Committee on Interior and Insular Affairs.

Mr. CONNALLY. I think it should go to the Judiciary Committee, for the bill would determine the title.

The VICE PRESIDENT. The Chair might suggest to the Senator from Texas that, in the judgment of the Chair, the question of title was determined by the Supreme Court. The bill introduced by



In our committee talks this session one of the opponents of the bill, not a real opponent of Federal aid, but a man who wants to narrow the scope of Federal aid suggested an amendment which brought up a point which is old and fallacious—that is that the Federal Government shall help only those States that need help. The assumption being that some States are richer than others and that the Federal Government should help only the States which have not the wealth to help themselves. The Senator's amendment hit at a provision in the bill which provides that the Federal Government shall give \$5 to every student registered in our public schools. The point he made was that the rich States did not need the \$5 and it would be better to give more to the poorer States. President Roosevelt advanced the same argument. He pointed out that his State of New York was very rich and did not need Federal support. I replied, "Of course New York does not need Federal support, but New York is not taking care of the education of its citizens because New York has thousands of illiterates and we need to overcome illiteracy in the United States. This time, again, we had an answer for our Senator. I asked Senator TAFT, since the suggestion came from a Republican Senator, if he would answer for us. Now comes an interesting story about Utah. I knew Senator TAFT had these statistics because I had seen them, and I suggested that he read one of his letters. It was a communication telling of the school which our Army maintains in Germany to teach our soldiers how to read and write. The statistics in the letter showed that, with the exception of Utah and Vermont, there were American soldier boys from every State in the Union called to the Army school in Germany to learn to read and write. When the various Senators learned of the number of boys from their own States who were in the Army in Germany who could not read and write there were no arguments advanced against the Federal aid-to-education bill in committee, and we reported it out unanimously.

Two world wars and the administration of a selective service act in each of them has taught us more conclusively than anything else that our country's outstanding need is education and an equalization of educational opportunities. The selective service system of raising an army and navy has been spoken of as the democratic way in that every young man becomes equal to the call with all others. That is all right in theory, but in fact it has not borne out because certain standards were set up before persons became eligible to call. Because of these standards, taking the Nation as a whole, 5 out of every 10 men called were rejected for some cause or another, sometimes for health, but more often than anything else for an inability to read or write. At the first of the Second World War no illiterate was accepted. This cut into the list of persons called so strongly in some States that protests were made and the Army had to accept some men who could not read and write. These persons had to be put in Army schools at a tremendous cost to the Government compared with the cost of ordinary fourth- and fifth-grade education. Our statistics show that in those States like Utah and the other intermountain States where public education has been in existence even longer than statehood, 7 out of every 10 boys called under the Selective Service Act were accepted. That proves that education benefits health and aids in the development of the boy. But in those States where educational standards are not good only 3 out of every 10 boys called were accepted. See what this does to the people of the State which neglects universal education. The trained boys have to bear a greater proportion of the liability to serve. Under the peacetime draft that is going to be the same. The knowledge of this has brought about almost universal support for

the equalization theories in the Federal aid to education bill.

The reason for the child-health measure is simple. Our American Constitution provides for the separation of church and state. Most of the State constitutions and State laws provide that public money shall not be used for nonpublic schools. In general, that is interpreted that public money shall not be used for church schools because most nonpublic schools in America are church-sponsored schools. More and more the line which marks the division between the private and the public school is being made thinner—that is made thinner by an interpretation of what constitutes aid to schools. If a State allows State-owned textbooks to be used in private schools on the theory that every boy and girl should be treated the same, is that an aid to a private school? Shall the busses which carry boys and girls to public schools pick up boys and girls going to private schools? Now the Federal Government has aided private-school education indirectly in various ways by giving what constitutes a scholarship to the individual student and letting him go to school wherever he chooses. That is the theory of my soldier-education bill. Veterans of the last war are going to schools of their own choice and many of them are in private schools. Nearly everyone says that the health of a boy and girl is vital to the whole Nation regardless of where he or she goes to school. In many States the State provides for physical examinations and nurses' aid for the pupils and it is narrowly interpreted that that activity is not aiding the school as such but it is an activity which the Government gives directly to the pupil and that pupils no matter where they go to school are entitled to this health aid. It therefore seemed reasonable and wise to the committee to lift the health provisions out of the education bill and separate the two. That has been done at least to the satisfaction of every member of the committee so that the two bills will go to the calendar together and be acted upon as closely as they can together. This action constitutes a highly constructive compromise which should command universal support.

As I said before, each measure is constructive and points toward the building of citizenship. Men's political thinking habits have caused them to think first, and without objection, of defensive measures. These defensive measures, generally, have been for the purpose of building and creating power for destruction. Men have thought less of what should be our first line of defense—the building of a strong and enlightened citizenry.

### American Contributions to European Aid

#### EXTENSION OF REMARKS

OF

### HON. WILLIAM E. JENNER

OF INDIANA

IN THE SENATE OF THE UNITED STATES

*Friday, April 8 (legislative day of  
Friday, March 18), 1949*

Mr. JENNER. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an editorial entitled "ECA Is Building Formidable Competitors," from the Bedford Daily Times-Mail, of Bedford, Ind.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

#### ECA IS BUILDING FORMIDABLE COMPETITORS

The United States through the European Recovery Plan is now in the position of a business firm giving away its money to build

up a vigorous competitor. The money sent abroad has been of invaluable assistance in rebuilding European economy, but it is also been a means of establishing peacetime competition, which has already pinched the export trade of our country.

The last report of the United Nations Economic Department shows that economic recovery has been nearly twice as fast following the second World War as it was following the first. In the autumn of 1948 world production was 32 percent higher than 1937 and 11 percent higher than 1947.

Most of this gain has been accomplished at the expense of the United States, which furnished the money and a good share of the technical advice which is fast making Europe self-supporting.

British exports in 1948 climbed to \$6,600,000,000, four times the 1945 mark and the highest figure ever attained. During the year Britain sold nearly 300,000 motor vehicles abroad; 35,000 of them coming to the United States. During the same period this country sold only 430,000 vehicles overseas. It is true that the British austerity program and the idea of manufacturing for export was a very important factor in British sales; nevertheless, the British auto maker, with 10 percent of the American production, sold 40 percent of the total export business.

In the field of textile manufactures Britain's sales eclipsed American sales almost 50 percent—\$1,300,000,000 against \$800,000,000. Americans have long prided themselves as manufacturers of machinery and machine tools, yet in 1948 Britain sold for export \$1,016,000,000 while the American makers sold only \$1,670,000,000.

Since 1946 there has been a distinct drop in American exports, accompanied by a rise in the exports of other nations. In 1947 this country exported to Argentina, Brazil, and Uruguay seven times as much as did Britain; but by the end of 1948 the South American nations were buying virtually the same amount of goods from both countries. In Argentine sales Britain led the United States by a substantial margin.

In the prewar years two of the toughest competitors for world trade were Germany and Japan. These defeated nations were almost entirely out of the market from 1945 to 1947, but in 1948 they started a comeback which is making itself felt all over the world.

"Made in Japan" and "Made in Germany" were very familiar marks throughout the world prior to 1939. Those same marks are showing up on store counters again. Japan gained almost a monopoly in the field of low priced vases. Christmas tree ornaments, cheap tops; and was a very important factor in such fields as electric light bulbs, rayon, and cotton textiles. Western Germany is again pushing the market in dyestuffs, chemicals, and cutlery, fields in which it has been dominant for nearly 50 years.

The military governments of Japan and Germany have been carrying out a policy of making both regions self-sufficient since the close of the war on both fronts. The American taxpayer has sent billions of dollars to those areas to accomplish this self-sufficiency; but the same taxpayer now finds he has erected competition to himself, which is being felt especially in South America and Asia.

This matter of rebuilding the world is a many-sided problem. From a military standpoint, it is certainly beneficial to us to have a strong western Europe and a stable Japan; as these areas would necessarily be the bases for armed action against Russia, should the much-discussed war ever come. From an economic standpoint, however, the situation is quite different. The reforms, socialized medicine, and nationalization of industry in Britain have been possible only through American aid. In fact, all recovery in Europe and Japan has been American financed.



It would seem time to revise our thinking on European aid. For 2 years foodstuffs were the chief item of purchase by Europe; now the purchases are machinery and tools. Europe likes aid, just as does any other recipient. Perhaps aid is not necessary in such staggering quantities. A careful appraisal of all factors, military, and economic, should precede any further grants to our possible and potential allies. The American taxpayer is worth some consideration, too.

**Address of Charles Smith, of Canadian, Okla.**

**EXTENSION OF REMARKS  
OF**

**HON. CARL ALBERT**

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 7, 1949

Mr. ALBERT. Mr. Speaker, the Oklahoma congressional delegation had the honor yesterday of being host to a group of prize-winning champions sponsored by the Oklahoma Farmers Union, and including Oklahoma boys and girls who have made outstanding records in 4-H Club work and in activities of Future Farmers of America. I was delighted indeed that among these young champions was a boy from my own congressional district, Mr. Charles Smith, of Canadian, Okla. I have the honor of inserting in the RECORD an address delivered by this 4-H champion to the Oklahoma congressional delegation in a meeting in the capitol building on April 6, 1949. The address follows:

Mr. Chairman, representatives of the Farmer's Union, distinguished guests, ladies and gentlemen, I am deeply indebted to the Farmer's Union for granting me the opportunity of representing the Third Congressional District of Oklahoma in presenting a talk on my organization; the 4-H Club, and the part it can play toward family type farming with home ownership as our goal.

I am also indebted to the Honorable Congressman CARL ALBERT for recommending me to this appointment also Mr. Gen Stipe, our State representative.

The 4-H Club, and the part it can play toward family type farming with home ownership as our goal. As you all know, no active 4-H Club member can vote because we are too young, we can support no lobbyist, because we don't pay dues. The 4-H has done very well without this. We have forced recognition by our achievements, that is: we have always been recognized but not always fully recognized as an important farm organization. Because of this fact, I believe that we need a parent organization; such as, the Farmers Union, to back us.

I want to quote our 4-H citizenship pledge, "We individually and collectively pledge our efforts from day to day to fight for the ideals of this Nation."

We will never allow tyranny and injustice to become enthroned in this, our country, through indifference to our duties as citizens.

We will strive for intellectual honesty and exercise it through our power of franchise. We will obey the laws of our land and endeavor increasingly to quicken the sense of public duty among our fellow men.

We will strive for individual improvement and for social betterment. We will devote our talents to the enrichment of our homes

and our communities in relation to their material, social, and spiritual needs.

We will endeavor to transmit this Nation to posterity not merely as we found it, but freer, happier, and more beautiful than it was transmitted to us."

You can easily see from this, that the 4-H Club endeavors to make good citizens of its members.

You might say, that it is a very nice pledge, but do you carry it out?

Let me explain what the 4-H Club has done and is doing, and then draw your own conclusions.

4-H Club work for rural boys and girls is a part of the National Agricultural Extension system which reaches every State in the United States, Puerto Rico, and the Territories of Alaska and Hawaii. It is also being developed in many other countries.

In Oklahoma there are 61,773 Club members and they have completed 200,808 projects during the last year. 4-H work is organized on a community basis. Boys and girls meet together in regular 4-H Club meetings and jointly plan and conduct their work; in fact there are 52 clubs in our county alone.

There is a project for every boy and girl, whatever they are interested in, from leadership, arts and crafts, to livestock, forestry and crops.

The significant feature of 4-H Club work is that club members "Learn to do by doing." They are supervised by the county extension agent and they learn many things while they are young that otherwise they would have to learn when they were older "in the university of hard knocks." 4-H Club work becomes part of the lives of rural young people while their minds are still plastic; gives them guidance when they need it; teaches them some of the inspiring things in agriculture and home life and gives them a vision of its possibilities as a life work.

4-H Club work demonstrates the best practices in agriculture and home economics to the communities and counties by means of original projects carried by the members, by their exhibits, fairs, and public demonstrations. Also, 4-H projects are lifting, are helping to lift the mortgages on farms all over America, and that is an end in itself.

4-H Club work develops rural leadership, community pride and spirit. It builds young men and women who know how to conduct meetings, organize community projects, and who are trained to conserve the soil, judge livestock, and products of the farm and home, and to use the electrical power furnished by rural electrification. It emphasizes the home and brings parents and children increasingly together in a common interest.

4-H Club work develops self-reliance, ambition, and aggressiveness. It applies business methods to farming and promotes industry and thrift.

It fosters individual ownership, a love of nature, and of the open country. Through competition it brings out the best efforts and thought, and gives rural boys and girls an opportunity to earn money and acquire property.

4-H Club work shows boys and girls how to do the wholesome, helpful things and to play the game fairly.

Above all, it develops the highest type of manhood, womanhood, and American citizenship. It develops the farm's best crop, its boys and girls into the men and women of tomorrow. In fact I can find no record where any active 4-H member has ever been in any State institution.

The 4-H Club generally works through the local school and too often it is not given much time. With this handicap the 4-H has done an excellent job, but with more time and help from the teachers and the school we could do even more. We of the 4-H Club heartily endorse the bill offering half-pay to any teacher, who will lead a 4-H Club. This will force each school, which accepts it, to

give the 4-H Club full recognition and a time to hold meetings. It will cause the leader to give more time and thought to the 4-H.

I leave with the question: Is the 4-H Club worth it?

Thank you.

**Tributes to Hon. Arthur Capper**

**EXTENSION OF REMARKS**

OF

**HON. CLIFFORD R. HOPE**

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. HOPE. Mr. Speaker, on January 3, 1949, Arthur Capper retired from the United States Senate after 30 years of distinguished service in that body, a period of service equalled by no other Kansan and by few in the history of our Republic. In addition, he served the State of Kansas most acceptably as its Governor for the 4 years immediately preceding his election to the Senate.

But Senator Capper's 34 years in public office is only a part of his public service. For many years prior to his election as Governor in 1914 Arthur Capper had been a leading citizen of our State, the publisher of a great and influential newspaper and of farm publications with a national circulation and millions of readers. He was known for his philanthropy as exemplified in the Capper Crippled Children Foundation and the Capper Boys and Girls Clubs which antedated our splendid 4-H Clubs of today.

Senator Capper's career in and out of Congress has meant much to the State and Nation. He has been an inspiration to the youth of our State. Credit is due to him more than any other person for the fact that politics in Kansas throughout the years has been clean. His whole career has been an exemplification of public service on the highest possible plane.

Arthur Capper will be remembered long in Kansas and in the Nation as a constructive statesman. Some of the most important legislation of the last 30 years bears his name. He will be remembered as an outstanding Governor. But above and beyond that, he will be remembered by thousands and thousands of friends of high and low station for his kindly and helpful spirit. As one of these thousands, I am deeply grateful to Arthur Capper for many personal kindnesses. I shall never forget them.

On January 3, shortly before Senator Capper's return to Kansas, the Kansas delegation in Congress gave a breakfast in his honor. At that time all of the Members of the delegation in the House and Senate expressed their appreciation of Senator Capper's distinguished service and wished for him many years of health and happiness as Kansas' first citizen.

Under leave to extend my remarks in the RECORD, I include herewith copies of the tributes which were paid to Senator Capper at this breakfast:

Senator REED. I have known Arthur Capper a long time. Politically, my first con-



peace for 50 years. None of the Yalta negotiators could have believed that the cold war would be on in 3 years."

John Foster Dulles said, in *Colliers*, March 12, 1949: "It was like a nightmare when, at the end of the most awful of all wars, we suddenly awoke to learn that a great partner in victory was actively plotting against the freedoms that we thought we had been fighting for together."

On April 4, 1945, I sent each Member of Congress a copy of the enclosed dream of Earl Browder, written in January 1945, the month before Yalta. Each March since then I have duplicated it to each Member of the House and Senate.

Earl Browder's dream is based mainly on two official Comintern documents, both unanimously adopted by the Sixth World Congress of the Communist International. Both were adopted the same day, September 1, 1928. The Library of Congress has both available for you.

Neither Mr. Dulles, nor any of the other great statesmen who represented us at Yalta had ever read these documents. For that reason, they have nightmares now, instead of prophetic dreams at the right time.

This administration scuttled the working United Nations (which was formed by the Declaration of Washington, January 1, 1942, with its operating Joint Chiefs of Staff, minus Russia), in favor of a new United Nations, still-born via the veto, and with an abortive Chiefs of Staff, including Russia.

Having replaced strength with weakness it has produced one improvised cure-all after another, each guaranteed to prevent world war III. In chronological order, these were UNRRA; Bretton Woods; the UN; Potsdam; the British loan of \$3,750,000,000; post-UNRRA; the Italian, Rumanian, Bulgarian peace treaties; the Truman doctrine; the Marshall plan; and now, the Atlantic Pact.

Each had its uses, but meantime Americans may properly ask:

1. Who ordered the destruction of untold billions worth of airplanes, tanks, antitank guns, artillery, antiaircraft guns and ammunition in Europe after the war? Was it done deliberately to leave western Europe militarily naked before the Russian bear?

2. Who ordered destruction and/or dumping in the Pacific lagoons of \$17,000,000,000 of ammunition? And is it true that it is now being salvaged for scrap?

3. Who ordered destruction of more than \$1,000,000,000 of arms, ammunition, and airplanes in India after the war? Was it to keep China from being properly armed?

4. Who ordered destructions of surrendered German and Japanese arms for which China had asked?

Is it not the same administration and same State Department that now want billions to replace in Europe the very arms they ordered destroyed there in 1945-46?

And is it not the same State Department that now does not want to arm Nationalist China, but advises that we let the Red dust settle in China and all east Asia in the hope that Mao Tse-tung will turn out to be a Chinese Tito?

Unless the National Government of China is a much stronger red than our State Department believes, will not all east Asia be Communist long before 1951, the year Browder's dream calls for Soviet conquest of western Europe and Britain? That would be 1 year before completion of the Marshall plan or the arming of the Atlantic allies, and a year after Pacific Fleet Admiral Ramsey foresees our withdrawal from Asiatic waters.

Secretary of State Acheson and White House Secretary for Foreign Affairs Niles and other makers of our bipartisan no-foreign policy (to quote Alf Landon) brag that they have never read the Program of the Communist International or the Resolutions on the

Colonies and Semi-Colonies—the two documents referred to above. No wonder we have gone from the exultation of VE- and VJ-day to the confusions of today, and seem headed for the defeats of 1951 and the conquest of 1963 predicted in Earl Browder's dream.

Just to be fair, I must also ask: Where are the Republican leaders who read these two documents, knew what was coming, and spoke up?

Very truly yours,

ALFRED KOHLBERG.

### Comparison of Potential Voters and Actual Votes Cast in 1944 and 1948

#### EXTENSION OF REMARKS

OF

#### HON. OWEN BREWSTER

OF MAINE

IN THE SENATE OF THE UNITED STATES

Friday, April 8 (legislative day of Friday, March 18), 1949

Mr. BREWSTER. Mr. President, I have had prepared a tabulation of the potential voters and a comparison made with the number of votes cast in 1944 and 1948. Opposite this is shown the percentage voting in both years, followed by the number who did not vote.

An examination of these figures reveals many interesting facts, but the most important is the number of people who were eligible in November 1948, but did not vote. No doubt there are as many reasons for that as there are individuals. Whatever the reasons may be, the American people should be aroused to the seriousness of the situation, for if this apathy continues, it might well be the underlying cause that could destroy our representative form of government.

I particularly call attention to column 3 and ask the Senate to note the decreased percentage of those voting in most States in the last election.

The figures in column 1 show an increase of 13,400,000 potential voters; but in spite of this 13,400,000 increase, there were less than 1,000,000 additional votes in 1948 than in 1944.

The figures are, to me, most astounding, for they show that 45,000,000 persons out of approximately 90,000,000 eligibles did not vote. I think it is a reflection upon everyone in political life that we have so utterly failed to capture the imagination of the American people. Accordingly, I have had this tabulation prepared. I am not even blaming the political machines, because I think in the first instance bringing home to the people of the country the profound issues with which we are faced is the responsibility of those of us who are in public life. Of course, whatever reflection this situation may involve upon our respective political machines can be determined.

I point out, in contrast, that while our people were casting less than 50 percent of the potential vote in this country, Italy, which we have thought was not quite so familiar with the meaning of democracy, in its great election last spring cast 89 percent of its potential total vote. That is certainly a tribute

to the interest which has been aroused in Italy.

So, Mr. President, I ask unanimous consent that this tabulation may be printed in the Appendix of the Record.

There being no objection, the tabulation was ordered to be printed in the Record, as follows:

#### ESTIMATED CIVILIAN POPULATION OF VOTING AGE AND VOTE CAST FOR PRESIDENT, 1944 AND 1948

NOTE.—Voting age for the purpose of this table means all those 21 years and over (except Georgia where the voting age is 18), and it includes about 2,000,000 aliens (estimate by Census Bureau), and also undetermined number of persons in the District of Columbia who do not have voting residence in any State. It excludes, however, members of the armed forces both here and abroad.

#### EXPLANATION

Opposite the name of your state you will find—

1. The first column marked "Potential voting population" means those 21 years of age and over for 1948 and 1944. By subtracting we arrive at the population increase between 1944 and 1948.

2. The figures in the second column, "Total vote cast," are for all candidates. By subtracting we arrive at the increased or decreased number of votes cast in 1948. In most States the number of people voting was greater in 1948 than in 1944.

3. The third column marked "Percentage voting" is the percentage of potential voting population as listed in the first column. The percentage shows a decrease for 1948 in all States except Arizona, Nevada, and the Southern States. (This is the important column—it is the percentages that count.)

4. In the fourth column, the figures given are for the number of eligibles not voting.

	Potential voting population	Total vote cast	Percentage voting	Not voting
United States:				
1948.....	93,704,000	48,833,680	52.0	44,870,320
1944.....	80,298,000	47,976,263	59.7	32,321,737
	13,406,000	857,417	-7.7	12,548,583
Alabama:				
1948.....	1,564,000	214,980	13.74	1,349,020
1944.....	1,416,000	244,743	17.3	1,171,257
	148,000	-29,763	-3.56	-----
Arizona:				
1948.....	374,000	177,065	47.3	196,935
1944.....	300,000	137,634	45.9	162,366
	74,000	39,431	1.4	-----
Arkansas:				
1948.....	1,100,000	242,475	22.0	857,525
1944.....	978,000	212,956	21.8	765,044
	122,000	29,519	.2	-----
California:				
1948.....	6,714,000	4,021,538	59.9	2,692,462
1944.....	5,481,000	3,520,875	64.2	1,960,125
	1,233,000	500,663	-4.3	-----
Colorado:				
1948.....	721,000	515,237	71.4	205,763
1944.....	641,000	505,039	78.8	135,961
	80,000	10,198	-7.4	-----
Connecticut:				
1948.....	1,376,000	883,518	64.0	492,482
1944.....	1,163,000	831,990	71.8	331,010
	213,000	51,528	-7.8	-----
Delaware:				
1948.....	196,000	139,073	70.9	56,927
1944.....	174,000	125,361	72.0	48,639
	22,000	13,712	-1.1	-----



	Potential voting popula- tion	Total vote cast	Per- cent- age vot- ing	Not voting
Florida:				
1948.....	1,465,000	577,643	39.4	887,357
1944.....	1,213,000	482,592	39.8	730,408
	252,000	95,051	-4.4	
Georgia:				
1948.....	1,917,000	418,760	21.8	1,498,240
1944.....	1,744,000	328,109	18.8	1,415,891
	173,000	90,651	3.0	
Idaho:				
1948.....	318,000	214,816	67.6	103,184
1944.....	288,000	208,321	72.3	79,679
	30,000	6,495	-4.7	
Illinois:				
1948.....	5,896,000	3,984,000	67.5	1,912,000
1944.....	4,998,000	4,036,061	80.7	961,939
	898,000	-52,061	-13.2	
Indiana:				
1948.....	2,557,000	1,656,000	64.7	901,000
1944.....	2,210,000	1,672,091	75.2	537,909
	347,000	-16,091	-10.5	
Iowa:				
1948.....	1,718,000	1,038,264	60.0	679,736
1944.....	1,506,000	1,052,599	69.9	453,401
	212,000	-14,335	-9.9	
Kansas:				
1948.....	1,294,000	788,819	61.0	505,181
1944.....	1,109,000	733,776	66.2	375,224
	185,000	55,043	-5.2	
Kentucky:				
1948.....	1,618,000	822,658	50.8	795,342
1944.....	1,427,000	867,921	60.8	559,079
	191,000	-45,263	-10.0	
Louisiana:				
1948.....	1,495,000	416,326	27.7	1,078,674
1944.....	1,299,000	349,383	26.9	949,617
	196,000	66,943	.8	
Maine:				
1948.....	568,000	264,787	46.6	303,213
1944.....	482,000	296,400	61.5	185,600
	86,000	-31,613	-14.9	
Maryland:				
1948.....	1,363,000	596,000	43.0	767,000
1944.....	1,195,000	608,439	50.9	586,561
	168,000	-12,439	-7.9	
Massachusetts:				
1948.....	3,228,000	2,155,347	66.77	1,072,653
1944.....	2,720,000	1,960,665	72.00	759,335
	508,000	194,682	-5.23	
Michigan:				
1948.....	3,981,000	2,109,609	52.99	1,871,391
1944.....	3,372,000	2,205,223	65.10	1,166,777
	609,000	-95,614	-12.11	
Minnesota:				
1948.....	1,906,000	1,212,226	63.6	693,774
1944.....	1,662,000	1,125,529	67.7	536,471
	244,000	86,697	-4.1	
Mississippi:				
1948.....	1,155,000	192,190	16.6	962,810
1944.....	1,090,000	180,080	16.5	909,920
	65,000	12,110	.1	
Missouri:				
1948.....	2,623,000	1,578,628	60.0	1,044,372
1944.....	2,323,000	1,571,677	67.7	751,323
	300,000	6,951	-7.7	
Montana:				
1948.....	319,000	224,278	70.8	94,722
1944.....	277,000	207,355	75.0	69,645
	42,000	16,923	-4.7	

	Potential voting popula- tion	Total vote cast	Per- cent- age vot- ing	Not voting
Nebraska:				
1948.....	846,000	488,939	57.7	357,061
1944.....	754,000	563,126	74.7	190,874
	92,000	74,187	-8.5	
Nevada:				
1948.....	90,000	62,117	69.0	28,000
1944.....	79,000	54,234	68.6	24,766
	11,000	7,883	.4	
New Hampshire:				
1948.....	365,000	231,440	63.4	133,560
1944.....	299,000	229,625	76.7	69,375
	66,000	1,815	-13.3	
New Jersey:				
1948.....	3,255,000	1,949,555	55.5	1,305,445
1944.....	2,760,000	1,963,761	71.1	796,239
	495,000	-14,206	-15.6	
New Mexico:				
1948.....	295,000	185,767	63.0	109,233
1944.....	241,000	152,225	63.1	88,775
	54,000	33,542	-1.1	
New York:				
1948.....	10,035,000	6,274,527	62.5	3,760,473
1944.....	8,672,000	6,316,790	72.8	2,355,210
	1,363,000	-42,263	-10.3	
North Carolina:				
1948.....	2,049,000	791,209	38.6	1,257,791
1944.....	1,816,000	790,554	43.5	1,025,446
	233,000	655	-4.9	
North Dakota:				
1948.....	332,000	220,716	69.0	111,284
1944.....	290,000	220,171	76.0	70,000
	42,000	545	-7.0	
Ohio:				
1948.....	5,189,000	2,936,071	56.5	2,252,929
1944.....	4,477,000	3,133,056	70.4	1,324,000
	712,000	-216,985	-13.9	
Oklahoma:				
1948.....	1,438,000	721,599	50.0	716,401
1944.....	1,124,000	722,636	64.3	401,364
	314,000	-1,037	-14.3	
Oregon:				
1948.....	1,109,000	524,080	47.0	584,920
1944.....	857,000	480,147	56.0	377,000
	252,000	43,933	-9.0	
Pennsylvania:				
1948.....	7,111,000	3,735,149	52.5	3,375,851
1944.....	5,987,000	3,794,793	63.3	2,193,000
	1,124,000	-59,644	-10.8	
Rhode Island:				
1948.....	503,000	326,098	64.8	176,902
1944.....	451,000	299,276	66.3	152,000
	52,000	26,822	-1.5	
South Carolina:				
1948.....	1,029,000	142,571	13.85	886,429
1944.....	928,000	103,375	11.1	825,000
	101,000	39,196	2.75	
South Dakota:				
1948.....	387,000	250,105	64.6	136,895
1944.....	306,000	232,076	76.0	74,000
	81,000	18,029	-11.4	
Tennessee:				
1948.....	1,840,000	550,283	30.0	1,289,717
1944.....	1,600,000	510,692	31.9	1,090,000
	240,000	39,591	-1.9	
Texas:				
1948.....	4,311,000	1,147,245	26.6	3,163,755
1944.....	3,691,000	1,150,328	31.2	2,541,000
	620,000	-3,081	-4.6	

	Potential voting popula- tion	Total vote cast	Per- cent- age vot- ing	Not voting
Utah:				
1948.....	370,000	276,305	74.6	93,695
1944.....	313,000	248,319	79.3	65,000
	57,000	27,986	-4.7	
Vermont:				
1948.....	238,000	123,382	51.8	114,618
1944.....	195,000	125,361	64.3	70,000
	43,000	-1,979	-12.5	
Virginia:				
1948.....	1,772,000	419,256	23.66	1,352,744
1944.....	1,541,000	388,485	25.20	1,153,000
	231,000	30,771	-1.54	
Washington:				
1948.....	1,649,000	905,000	54.9	744,000
1944.....	1,326,000	856,328	64.6	470,000
	323,000	48,672	-9.7	
West Virginia:				
1948.....	1,103,000	748,750	67.8	354,250
1944.....	939,000	715,596	76.2	224,000
	164,000	33,154	-8.4	
Wisconsin:				
1948.....	2,147,000	1,276,800	59.0	870,200
1944.....	1,856,000	1,339,152	72.1	520,000
	291,000	-62,352	-13.1	
Wyoming:				
1948.....	169,000	101,425	60.0	67,575
1944.....	148,000	101,340	68.5	47,000
	21,000	85	-8.5	

## ECA—What We Can Really Afford

## EXTENSION OF REMARKS

OF

## HON. HERBERT A. MEYER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. MEYER. Mr. Speaker, under leave to extend my remarks in the Appendix of the RECORD, I include a radio address entitled "ECA—What We Can Really Afford" made by me over five stations in my district:

Greetings to my friends in Kansas. I am happy to be starting this series of radio talks because it gives me an additional means of talking over Washington events with you.

The spending spree is still going on. The Senate has about finished debate on the Economic Cooperation Administration—commonly called the ECA and, in spite of a vigorous fight by some Republicans who want to know where the money is coming from to pay all the bills, ECA was voted the full amount of over \$5,000,000,000 for the coming year. The cry is that we must support the bipartisan foreign policy. I believe that we should present a united front in foreign policy but I do not believe that we should vote billions of dollars out of your pockets and mine without knowing something about how that money is to be spent. Foreign policy is not a sacred cow like those of India. It must and should be a policy which is thoroughly debated and studied from all angles.

This Marshall plan or ECA, according to Administrator Paul G. Hoffman, is costing



every man, woman, and child in the United States \$35 apiece. And Mr. Hoffman states that we are not going to get any of it back. That cost is for the first year only. For a family of man and wife and one child, this is more than \$100, and I think we should look into this spending, for it is going to cost us a great deal more before we are through with it. The administration says we can't cut any of the appropriations or we will destroy the whole program. Well, let's look into that statement a little more closely.

It's true, no doubt, that ECA made it possible for the European people to get back on their feet. It fed them and gave them tools to work with. When people are fed and when they have work to do that earns them money, they are not so interested in communism. If ECA funds were used to feed hungry people to the extent of our ability to do so, and if money were given or loaned them so that they are able to rehabilitate themselves industrially, I'd say that was a fine thing. But it goes much further than that. We are giving them our precious raw materials, which they, in turn, can fabricate and turn over to Russia and her satellite countries. The administration, on one hand, is fighting communism through ECA and the Atlantic Pact, and, on the other hand, providing some of the very sinews of war by not having a checkrein on where that aid is going.

Several weeks ago the British representative at the United Nations stated that England had now recovered the use of her pre-war economic legs and would be able to go forward with the expansion of her home plans. Everybody knows that England has a totally socialistic form of government and has nationalized everything from the coal and transportation industries to banks. She is now in the process of nationalizing the strongest industry she has—the steel industry. Even the London Economist, one of England's big weekly magazines, states that the nationalizing of the steel industry is a political commitment and not an economic necessity.

And so our ECA or Marshall-plan money, which all of us pay out in the form of taxes, is to be used to further social experimentation in England. This statement created such a furor that the British Ambassador and the Prime Minister of Great Britain immediately issued statements saying that it wasn't so—that recovery was based on further ECA money. The wires got crossed somewhere. Well, what are the true facts? Just last week the British treasury announced that Great Britain ended its fiscal year of 1948 with a surplus of over \$3,000,000,000. On the same day that that announcement appeared, the president of the Board of Trade in England announced in the House of Commons that Britain is loaning Russia \$36,000,000 to buy supplies from them. And some of the items might be used in the making of war goods. These items England is exporting to Russia and loaning her the money with which to buy them include graphite, mica, various other minerals, precision machinery, industrial diamonds, some scientific apparatus, various chemicals, and other war potentials.

Can we really afford to pay over \$35 a year for every man, woman, and child so that another country can have a budget surplus and loan money to Russia to pay for goods that might be turned against us?

Like Calvin Coolidge's preacher who was "agin" sin, I'm "agin" giving ECA a blank check with no questions asked. I want to know what is being done with our money. Since the President has stated that unless taxes are raised we face a budget deficit here while England, only one of the countries to whom we are giving money and goods, not only boasts of a surplus but is loaning money

to Russia, I want to see why we can't shave at least a little of that cost.

All of you know when you paid your income taxes on March 15 that you had a tax reduction. A Republican Congress gave you that tax reduction, predicated on the fact that Government expenditures could and should be reduced. And yet today, President Truman is still insisting that taxes must be raised this year by \$4,000,000,000. ECA is going to cost us over 5 billion this year—with no questions asked and no strings attached if the present administration has its way.

None of you can pay your bills and keep going financially if you constantly overspend your income. The same thing is true of the Government of the United States. The only way to get out of debt is to begin to cut expenditures and live within our income. If we do not make some judicious cuts in ECA spending, how in heaven's name can we begin to cut anywhere?

Recently a delegation of the Verdigris River Flood Control Association journeyed to Washington and appeared with me before the Committee on Appropriations to urge an appropriation of \$1,000,000 to start construction of the Toronto Dam and Reservoir, so imperatively needed because of the devastating floods we experience each year right here at home. The committee gave us an attentive hearing but turned down our request and others of like nature in other parts of the country. The committee also cut the President's budget requests for rivers and harbors and flood control by 15 percent, stating that its desire was to appropriate the minimum amount required to carry forward any program which should be provided for, and that it expected the Department of the Army to use every device at its disposal to insure the lowest possible expenditure of the taxpayers' funds. The 15-percent cut was made because of greater available materials, increased production, and reductions in material costs. This was the policy announced by the Committee with respect to projects within our own country, and yet when we come to spending in foreign countries, the administration insists we can't apply to ECA this downward trend in costs.

If our help to Europe is in such a precarious condition after spending over \$5,000,000,000 during the last year, that a 10 percent cut, for instance, would destroy the whole program, then we have thrown that money away and ECA head, Paul G. Hoffman, is right when he says we won't get a cent of it back. But it isn't only money that's involved. It is our real substance such as food, minerals, oil and other commodities which, if kept at home, would have lowered our own cost of living. This fact is admitted by the former Secretary of Commerce and present European head of ECA, Averell Harriman.

There are no people more generous than the American people, including the folks in our great State of Kansas. But there is not only a bottom to the barrel but also a ridiculous and dangerous situation when we send materials and money that are, in turn, exported to countries with whom we refuse to do business. It just doesn't make sense.

I'd like for once to have some nation to whom we have given so generously to say "I still need a little help but I don't need so much this time. You can cut down a little on this loan." Friendship that is bought is not genuine. And if our aid, so generously given by every citizen of this country, means so little that the slightest curtailment would throw all of Europe into the arms of Russia, than I say we had better keep that money and use it to build the strongest Army, Navy and Air Force in the world.

But I do not believe this. I contend that we can give adequate aid and still cut some of the cost. The time has come, however, when we have to ask ourselves—how much

can we afford to do without bankrupting ourselves? How much can we really afford to spend internationally and nationally without a back-breaking tax burden?

Every head of a household goes over his income and his needs and then asks himself—"Can I afford to buy this or that." In government we must ask ourselves the same question. We've just got to get off this spending spree. A financially weakened or unsound United States is what our potential enemies are praying for. I say we can afford to give real aid and help. But we cannot afford to give to help those who openly state that they are against our way of life. And we cannot afford to give to those nations whose recovery is assured and place the burden of taxes and debt on our own people.

What do you think about this? Do you agree with me? I'd like your thoughts on this and the other perplexing problems that confront us here in Washington.

I want to say I have enjoyed this opportunity of talking to you and am looking forward to visiting with you next week. Until then, thanks for listening and good luck, all.

**Basing-Point Change Will Have Permanent Effect, Federal Trade Commission Asserts—Commission Fears Legal Status of Price Differential Actions During Proposed Moratorium—Statement of Robert B. Dawkins, Associate General Counsel, Before Subcommittee of the Senate Judiciary Committee, Thursday, March 31, 1949**

**EXTENSION OF REMARKS  
OF**

**HON. WRIGHT PATMAN**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 7, 1949

Mr. PATMAN. Mr. Speaker, Mr. Robert B. Dawkins, associate general counsel for the Federal Trade Commission, testified before a subcommittee of the Senate Judiciary Committee on charge of S. 1008, the moratorium bill, on March 31, 1949. Mr. Dawkins expressed the opposition of the Federal Trade Commission to the passage of moratorium legislation. Mr. Dawkins' statement clearly indicated that the proposed legislation did not settle any of the existing controversial issues nor did not modify or clarify existing antitrust laws.

Mr. Dawkins unequivocally stated that—

The Commission does not believe that enactment of the proposed legislation is necessary or desirable. Insofar as it may affect existing law, it is obviously intended to be and acts only as a suspension, but it is almost certain to create new doubts as to the legal status of the practices which the Congress finds necessary to safeguard with a moratorium. The issues which have been most frequently cited as causes of uncertainty are involved in the Rigid Steel Conduit case. This case will be argued today before the Supreme Court and it appears likely that it will be decided in the near future, perhaps a few weeks. The decision should establish with certainty what the law now is upon the points involved. After this decision, no doubt Congress will be in a position to de-



termine whether any permanent change in existing law should be made as a result thereof.

Pointing out that the proposed moratorium is likely to increase any confusion which now exists, Mr. Dawkins further stated:

One of the most important points of uncertainty in the bill is in the provision for a moratorium applicable to the use of a delivered price system by an individual seller. Contrary to the implications of this provision, there has been no holding or decision by the Commission that delivered prices are unlawful per se, and as the Commission has publicly stated, there is no basis in the law for such a decision.

Speaking of the decision against the Standard Oil Co. of Indiana a week or so ago in the Court of Appeals for the Seventh Judicial Circuit, upholding a cease-and-desist order of the Federal Trade Commission which prohibited the Standard company from engaging in certain unfair methods of competition and monopolistic practices, Mr. Dawkins said:

If the decision is not reviewed by the Supreme Court, or if reviewed and affirmed, the effect of the moratorium would be to change the law for 2 years rather than merely to clarify it.

Thus, it may be unqualifiedly asserted that no useful or good purpose is served by the passage of moratorium legislation which affects the antitrust laws, but rather the progress of a half-century is destroyed by hurried congressional action. The rigid-steel conduit case was argued before the Supreme Court the week of March 28; therefore, the issues which Mr. Dawkins cites as the most frequent causes of uncertainty have come to rest, and will undoubtedly soon be resolved. Mr. Dawkins' statement in its entirety follows:

REPORT OF THE FEDERAL TRADE COMMISSION ON S. 1008, PRESENTED BY ROBERT B. DAWKINS, ASSOCIATE GENERAL COUNSEL, FEDERAL TRADE COMMISSION, BEFORE A SUBCOMMITTEE OF THE SENATE JUDICIARY COMMITTEE

Mr. Chairman and gentlemen, my name is Robert B. Dawkins. My employment is associate general counsel of the Federal Trade Commission. I am appearing here pursuant to the request made by the Commission to your committee. May I say first that the Commission appreciates the opportunity afforded to have its views concerning S. 1008 presented before your committee. It should also be said that the views are those of the Commission, with one member, Commissioner Mason, dissenting.

The proposed legislation under consideration by your committee contains a general declaration of policy which would have permanent effect. This becomes of importance, as will later appear, in connection with certain language used in stating what it has not been the intent of Congress to do. The general declaration is followed by specific provision for a 2-year moratorium respecting the application of the Federal Trade Commission Act and the Clayton Act to the use of a delivered-price system by an individual seller and to the absorption of freight in good faith by an individual seller to meet competition.

The Commission feels that the adoption of the moratorium proposed is likely to increase any confusion which now exists as to the meaning of the Federal Trade Commission and Clayton Acts. An important reason for this is that a Congressional declaration designating certain practices which are to be

exempt from the law for a specified period necessarily implies that these practices might otherwise be unlawful. Should the moratorium expire without amendment of the statutes covered by it, this implication might easily become the basis for further uncertainties arising from the questions of what becomes unlawful as a result of the lapse of the moratorium. Yet the practices to which the moratorium is directed are, for the most part, innocent practices that have not been challenged by the Commission and about the legality of which no reasonable basis for doubt exists. Insofar as the moratorium is applicable to certain other practices the scope of its application is not entirely clear or certain.

#### BASING-POINT MORATORIUM OPEN INVITATION FOR CONSPIRACY

One of the most important points of uncertainty in the bill is in the provision for a moratorium applicable to the use of a delivered-price system by an individual seller. Contrary to the implications of this provision, there has been no holding or decision by the Commission that delivered prices are unlawful per se, and as the Commission has publicly stated, there is no basis in the law for such a decision. Numbers of decisions of the Commission in Clayton Act matters are in fact based upon discriminations between delivered prices. Under the Federal Trade Commission Act, controversy has centered upon the question of how far each of a group of sellers can engage in practices parallel to those of other members of the group with the knowledge that all members of the group are acting in the same way and in contemplation of the fact that price competition will thereby be suppressed or eliminated. This problem arose from the second count of the complaint in the Rigid Steel Conduit case. On February 11, 1949, Commissioner Davis, with the concurrence of Commissioners Ayres and Ferguson, stated to the Subcommittee on Trade Policies of the Senate Committee on Interstate and Foreign Commerce that in the Commission's view the Conduit case is simply a proceeding against a conspiracy situation. In public discussions some persons have argued that the Commission's position in that case applies to other than conspiracy situations. The Commission has publicly stated that the position taken in the Conduit case is applicable only in conspiracy situations. So far as the Commission is aware, no one has offered any basis for a belief that the mere use of a delivered price system by an individual seller without any concert of action with others is at stake in that case. In any event, however, the proposal to authorize individual use of a delivered-price system does not touch the major question in that case.

The proposed legislation does not definitely settle any of the controversial issues which exist about the application of the Clayton Act to delivered-price systems. An unlawful price discrimination may exist in the difference between delivered prices at different delivery points such as may appear, for example, when a buyer in one locality is charged phantom freight not exacted from his competitors elsewhere, and this may be sufficient to seriously endanger his ability effectively to compete. The same may be true of differences in zone or sectional delivered prices. So far as the Commission is aware, no one has challenged the propriety of a proceeding against such forms of price discrimination, yet the legal status of such price differentials during the proposed moratorium would be uncertain. If the authorization to use a delivered-price system should be interpreted as a sanction for any price discriminations that might exist between delivered prices, the Commission would be prevented from challenging this or any other form of discriminations in price so long as the seller took the precaution of selling on a delivered basis. If the bill were not so

interpreted, the Commission would remain free to proceed against any unlawful discriminations as readily as before, and this part of the proposed moratorium would have no effect upon the application of the Clayton Act. Whether or not the language of the bill is intended to grant immunity not only to the use of delivered prices but also to discriminations that may appear among delivered prices is not clear. In this way it would introduce new and important uncertainties into the enforcement of the Clayton Act.

#### MORATORIUM DOES NOT CLARIFY BUT CHANGES ANTITRUST LAWS

The other practice which is given the benefit of the moratorium is absorption of freight by an individual seller to meet competition. The declaration of policy in the first section of the bill supports this type of activity when carried on in good faith and, although section 2 of the bill does not include the phrase "in good faith," it will be assumed for the purpose of the present comment that the moratorium is only intended to be applicable where the practice is characterized by good faith. On this assumption the moratorium would not in any way modify or clarify the application of the Federal Trade Commission Act, for where there is a price conspiracy and where the members of a group knowingly engage in a practice designed to eliminate price competition, good faith is necessarily absent. In price discrimination cases under the Clayton Act the Commission believes that the present law makes good faith in meeting competition less than an absolute defense in those relatively rare cases in which the statutory injury to competition appears in spite of the fact that the seller's discrimination consisted merely in meeting competition. In its recent decision in the Standard Oil case the United States Circuit Court of Appeals for the Seventh Circuit sustained this view of the law. It is not now known what action will be taken, but presumably a review of this decision by the Supreme Court will be sought. If the decision is not reviewed by the Supreme Court, or if reviewed and affirmed, the effect of the moratorium would be to change the law for 2 years rather than merely to clarify it. The Commission was publicly indicated that it would see no objection to a permanent change in existing law that would make the meeting of an equally low price of a competitor in good faith a full defense in price discrimination cases. However, injury to competition seldom arises from a mere meeting of the equally low price of a competitor in good faith, and therefore the Commission believes the issue to be relatively narrow and not of sufficient importance to require emergency action. There is also the further consideration that should the case be reviewed and reversed by the Supreme Court, there would then be no occasion for such legislation.

#### BASING-POINT MORATORIUM UNNECESSARY AND UNDESIRABLE

The Commission does not believe that enactment of the proposed legislation is necessary or desirable. Insofar as it may affect existing law, it is obviously intended to be and acts only as a suspension, but it is almost certain to create new doubts as to the legal status of the practices which the Congress finds necessary to safeguard with a moratorium. The issues which have been most frequently cited as causes of uncertainty are involved in the Rigid Steel Conduit case. This case will be argued today before the Supreme Court and it appears likely that it will be decided in the near future, perhaps a few weeks. The decision should establish with certainty what the law now is upon the points involved. After this decision no doubt Congress will be in a position to determine whether any permanent change in existing law should be made as a result thereof.



said they should all go to the Public Health Service; and the task force on Federal medical services wanted them placed in the public-health division of a proposed national bureau of health. Such unanimity of difference is not conducive to confidence in the Commission's conclusions in this matter.

This impression is underlined by the fact that these conclusions are themselves inconsistent with the Commission's own professed principle of grouping agencies according to major purpose. Elaboration is not required to show that protection of the purse and health of consumers is not the major purpose of the Department of Agriculture and that the projected medical agencies would have little to do with the important non-health function of the Food and Drug Administration—the safeguarding of the public's pocketbook.

It seems clear that better reasons must be advanced if the change recommended by the Commission is to be justified on the record. As a matter of fact, the Commission has succeeded only in a penetration of the bare periphery of the food and drug regulatory problem. It has obscured the real issues by the adoption of an oversimplified pattern of functional alignment apparently based on product origin rather than on the purpose and character of the regulatory function itself.

Very truly yours,

EDWARD BROWN WILLIAMS,  
Formerly Assistant General Counsel,  
Federal Security Agency.

## The Significance of Army Day 1949

### EXTENSION OF REMARKS

OF

### HON. ADOLPH J. SABATH

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. SABATH. Mr. Speaker, on April 6, 1949, Americans throughout our Nation observed Army Day to commemorate the huge contributions of our fighting men of this branch of our armed forces who fought in defense of our country. But greater yet is the admiration and veneration we owe to our soldier dead of all wars, who made the supreme sacrifice for God and for country.

Every American today looks with great satisfaction upon the successful operations of our armies completed in the past and present, on behalf of the safety of our established institutions. Our citizen armies coming from all races, creeds, and colors have always filled the breach which the emergencies of unpreparedness and necessity for speedy and efficient action have made necessary. They came from the factories, the offices, and the farms, from the cities and the rural districts. Amenable to instruction and discipline, they fitted into a mold into which only an American can be patterned. For in this mold is honesty and sincerity of purpose, courage and understanding, surftness and determination in action, and last but not least, a love of peace and distaste for aggression. Once this mold is broken, the greatest attributes of character which must rest in the make-up of a fighting man, quickly disappear. For in time of crisis, it is the infantryman and his coworkers struggling and sloshing through mud

and burning sands, wind, rain, and snow, climbing and descending hilltops and mountains, penetrating forests and brush—yes, it is this branch which holds the ground already won or stands immovable as a rock in defense of the terrain either to be held or saved.

If we peer into the history of our small beginnings, we marvel at the greatness which our fighting men have attained.

The Minute Men of '76, after 7 years of discouragement and uphill fighting, established a Nation of freemen and freewomen. We never fail to remind ourselves of the sufferings at Valley Forge, the difficult and courageous Trenton crossing, the slow but skillful retreats of Washington employing Fabian tactics of delay. But the indomitable spirit of these irrepressible and stout-hearted fighters for liberty and freedom was not to be denied in spite of the hardships these early Americans encountered and so successfully met. It was these men of 1776 who gave full force to the Declaration of Independence and support for the Constitution of the United States.

Reviewing further the meritorious efforts of the infantryman and the other members of his team, we recall the War of 1812 wherein, although they suffered defeat after defeat, nevertheless when the chips were down, they fought and routed a superior host, the pick of the English troops at New Orleans under that distinguished leader, Gen. Andrew Jackson.

History again tells us of the American soldier in action at Palo Alto when, in the Mexican War of 1848, the great military general, Winfield Scott, matched forces with Santa Anna, the Mexican, and inflicted terrific and lasting losses upon the attackers and from this victory came the acquisition of the vast territory of California, Nevada, Utah, Arizona, New Mexico, and part of Colorado.

Today we look back with regret upon the internecine strife which pitted American against American, the men in blue of the Grand Army of the Republic against the gray of the Confederate forces. Here we find two superior specimens of American manhood battling each other to a standstill, until exhaustion and weakness brought on by reduced manpower and material strength forced upon the South, the surrender at Appomattox. And with this victory was assured the preservation of the Union.

On this day of gratitude and thanks to the men and women of the Army, we recall the brave efforts of the men of '98 who, fighting tropical heat and disease, over difficult terrain vanquished Arsenio Linares at San Juan. And with the vanquishing of the Spaniard, we assumed for the first time our rightful place among the nations of the world—a world power with which to be reckoned.

If the book of history were to be closed with the record established by the Army up to 1898 we would look upon one of lustrous military accomplishment in Army exploit. But the record is not complete, for there followed two magnificent demonstrations of American military prowess never equalled in military annals. On April 6, 1917, 32 years ago today, World War I was upon us. The

doughboy of '17 and '18 met the Boche at the height of his fury and full force, traded blow for blow with him at Belleau Wood, at Chateau Thierry and in the Argonne. How well this American soldier distinguished himself is related in the continuing saga of American superiority under arms is demonstrated when free Americans living under a truly representative Government oppose and conquer representatives of totalitarian forces of self-styled supermen bent on aggression and wanton destruction of life and property.

In passing it may be noted that today only four Members of the House serving on April 6, 1917, are still Members of the House, namely, Mr. DOUGHTON, of North Carolina; our Speaker, Mr. RAYBURN, of Texas; the gentleman from Georgia, Mr. VINSON, and myself.

And now we come to what we hope is the last chapter in world history of destructive acts upon the ideals and peace of mankind. In 1941 we find history repeating itself and again the same forces are pitted against each other with the same causes and effects, the same ideas and same forces arrayed one against the other, and with the same results, the defeat and subjugation of the tyrant, and again the huge destruction of life and treasure. Once again in that conflict the American boy whose branch of service we honor today, barred the path of his cruel adversaries in the far reaches of Europe, Asia, and Africa and slowly but surely reduced them and their braggart leaders to craven and abject hulks of men they always had been, even during their periods of temporary advantage.

And thus it is on this Army Day of 1949 I raise my voice with reverence in praise and admiration of our honored American dead of all wars who have never failed and shall never fail to protect the honor of our flag—who shall in the present and in the future, guarantee our democratic ideals and democratic form of government.

May our gratitude and our fervent prayers bring to them solace and consolation. To them is transmitted the loving memory of a grateful American people for a life ennobled and dedicated to justice, freedom, and democracy.

We the living, ever mindful of their supreme sacrifice, salute American royalty, our heroic war immortals, at the bivouac of the dead on this Army Day, April 6, 1949.

## Second Deficiency Appropriation Bill, 1949

### SPEECH

OF

### HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 7, 1949

The House had under consideration House Resolution 182 providing for the consideration of and waiving certain points of order on H. R. 4046, a bill making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1949, and for other purposes.



Mr. BROWN of Ohio. Mr. Speaker, I regret exceedingly that any attempt has been made to make this a partisan issue or question. I can assure you that it is not. This rule was reported as it is by the unanimous vote of the Committee on Rules, which is controlled by the majority party, by a two-to-one majority.

This rule is here because the great Committee on Appropriations came before the Rules Committee and asked for a special rule. I am sure you all understand that an appropriation bill can be called up at any time and considered under an open rule, subject to amendment, and to points of order, without obtaining a rule of any kind from the Rules Committee. It is only when the Committee on Appropriations wishes a special rule, either a closed or a gag rule, to prevent amendments, or one to waive points of order on items within an appropriation bill, that the Committee on Appropriations comes before the Rules Committee.

In my opinion it is often necessary—though it may be something to be regretted—for the Appropriations Committee to come before the Rules Committee and ask for a rule waiving points of order on some measure, simply because it saves legislative time, especially where there is no controversy or conflict over that which they want to do. But in this instance the application for this rule contained in it a request to waive a point of order on a section of standing or existing law that had been written into the statutes of the United States by the direct, affirmative action of the Congress. On all of the other items on which the waiver of points of order were requested on this bill, the provisions were limitations. But on this particular provision, lines 17 to 21 on page 19, the waiving of a point of order would permit the repealing of a limitation that had been previously enacted by the Congress. So that you will know what it is, the limitation was to limit the amount of money that could be spent by one department of the Government on personnel employees. This limitation had been written into the law, in the wisdom of the full Congress, because of certain bad practices which had been found in this one particular department, to wit, that they had just been having too many personnel employees. I do not think the Congress acted unwisely at all when it put that limitation into the law, because during my service as a member of the Commission on the Reorganization of the Executive Branch of the Government, we had a task force made up of very distinguished Americans, a bipartisan or a nonpartisan task force, which made a study of the personnel problem which learned that we had some 43,000 employees in the Government who devoted all of their time to personnel problems, in addition to the Civil Service Commission and all of its employees. In other words, we have one personnel employee to every 50 other employees in the Federal Government, which is just a little more than we need.

I presume that the great Committee on Appropriations, when they brought in this original law, found that there were

just too many personnel employees in this particular department in comparison with the number found necessary in the other departments of the Government. Therefore it wrote the limitation into the law.

Now, since that limitation was written into the law by the Congress, this present committee, under the leadership of the distinguished gentleman from Missouri [Mr. CANNON] has already passed one deficiency appropriation bill.

The SPEAKER. The time of the gentleman from Ohio [Mr. BROWN] has expired.

Mr. WADSWORTH. Mr. Speaker, I yield the gentleman two additional minutes.

Mr. BROWN of Ohio. There was no attempt, no provision made in any way to repeal this section of law by any provision in the first deficiency appropriation bill or any other appropriation bill which came from the Appropriations Committee after the original limitation had been written into the law of the land. But now this provision is brought in in this bill, and we are asked to give a rule to waive points of order on it.

The Rules Committee went into the matter rather thoroughly. The Committee on Rules is your representative to see that we do not grant rules that will waive points of order and thereby take away from the Members their right to object to some legislative matter unless it is absolutely necessary and wise to do so and will help in the conduct of the business of the House and aid orderly procedure.

Mr. CANNON. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. Mr. Speaker, I am sorry, but I cannot yield.

So we inquired into this particular matter upon which we were requested to waive the point of order, just as we inquired into every other section. In the opinion of every member of the Committee on Rules each request the great Committee on Appropriations made that points of order be waived on different items in this bill was justified with the exception of this one. The testimony before the Committee on Rules was that no evidence whatsoever had been submitted to the subcommittee of the Committee on Appropriations, or to the Committee on Appropriations as a whole, justifying this action. No information as to why it was done was given except that it had been requested. There was no testimony taken by the Appropriations Committee on it at all. The Rules Committee, therefore, in the exercise of its judgment and discretion, came to the conclusion that it would be wrong to grant a rule to waive points of order on this particular item inasmuch as it had not been justified before the Committee on Rules. We were simply acting as your servant.

Mr. CANNON. Mr. Speaker, will the gentleman yield?

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. McSWEENEY. Mr. Speaker, I will yield the gentleman one additional minute if he will yield for a question from the gentleman from Missouri and one by

myself. Will the gentleman answer his question?

Mr. BROWN of Ohio. Yes, I shall be pleased to answer.

Mr. McSWEENEY. I wish to correct the gentleman from Ohio. The vote in the Committee on Rules on this proposition was not unanimous; there were two dissenting votes, if I may correct the gentleman.

Mr. BROWN of Ohio. If that be so, then I stand corrected. I knew the chairman of the committee brought up the question here on the floor, but if there was anyone else who voted against it I did not recall it. Although perhaps one Member did vote against granting the rule because he was opposed to waiving any points of order.

Mr. McSWEENEY. Will the gentleman accept the time and answer the question of the gentleman from Missouri?

Mr. BROWN of Ohio. Certainly.

Mr. CANNON. Mr. Speaker, the gentleman said that the rule made it possible for anyone to object. Let me ask him: Does it make it possible for any one in this House to vote on this question?

Mr. BROWN of Ohio. Oh, the gentleman understands that the general rules of the House give to every individual Member of this House the right to object to any item in an appropriation bill which has not been authorized by law, and when we pass a special rule waiving points of order we are taking away from individual Members of the House that right. In this case it should not be taken away.

Mr. CANNON. It is also taking away the right to vote.

### Guaranty Clause of ECA Act

#### EXTENSION OF REMARKS OF

#### HON. ABRAHAM RIBICOFF

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. RIBICOFF. Mr. Speaker, within the next few days the House of Representatives will consider amendments to the ECA Act. The guaranty provisions, as adopted by the House Foreign Affairs Committee, present some of the most important of these changes. I append a communication of Norman M. Littell as it appears in the Washington Post of April 8, 1949, because it presents a clear discussion of the problem:

APRIL 1, 1949.

RISKLESS ENTERPRISE? RECKLESS JOURNALISM  
(REGARDING THE GUARANTY CLAUSE OF THE  
ECA ACT)

Your editorial of Friday, March 25, attacking the House Foreign Affairs Committee's amendments to the guaranty clause of the ECA Act commences with a misrepresentation of fact in its very title, "Riskless Enterprise." As a description of the proposed amendments, this irresponsible caption has no basis in fact, and grossly misleads your readers.

In the text, instead of looking at the merits, your writer proceeds to look for creeping things under rocks and character-



izes a serious attempt to solve a problem which he does not understand, first as a "trap" into which the Foreign Affairs Committee "fell . . . under the insistent pushing of the American Bar Association and of certain businessmen and bankers," then as "the kind of sham now sanctioned by the Foreign Affairs Committee," and finally as "an unconscionable raid on the Federal Treasury." Members of the Foreign Affairs Committee, most of whom have vastly more training and practical experience in American life than your penman, are dismissed as a group of men who "do not seem to understand what free enterprise means," and the changes they deemed necessary are said to "conflict with the system under which the United States has grown rich and strong."

To anyone acquainted with the exceedingly able and conscientious group of Democrats and Republicans on the House Foreign Affairs Committee, this is an evil reward for their conscientious study of all amendments in long hours, days, and weeks of painstaking work.

To reach a safe vantage point for condemnation, your heady writer also had to sweep aside such trivial and inconsequential minds as three distinguished Members of the United States Senate known for their progressive attitudes, a distinguished authority on international law who is the editor of the *Journal of International Law* and Washington representative of the Carnegie Endowment for International Peace, all of whom signed the report of the Committee on Foreign Economic Cooperation<sup>1</sup> of the American Bar Association, and others who recommended changes which your editorial condemns. Your editorial assumes that none of these distinguished citizens has any interest in the welfare of our country or any knowledge of the complex legal background of the problem—that is, no knowledge comparable to the ivory-tower reflections of your editorial writer.

What are the dread amendments proposed?

The original guaranty clause provided for a guaranty of convertibility (i. e., from foreign currencies back into dollars) for the principal amount of private investments made in Marshall-plan countries with the approval of the Administrator. The proposed changes would: (1) Extend the guaranty in amount to include interest or profits to the extent found reasonable by the Administrator; (2) extend the guaranty in scope to include certain political risks lying on the level of American foreign policy rather than on the private risk level, e. g., leases caused by seizure, confiscation, revolution, war, or other governmental regulations or decrees which in the Administrator's opinion prevent the further use of the investment for the intended purpose; and (3) reinstate \$272,000,000 of the original \$300,000,000 guaranty appropriation so it must be used for guaranties instead of being consumed in direct loans to foreign governments as the original funds were, contrary to the intent and instructions of Congress.

Your alarm over these things could stem from a failure to consider the underlying premises which led to the Foreign Affairs Committee proposals. In 1947 this Nation committed itself to a vast program of reconstruction and rehabilitation in western Europe to help our friends stand with us for a free way of life. We have backed that commitment with billions of dollars.

In the system under which the United States has grown rich and strong, standards

of living depend on the production of goods. Trade, agriculture, and industry flourish when capital, raw materials, manpower, and production know-how are joined and held together by good business management. Simply stated, that is free enterprise. The alternative, in black and white terms of contemporary history, is the total regimentation of capital and labor by Government bureaucracy.

So when Congress set up this vast program of reconstruction, it could appropriate money and set up a bureaucracy to dole it out (the ECA) and the receive it (the OEEC); or it could enlist private resources and American industrial know-how and management. In the emergency, Congress used the former method as a common denominator of administration, authorizing \$5,000,000,000 in direct grants and \$1,000,000,000 in loans, but it also laid foundations for the latter course in authorizing guaranties up to \$300,000,000 for the encouragement . . . of private enterprise to contribute through its initiative and capital in the reconstruction and development of Europe.<sup>2</sup> We set up bureaucracies on both sides of the Atlantic, and they were astonishingly efficient before the real challenge of spending so much money so fast.

Only the guaranty program was a complete failure for reasons reviewed by the Foreign Affairs Committee of the House. The guaranties weren't adequate in amount or in scope. And 90 percent of the \$300,000,000 was allocated by ECA for loans instead of guaranties (contrary to the intent of Congress). In the words of Mr. Bevin, speaking in Parliament, we Americans proved ourselves to be great free enterprisers at home and great state planners abroad.

When the ECA officials came around to tell Congress what they wanted for next year, their proposal, as adopted in good faith by the Senate Foreign Relations Committee, looked as if the \$300,000,000 was to be re-established for guaranties, but actually it wasn't. Any further guaranties were to come out of grant funds. If adopted, this will be absolutely fatal. No participating country will ever approve a single guaranty if it constitutes a deduction from granted funds. If there is any trap in the picture, this is it, for without the Senate committee having fully realized it, the guaranty clause is deftly eased out of the act and complete bureaucratic control maintained over every penny of ECA money.

The Foreign Affairs Committee in the House not only exposed these facts but rewrote the guaranty clause to reinstate and implement the original intent of Congress to induce private enterprise and risk capital to assume part of the load of reconstruction. Under either system we are spending the same American dollars, but in one case it is tax money and in the other it is stockholders' money spent under business management.

We are only talking about \$300,000,000 (which will very probably invite into operation partnership capital of about equal proportions abroad) for privately managed projects approved by the Administrator and the participating country as furthering the purposes of the Marshall plan. Your editorial does not state this material fact, but says, "It is idle for advocates of this change to pretend that it would not put an appreciable burden on the Government. Suppose the proposed guaranty had been in effect during the twenties, when American private investors lost hundreds of millions in Latin America, or during the thirties in central Europe. Wouldn't our Government have had to foot the bill for a large part of these losses?"

<sup>2</sup> S. Rept. No. 935, 80th Cong., 2d sess., 1948 (p. 53).

The superficiality of that statement is breathtaking. We were not engaged in a world struggle to preserve a free way of life in the twenties. We are now. A Marshall plan or an Atlantic Pact were undreamed of then, and we have spent or committed on them vastly more than we dropped in South America in stockholders' money without ever expecting to see it again—all a part of the calculated risk.

The sum we are now discussing is \$300,000,000, and the risks embraced in the proposed guaranty amendments are not ordinary business risks, but are extraordinary political risks which no investor would encounter in a similar undertaking in the United States. Such risks are properly the concern of governments and not private investors. They are a part and parcel of our foreign policy already, for every penny of the billions spent on the Marshall plan may become a total loss for one or more of the reasons stated in these amendments, with this vital distinction: The loss of our investment under the Marshall plan will be total and complete if the plan fails in any participating country, but under a guaranty the Government would not sustain a total loss because it takes over currencies, credits, and assets of the guaranteed investor, from which something can surely be salvaged to the Government through diplomatic negotiations or recourse to the International Court.<sup>3</sup>

In conclusion,<sup>4</sup> your editorial misses the purpose of guaranties. American industrial production won the war. Even Joe Stalin recognized this in proposing toasts at Tehran to American productive capacity. It could help win the cold war too, and (if extended under President Truman's Point IV) raise living standards all over the world, for what Europe and the so-called backward areas of the world need is goods, goods and more goods. And what we need is goods flowing in a two-way world. No Atlantic Pact can produce goods or create employment at reasonable wages in order to replace despair with the hope and means of a free way of life, but American techniques and know-how of production abroad could do so.

Thus far this unique American contribution to contemporary civilization, the genius for industrial production, has remained meekly chained at home.

The object is to release our productive capacity not for the purpose of exploitation but for greater service, participation and mutual prosperity in industrial enterprise.

NORMAN M. LITTELL.

WASHINGTON, D. C.

<sup>3</sup> See sec. 115 of the act, and art. X of the bilateral agreements with each participating country, in regard to espousing claims in the courts on behalf of nationals.

<sup>4</sup> I cannot trace out all the errors in your editorial, like the statement that the amendments "would add to the dollar drain on European countries." This is simply untrue. Guaranties are a new source of additional dollar credits.

**Socialized Medicine—Russia Under Communism**

EXTENSION OF REMARKS

OF

**HON. WINT SMITH**

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. SMITH of Kansas. Mr. Speaker, constantly the big metropolitan press

<sup>1</sup> Members of this committee are Senators Wayne Morse, of Oregon; Estes Kefauver, of Tennessee; John Sparkman, of Alabama; Mr. George A. Finch, editor of the *Journal of International Law* and representative of the Carnegie Endowment for International Peace in Washington, D. C.; and the writer, who serves as chairman of this committee.



with their highly paid editorial staffs discuss the problems of the day.

I present herewith two editorials from a small-town newspaper that to my mind present the subject matter more forcibly than any of the so-called metropolitan press.

These two articles clearly show that people back home in the rural areas are deeply concerned with this country's problems.

[From the Argonia (Kans.) Journal of February 18, 1949]

#### UNCLE SAM HAS NO DOCTOR OF MEDICINE DEGREE

Men who like to call themselves liberals have one outstanding trait. They are always kicking and anyone who opposes their wild-eyed schemes is classed as an obstructionist or a conservative. Right at present the victim of this particular brand of so-called liberalism is the medical profession and a drive is being made to make people believe they're being denied medical attention which only the Government can provide.

Doctors have struggled for centuries in laboratories and at bedsides to learn the secrets of keeping the human body alive and healthy. Many dread diseases have been eliminated and the span of life has been doubled in a few decades. Not so very long ago appendicitis was treated with opium pills, poultices, and castor oil. This form of treatment was cheap, but most of the patients died. The diabetic was given codeine and put on a diet. Again the doctor's charges were low, but, as the obituaries read, the patient departed this world. The enormous progress in medical care and the ever-growing complexity of treatment has naturally added to the cost, as does anything which contributes to modern living.

A lot of cockeyed schemers whose blood pressure would have killed them long ago if a few competent physicians had not been at hand are telling the people how neglected they are and that the medical profession has got to do better or Uncle Sam will have to step in and take care of all their needs, from the cradle to the grave, at a cost of six or eight million dollars a year, to be taken out of all pay checks each month.

In the palmy days of the Roman Empire the average lifetime was about 25 years. By 1700 it had risen to 33 years in the most advanced nations. Now it is crowding 70 years, and it has been done by the eternal vigilance of the medical profession, not by socialized medicine. After the shouting has died down and the professional psalm-singers have taken up some other fad, it will still be up to the doctors to keep us healthy, and they won't need some bureaucrat in Washington to tell them how to do it.

Voluntary prepaid medical plans, such as the Blue Cross and other similar organizations, have made it possible for the majority of Americans to anticipate doctor and hospital costs by paying small monthly sums. The small proportion of people who cannot pay anything at all can be cared for without compelling everybody to go into it, whether they need it or not. The country does not want or need a grandiose medical scheme that would cost billions of dollars and subject the doctors to the political whims of some bureau at Washington.

Socialized medicine would do no more than make the Government a bill collector for the doctors, payable in advance, with a part of the money retained for bureaucratic activities. Uncle Sam has no degree in medicine and medical advancement will be achieved in the future by the doctors, as it has since the days of Hippocrates, in spite of those self-styled liberals who are trying to woo votes by making the health of the Nation a political issue.

F. J. C.

[From the Argonia (Kans.) Journal of April 1, 1949]

#### GOVERNMENT OPPRESSION IS AN OLD STORY

It is claimed by the Communists in Russia, and echoed by their fellow travelers in this country, that some form of communism will eventually prevail throughout the world because it is a young and dynamic doctrine, filled with vitality and promise, which satisfies the higher ambitions of people. On the other hand, these same people argue that capitalistic democracy is old and exhausted, has outlived whatever value it once had, and so is doomed to extinction in the long run. It is to this class that some of our intellectual nuts belong, some of whom are found on college faculties, and who think such ideas show a superior form of intelligence.

This has been stated by totalitarian propagandists and by some misguided people in this country who are continually striving to give the Government more power over the people. But it is a complete perversion of all history. There is nothing basically new in communism, fascism, or other totalitarian doctrines except the name. It is as old as cruelty and oppression. It deals with heretics, with weapons of torture, execution, and banishment. Its labor policy is that of serfdom—every man and every woman is regarded as a slave of the state, to be used as the official ruling class desires. Its economic philosophy is that of an absolute monarchy, when everything was the property of the king and the freedom of opportunity was unknown. Its attitude toward all civil liberties—freedom of press, of speech, or assembly—is likewise as old as history. Everyone must say and think what they are told, or suffer the consequences.

Are the masses of Russian people any better off under the Soviets than they were under the Romanoffs? Can ruthless dictatorship succeed another by force of arms? The people, in whose name the revolution was effected, are still submerged in an abyss of ignorance, want, fear, and absolute mental and physical regimentation.

Capitalistic democracy, with all its admitted faults, is the only form of government which has proved itself capable of maintaining the freedoms of the people. It is the only form of government in which the people exert complete authority and have the eternal safeguards that make dictatorships impossible. It is the goal toward which nations have strived through long bloody centuries, and for which millions of men have died. The dynamics of the total state are in reality the dynamics of the cruelest form of feudalism.

F. J. C.

#### State Department's Spanish Policy

#### EXTENSION OF REMARKS OF

HON. ADOLPH J. SABATH

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. SABATH. Mr. Speaker, under unanimous consent, I include in the RECORD a letter which I received from Mr. Donald J. Lotrich, secretary of the Yugoslav Savings and Loan Association, Chicago. The writer queries whether there is anything we can do to stop our State Department from carrying out their present Fascist policy. The subject matter of this letter is most revealing and worthy of serious thought on the part of each and every Member of Congress.

CHICAGO, ILL., March 18, 1949.

Hon. A. J. SABATH,  
Member of Congress,  
Washington, D. C.

DEAR MR. CONGRESSMAN: I write to you because I know that you are interested in the manner in which our State Department has been handling the situation concerning Spain.

On August 24, I wrote to the State Department about the murder of the group of Spanish miners in the most barbaric way such crimes could possibly be committed. They replied on September 17 that the Department had no available information on the case, but that the Embassy in Madrid had been instructed to ascertain the facts and they would report again.

When on November 23 no further word had been heard, I inquired again. Their December 3 letter explained that the American Embassy made a preliminary inquiry, but that it failed to disclose such an occurrence. The investigation was being continued, however.

I took them to task in my letter of December 9 and again on February 16, 1949, but it looks like to no avail.

Is there anything we can do to stop our State Department from carrying out their present Fascist policy?

Please let me hear from you.

Respectfully yours,

DONALD J. LOTRICH.

#### Address of Hon. Sam Hobbs, of Alabama

#### EXTENSION OF REMARKS OF

HON. GEORGE W. ANDREWS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. ANDREWS. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following speech delivered by my colleague, Hon. SAM HOBBS, before the Canadian Council of Laymen at Toronto, Canada:

Mr. Chairman, friends, the honorable gentleman who so graciously strained his conscience in introducing me, made me think of the funeral of a prominent colored citizen down in Alabama. The officiating minister was eulogizing the deceased in glowing terms, describing the perfection of his character as husband, father, neighbor, friend, and churchman, when the widow arose and started toward the coffin. The preacher tearfully remonstrated: "Now, sit down, Sister Brown, I knows you is hurted in your heart, but dis aint de time to view the corpse." But the widow replied: "Maybe not, Reverend, but, fore God, I believe you is burying the wrong nigger."

The sole reason that my duty is neglected to accept your gracious invitation and fill this engagement, is the place of world leadership that Canada has attained in the movement toward Protestant unity, and her service through the Canadian Council of Laymen.

Nothing could be more important.

And may I dare anticipate the approval of your noble King, and congratulate your great nation upon the imminence of making your oldest crown colony your tenth province?

My subject poses the most soul-searching query that must be troubling every thoughtful mind:

Do we stand at Armageddon?

The forces of evil are certainly already massed on that field of battle, and spoiling for the fray. They have swept the world,



go up. Now let me tell you why this is likely.

There are only 28 manufacturers of oleomargarine and of these, 5 concerns make 65 percent of all the oleomargarine sold in the country. The great soap manufacturers are interested. They are not tied to the use of domestic soybean and cottonseed oil. Lever Bros., for example, has access to various plantations producing coconut, palm, and other oils. Fortune magazine recently had an article on Lever Bros. and on Unilever, Inc., describing the company as one of the world's greatest producers and distributors of materials that go into oleomargarine. For example, it is reported to have 40,000 natives in the Belgian Congo producing palm oil. Lever Bros. recently bought the largest oleomargarine factory in this country and paid \$16,000,000 for it. It operates all over the world and has a major influence on the price of fats and oils. The price of oils has dropped in the last few months, but the price of oleomargarine has not followed. There are many other evidences of what approaches a monopoly in the manufacture of oleomargarine.

The oleomargarine campaign has been well backed by many periodicals and the housewife has been told she is being greatly discriminated against because she could not buy yellow oleomargarine. Lever Bros. is reported to have spent \$15,000,000 in 1948 on advertising and the oleo industry another \$5,000,000. There are indications of a planned and concentrated drive to pass the Poage bill permitting free sale of yellow colored oleomargarine. I had many letters, not from my district but from large cities, each in the same kind of envelope, many obviously addressed by the same hand and the letters all using the same language. Other Members had a similar experience.

The consumer must look ahead. As long as there is white oleomargarine it will be a cheap substitute for butter. As soon as yellow colored oleomargarine is sold without restriction, the price goes up. Even today in Washington white oleo is 22 cents a pound, yellow colored oleomargarine, 43 cents—the difference in price 21 cents—of which only 10 cents covers the tax. The Poage bill is not in the interest of the housewife for eventually it will mean higher prices for what has been a cheaper spread.

Moreover, it is unfair competition to permit the sale of a substitute which looks like butter. It is unfair to the dairy industry. This struggle on colored yellow oleomargarine is part of the struggle between big business, the oleomargarine manufacturers, and small business, the dairy farmers. Oleomargarine is a mass-production product, made as I have said by 28 companies in the United States and really controlled by 5 large companies. Butter comes from 2,500,000 family farms and 40,000 small dairy plants. We cannot afford to hurt the dairy farm. If we do, we hurt the city merchants. Where the dairy farms are doing well, the farm families buy in the city stores.

Now it is true that we make practically no butter in eastern Connecticut. We

sell fluid milk. But butter is the balance wheel of the dairy industry and has a determining influence on all other dairy products.

Dairy products compose more than 25 percent of all the food we consume in this country. Some 40 percent of our beef comes from dairy herds. If we permit oleo to wreck the market for butter there will be a decline in the size of our dairy herds. And the result will be less, higher beef prices; less milk, higher milk prices. Personally, I would rather spend a few seconds manipulating the package of white oleomargarine with the little yellow bean in it when I want colored oleomargarine than take the risk of less beef and less milk at higher prices.

Moreover, the dairy industry means more than this price question. The dairy farm is a great asset in soil conservation, and soil conservation is essential if we are to continue to produce the food and other agricultural products which we must have if we are to maintain our standard of living.

The dairymen are not opposed to removing the tax on margarine. They are in favor of the Granger bill which is also supported by several large labor organizations and for which I voted. The Granger bill takes off the tax on oleomargarine and prohibits the shipment of yellow-colored oleomargarine in interstate commerce leaving it to each State to handle the question within its own boundaries. This is exactly the way we have handled so-called filled milk for some years and with fairness to both the consumer and the dairy industry.

The dairymen have not treated the oleomargarine industry badly. Oleomargarine manufacturers have been permitted to imitate the taste of butter by adding diacetyl and to fortify oleomargarine with vitamin A so that it approximates the nutritional value of butter. They have been allowed to imitate the texture of butter by adding skim milk and there has been no objection brought against their practice of illustrating their advertisements with pictures of pastures and barns which obviously suggest butter. The one thing which the dairymen protest is taking what is really their trademark, the yellow color, which although it varies in intensity with the season of the year, is always the most obvious characteristic of butter.

Even on this point our Connecticut dairymen were willing to go along with the free sale of oleomargarine colored yellow provided the lighter end of the yellow color scale was reserved for butter and oleomargarine limited to the darker range of yellows. This would have been a good solution. The consumer would have had tax-free, yellow colored oleomargarine and would have had at the same time protection against false substitution of oleomargarine for butter, and the dairy industry would likewise have been protected from fraudulent substitution. There was no opportunity to vote for or against this proposal as the bills were reported.

Lever Bros. recognize the sales value in color. Sometime ago they brought suit and got a court decision that they,

as makers of Lifebuoy soap, alone could make a cake of health soap colored red. "Yellow" taxicabs have the sole right to paint their cabs yellow. No yellow coloring is permitted in bakery products to suggest that eggs are used in the baking when in fact they have not been.

The Poage bill contains clauses that are supposed to protect the consumer. All packages of oleomargarine must be so labeled and when served in public eating places each serving must be labeled or cut in the shape of a triangle and further, a sign must be displayed or a notice printed on the menu, stating that oleomargarine is served. But the bill provides no penalty for failure to obey these regulations, and the Pure Food and Drug Administration informed the committee that it would cost \$5,000,000 a year for an inspector to visit each eating place once in 12 months. The regulations would probably work for packaged oleomargarine sold in retail stores, but the so-called protection to the consumer and to the dairy farmer would mean little so far as the serving in public eating places is concerned.

Also as a practical matter it should be noted that the bill contains a clause that "The act should not abrogate or nullify any statute of any State now in effect or hereinafter enacted." I note that none of the Members in favor of the Poage bill rose to amend this section. It makes the legislation do nothing more than remove the tax in Connecticut and in 17 other States which forbid the sale of yellow colored oleomargarine. It does not give the housewife in these States yellow colored oleomargarine and it does injure the dairy industry throughout the country. The Granger bill should have been passed in fairness to both consumers and dairy farmers.

### The Honorable W. Stuart Symington, Air Force Secretary, Praised for Business-like Methods

#### EXTENSION OF REMARKS OF

#### HON. GEORGE M. GRANT

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. GRANT. Mr. Speaker, I came upon an editorial, under date of April 6, 1949, written by Mr. Ralph B. Chandler, owner and publisher of the Mobile Register, one of the leading, oldest, and most widely read newspapers published throughout the South. The editorial was occasioned by the visit to Alabama on April 6 of the Honorable W. Stuart Symington, Secretary of the Department of the Air Force, and certainly one of the best beloved and one of the most highly respected officials in our Government.

The editorial requires no explanation.

I do, however, want to point out to this House the sensitivity of the American press and the newspaper editors everywhere, even though they are far



removed from Federal activities in the Nation's Capital. There is little that occurs here in Washington in which they are not fully apprised.

I know that every Member is proud of the work that Stuart Symington is doing in building a vital, powerful United States Air Force—and doing it under some business principles with economy, efficiency, and due regard for every taxpayer's dollar entrusted to his spending.

In order that my colleagues may read this short, concise, and pleasing editorial of that great public official, I am asking that unanimous consent be accorded me by this House to extend my remarks and insert same in the CONGRESSIONAL RECORD.

The editorial reads as follows:

**AIR FORCE SECRETARY VISITING STATE PRAISED FOR BUSINESSLIKE METHODS**

On Alabama's guest list Wednesday is one of the top figures in the National Military Establishment—W. Stuart Symington, Secretary of the Air Force, who is scheduled to deliver an address in Montgomery.

Secretary Symington's visit to Alabama is a reminder of the praise he recently received from Representative FRANK W. BOYKIN, of the First Congressional District, for businesslike administration of the Department of the Air Force.

Congressman BOYKIN's comments appeared in the CONGRESSIONAL RECORD and grew out of the study he made of Mr. Symington's first annual report as Secretary of the Air Force.

He spoke of Secretary Symington as "one of America's young, outstanding businessmen and executives \* \* \* a man of great administrative abilities—a creative builder of business—one whom the Nation is indeed fortunate to have heading the great Department of our Air Force."

Concerning Mr. Symington's "clear, concise, factual report," Mr. BOYKIN said it was "just such a statement as one would expect a modern business executive in private industry to make to the stockholders at the annual meeting of his concern."

Mr. Symington, who had been Assistant Secretary of War for Air since February 1946, was named head of the new Department of the Air Force in September 1947.

Congressman BOYKIN said that in this new position, Mr. Symington "started from scratch to create \* \* \* a modern, streamlined business administration within the structure of the Federal Government."

Efficiency and economy were made administrative, watchwords of the Air Force, said Mr. BOYKIN, citing as an example that "all Air Force procurement has been streamlined and procedures instituted to place the buying process on a modern business basis."

In extending Secretary Symington a cordial welcome to Alabama, we suggest that a good many other Government operations could use more businesslike practices such as Mr. BOYKIN observes in the Department of the Air Force.

**Save the Veterans' Hospital Program**

**EXTENSION OF REMARKS**

OF

**HON. JAMES G. FULTON**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. FULTON. Mr. Speaker, the President has ordered a cut-back of 16,000

hospital beds in the hospital-construction program of the Veterans' Administration. General Gray, the Veterans' Administrator, is necessarily taking steps to carry out a reduction of veterans' hospital beds as a result of the arbitrary slash of the President. I am here today to protest this slash and ask for the reinstatement of the full program. Because of this slash some hospitals will have to be redesigned and others abandoned entirely.

Pennsylvania now has four veterans' hospitals with a total of only 4,608 beds and lags much behind her sister States of New York, Massachusetts, Ohio, and Illinois in adequate veterans' hospital facilities. Under the program originally planned by the Veterans' Administration, Pennsylvania was to have had 4,525 new beds. Under the slash ordered by President Truman, one Pennsylvania hospital is being completely eliminated and the total number of beds in Pennsylvania is to be cut by 1,400. This represents an indefensible cut in the hospital facilities necessary to the proper care of Pennsylvania veterans.

Specifically, the cuts in Pennsylvania are the elimination of 200 general medical beds in a proposed new hospital at Harrisburg, the reduction of the proposed medical hospital at Pittsburgh from 1,200 beds to 750 beds, the reduction of the proposed neuropsychiatric hospital at Pittsburgh from 1,250 beds to 1,000 beds, and the reduction of the proposed medical hospital at Philadelphia from 1,000 beds to 500 beds.

The Veterans' Administration, on January 10, 1949, announced a reduction in the hospital construction program as follows:

Location	Type	Number of beds	Reduction
Altoona.....	General medical.....	200	None
Erie.....	do.....	200	None
Philadelphia.....	do.....	500	500
Pittsburgh.....	do.....	750	450
Do.....	Neuropsychiatric.....	1,000	250
Wilkes-Barre.....	General medical.....	475	None
Harrisburg.....	do.....	(1)	200
Total.....		3,125	1,400

<sup>1</sup> None (canceled).

The original plans called for the construction of 7 new hospitals in Pennsylvania with a total bed capacity of 4,525, located as follows:

Location	Type	Number of beds
Altoona.....	General medical.....	200
Erie.....	do.....	200
Philadelphia.....	do.....	1,000
Pittsburgh.....	do.....	1,200
Do.....	Neuropsychiatric.....	1,250
Wilkes-Barre.....	General medical.....	475
Harrisburg.....	do.....	200
Total.....		4,525

Facilities for mental and nervous diseases in Pennsylvania are so overcrowded that veterans are being confined in our jails until hospital-quarters can be found for them. In the veterans' hospital at Aspinwall the facilities for mental patients are not adequate, and this places an unwarranted burden on

the Veterans' Administration staff, which is sincerely trying to do a good job of veterans' care.

There are no veterans' facilities in Pennsylvania for the treatment of cancer and virtually none for the treatment of tuberculosis cases. From my own experience with tuberculosis cases among veterans' cases in my district, I know that it is extremely difficult to get them admitted to a Veterans' Administration facility anywhere.

According to American Legion and Veterans of Foreign Wars officials, approximately 3,000 Pennsylvania veterans are seeking in vain to obtain admission to a veterans' hospital for necessary treatment.

I respectfully urge that the full hospital-construction program for veterans be restored as conditions will become more acute in the months and years to come. We veterans of World War II must see that our older veterans are not forgotten in time of need. This Nation should be forever grateful for the service which they rendered for its protection in time of war.

I urge that the full program of 16,000 beds be restored and that President Truman's cut-back of 1,400 hospital beds in the Pennsylvania program be immediately set aside, since the slash ordered by the President represents an arbitrary action based upon false economy.

**Investment Guaranty in European Recovery**

**EXTENSION OF REMARKS**

OF

**HON. JOHN DAVIS LODGE**

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. LODGE. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article by Hon. Norman M. Littell from the Washington Post of April 8, 1949:

**INVESTMENT GUARANTY IN EUROPEAN RECOVERY**

(By Norman M. Littell, former Assistant Attorney General)

Your editorial of March 25 attacking the House Foreign Affairs Committee's amendments to the guaranty clause of the ECA Act commences with a misrepresentation of fact in its very title—"Riskless Enterprise." As a description of the proposed amendments, this irresponsible caption has no basis in fact, and grossly misleads your readers.

What are the dread amendments proposed?

The original guaranty clause provided for a guaranty of convertibility (i. e., from foreign currencies back into dollars) for the principal amount of private investments made in Marshall plan countries with the approval of the Administrator.

The proposed changes would: (1) extend the guaranty in amount to include interest or profits to the extent found reasonable by the Administrator; (2) extend the guaranty in scope to include certain political risks lying on the level of American foreign policy rather than on the private risk level, e. g., losses caused by seizure, confiscation, revolution, war or other governmental regulations or decrees which in the Administrator's opinion prevent the further use of the in-



vestment for the intended purpose; and (3) reinstate \$272,000,000 of the original \$300,000,000 guaranty appropriation so it must be used for guaranties instead of being consumed in direct loans to foreign governments as the original funds were, contrary to the intent and instruction of Congress.

Your alarm over these things could stem from a failure to consider the underlying premises which led to the Foreign Affairs Committee proposals. In 1947 this Nation committed itself to a vast program of reconstruction and rehabilitation in western Europe to help our friends stand with us for a free way of life. We have backed that commitment with billions of dollars.

In the system under which the United States has grown rich and strong, standards of living depend on the production of goods. Trade, agriculture, and industry flourish when capital, raw materials, manpower, and production know-how are joined and held together by good business management. Simply stated, that is free enterprise. The alternative, in black and white terms of contemporary history, is the total regimentation of capital and labor by Government bureaucracy.

So when Congress set up this vast program of reconstruction, it could appropriate money and set up a bureaucracy to dole it out (the EAC) and to receive it (the OEEC); or it could enlist private resources and American industrial know-how and management.

In the emergency, Congress used the former method as a common denominator of administration, authorizing \$5,000,000,000 in direct grants and one billion in loans, but it also laid foundations for the latter course in authorizing guaranties up to \$300,000,000 for "the encouragement . . . of private enterprise to contribute through its initiative and capital in the reconstruction and development of Europe." We set up bureaucracies on both sides of the Atlantic—and they were astonishingly efficient before the real challenge of spending so much money so fast.

Only the guaranty program was a complete failure for reasons reviewed by the Foreign Affairs Committee of the House. The guaranties weren't adequate in amount or in scope. And 90 percent of the \$300,000,000 was allocated by ECA for loans instead of guaranties contrary to the intent of Congress. In the words of Mr. Bevin, speaking in Parliament, we Americans proved ourselves to be great free enterprisers at home and great state planners abroad.

When the ECA officials came around to tell Congress what they wanted for next year, their proposal, as adopted in good faith by the Senate Foreign Relations Committee, looked as if the \$300,000,000 was to be reestablished for guaranties, but actually it wasn't. Any further guaranties were to come out of grant funds.

If adopted, this will be absolutely fatal. No participating country will ever approve a single guaranty if it constitutes a deduction from granted funds. If there is any trap in the picture, this is it, for without the Senate committee having fully realized it, the guaranty clause is deftly eased out of the act and complete bureaucratic control maintained over every penny of ECA money.

The Foreign Affairs Committee in the House not only exposed these facts but rewrote the guaranty clause to reinstate and implement the original intent of Congress to induce private enterprise and risk capital to assume part of the load of reconstruction. Under either system we are spending the same American dollars, but in one case it is tax money, and in the other it is stockholders' money spent under business management.

We are only talking about \$300,000,000 (which will very probably invite into operation partnership capital of about equal por-

portions abroad) for privately managed projects approved by the administrator and the participating country as furthering the purposes of the Marshall plan.

Your editorial does not state this material fact, but says, "It is idle for advocates of this change to pretend that it would not put an appreciable burden on the Government. Suppose the proposed guaranty had been in effect during the twenties, when American private investors lost hundreds of millions in Latin America, or during the thirties in central Europe. Wouldn't our Government have had to foot the bill for a large part of these losses?"

The superficiality of that statement is breathtaking. We were not engaged in a world struggle to preserve a free way of life in the twenties. We are now. A Marshall plan or an Atlantic Pact was undreamed of then, and we have spent or committed on them vastly more than we dropped in South America in stockholders' money without ever expecting to see it again—all a part of the calculated risk.

The sum we are now discussing is \$300,000,000, and the risks embraced in the proposed guaranty amendments are not ordinary business risks, but are extraordinary political risks which no investor would encounter in a similar undertaking in the United States. Such risks are properly the concern of governments and not private investors.

They are a part and parcel of our foreign policy already, for every penny of the billions spent on the Marshall plan may become a total loss for one or more of the reasons stated in these amendments, with this vital distinction: The loss of our investment under the Marshall plan will be total and complete if the plan fails in any participating country, but under a guaranty the Government would not sustain a total loss because it takes over currencies, credits, and assets of the guaranteed investor, from which something can surely be salvaged to the Government through diplomatic negotiations or recourse to the International Court.

Your editorial misses the purpose of guaranties. American industrial production won the war. Even Joe Stalin recognized this in proposing toasts at Tehran to American productive capacity. It could help win the cold war, too, and (if extended under President Truman's point IV) raise living standards all over the world, for what Europe and the so-called backward areas of the world need is goods, goods, and more goods.

And what we need is goods flowing in a two-way world. No Atlantic Pact can produce goods or create employment at reasonable wages in order to replace despair with the hope and means of a free way of life, but American techniques and know-how of production abroad could do so.

Thus far this unique American contribution to contemporary civilization, the genius for industrial production, has remained meekly chained at home.

The object is to release our productive capacity not for the purpose of exploitation but for greater service, participation, and mutual prosperity in industrial enterprise.

Article by George Sokolsky

EXTENSION OF REMARKS  
OF

HON. KATHARINE ST. GEORGE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mrs. ST. GEORGE. Mr. Speaker, under unanimous consent, I include in the

Appendix of the RECORD an article by Mr. George Sokolsky from the Washington Times-Herald of April 7:

THESE DAYS

(By George Sokolsky)

It is difficult to realize the extent of the American empire. Only a decade ago, most Americans, including the internationalists, regarded this as a non- or even an anti-imperialist country.

The war placed upon our shoulders not only the burdens of debt and taxation but even the weightier burden of supporting and holding an increasing number of areas and functions.

Empire is an expensive operation as the British well know. For instance, it is a question whether India, on balance, was a profit or loss.

The Hoover report on the subject lists obligations as follows:

"Occupied areas—Germany, Austria, Japan, and Korea. European recovery program. Special missions—Greece and Turkey. Trust territories—Carolines, Marshalls, and Marianas. Non-self-governing territories—Guam and Samoa.

"Self-governing Territories—Alaska, Hawaii, Puerto Rico, and the Virgin Islands.

"Office of Foreign Liquidation, American Battle Monuments Commission, Philippine War Damage Commission, Philippine Alien Property Administration."

To these might well have been added China, were it not that Soviet Russia defeated us in that country. Also, we might consider in this connection our responsibilities and obligations under the North Atlantic treaty, the United States being the only nation in the group that can do anything very important about it.

In a word, our empire is one not of benefits but of obligations; not of advantages but of costs.

The administrative pattern of our country makes little or no provision for empire management. Thus, activities concerning these areas and problems fall upon several departments and numerous agencies.

There is no coordination of plan or implementation. The Army goes one way; the Navy another; Interior in all directions and the independent agencies wherever they can. We repeat in our empire the confusions of domestic administration.

The Hoover report proposes that an "administration of overseas affairs" be established which would be charged with all the functions of the administration of empire.

This administration would cooperate with the State Department and the Department of Defense, but would report directly to the President.

It would seem even more advantageous to add a cabinet officer, the secretary of overseas affairs, and to create a career force, perhaps like the British colonial office, to take care of these matters.

For should we go to war again, and not be defeated, we may find even more areas and functions on our hands. Perhaps the Hoover Commission assumes that our empire will be temporary, but I doubt that such good fortune will be ours.

It is doubtful whether any American gazes upon our added responsibilities with any satisfaction. In the first place, this business costs tremendously, between \$6,000,000,000 and \$7,000,000,000 annually, including ECA and military occupation.

Secondly, it does not seem likely, at this writing, that we shall soon be rid of either the occupied areas or the programs of economic aid. We may get rid of the latter obligations as we did in China, by Russian conquest, but that would mean war, for while we lost China willfully through errors of judgment and policy, we are not committing similar errors in Germany, Japan, or Korea.



In fact, the Berlin airlift, as a policy, strengthened our position and therefore our obligations in Germany and Austria.

The union of Europe, which Winston Churchill is so avidly advocating but concerning which he was silent when regional blocs were proposed by Herbert Hoover and Hugh Gibson in their book, *The Problems of Lasting Peace*, can only involve a further obligation on our part.

For such an enterprise requires underwriting by a power capable of preventing outside interference while the union is in formation.

It is too often forgotten that Great Britain did not accept the finality of the Revolutionary War until the War of 1812 and that France sent citizen Genet to this country much as Soviet Russia maintains a fifth column in every state in western Europe today.

It all amounts to this then: as long as empire has been thrust upon us, we might as well organize to manage our affairs competently, as the Hoover Commission proposes.

### Veterans' Pension Legislation

#### EXTENSION OF REMARKS

OF

### HON. SIDNEY R. YATES

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. YATES. Mr. Speaker, under leave granted me to extend my remarks in the RECORD, I desire to introduce a letter which I received from the department commander of the American Legion, Department of Illinois, on March 28, 1949. On March 24, 1949, I introduced into the RECORD a letter from a member of the Broadview Post of the American Legion, which expressed his views as an individual concerning the pending veterans' pension legislation. Inasmuch as I have been informed that this viewpoint did not represent the official viewpoint of the American Legion, Department of Illinois, and in order to give fair consideration to its viewpoint, I am presenting the letter of Mr. William G. Burns, department commander of the American Legion, Department of Illinois:

THE AMERICAN LEGION,  
DEPARTMENT OF ILLINOIS,  
Chicago, Ill., March 28, 1949.

HON. SIDNEY R. YATES,  
Member of Congress,  
House Office Building,  
Washington, D. C.

DEAR CONGRESSMAN YATES: My attention has been called to the fact that you had inserted in the CONGRESSIONAL RECORD a letter and in the column of the Voice of the People in the Daily News and which you evidently gave considerable consideration to when the pension was before the Congress. I believe you owe it to the American Legion, department of Illinois, to have inserted in the RECORD my telegram to you indicating the position of the department of Illinois, the American Legion.

The views expressed by our comrade from Broadview were his own views and not the views of Broadview Post, fifth district, first division, department of Illinois, or the national organization. One can always single out someone who differs, in a democratic organization such as ours, on most issues, as we are cross-section of America, but we believe democratic process should follow because of the way we operate in Illinois. The

234 delegates, by which this post was represented, as well as every post in the department, was unanimously for the pension at Miami.

When I write or wire you with the viewpoint of the American Legion, I do not express a personal opinion but I speak with the authority of the 226,181 members that have determined the course of action.

We regret that you have selected this statement for insertion because I can furnish you thousands of letters from posts, individuals, etc., stating the position of the Legion in Illinois.

I am anxious to inform the posts in your district of your opportunity now to consider H. R. 3821 which carries provisions that apparently you support.

The American Legion stood solidly for no amendments because we wanted you to know that that was the strategy of the opponents of the veterans and it has been their strategy over the years.

As department commander of Illinois I ask that you set the record straight by the insertion of my statement to you of our position on the pension legislation which was given to you before your vote was cast.

I sincerely hope and trust that in the opportunity that will be afforded to you to indicate definitely your position that you will support it and our all-out American Legion stand for enactment of H. R. 3821. Of course, it doesn't meet the desires in their entirety in this department, but it will indicate to the veterans that the eighty-first session of the Congress is to preserve the attitude of faithful Congressmen that have granted land grants and pensions from the Revolutionary days through six wars ending with the Spanish veterans of 1898.

Yours very truly,

WM. G. BURNS,  
Department Commander.

### Taft-Hartley Law

#### EXTENSION OF REMARKS

OF

### HON. CHESTER C. GORSKI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. GORSKI of New York. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following resolution:

The following resolution is moved by Councilman Joseph J. Carry:

"Whereas there has been enacted by the Eightieth Congress of the United States a labor bill known as the Taft-Hartley law; and

"Whereas since the passage of this law, labor organizations have been oppressed and collective bargaining has been made more difficult to promote the advancement of the American labor movement; and

"Whereas the Taft-Hartley law creates an inferior class of citizens, an inferior category and a debased position politically for the men and women who toil by hand or brain for their daily subsistence; and

"Whereas the Taft-Hartley Act, in its entirety, is an insult to the working people of the United States, a brand upon their integrity and decency, a handicap to all fair-minded employers; and

"Whereas the Taft-Hartley Act invades the constitutional guaranties of free speech, free press and freedom of contract; and

"Whereas the Taft-Hartley Act breathes suspicion and repression in every line and in no instance aids or assists the process of peaceful collective bargaining, and

"Whereas one of the main issues in the last Presidential campaign was the repeal of the Taft-Hartley law and such issue was supported by an overwhelming majority vote for candidates to political office who were on record for the immediate repeal of this vicious and obnoxious law; and

"Whereas the Eighty-first Congress has conducted hearings on a substitute labor bill known as the Thomas bill and such hearings have resulted in needless repetitious testimony, consequently, delaying action on the repeal of this law; and

"Whereas thousands of collective-bargaining contracts, presently expiring and will expire in the very near future, and labor organizations and employers cannot negotiate with any degree of confidence as to the provisions that may be contained in a new labor bill, thus creating an air of uncertainty and endangering harmonious labor relations between labor and management which may result in unavoidable work stoppages; and

"Whereas the citizens of the United States of America have, by their vote last November, delivered a mandate to the new Congress for immediate repeal of the Taft-Hartley law: Therefore be it

"Resolved, That the Town Council of the Town of Lancaster assert its disapproval of the Taft-Hartley law; and be it further

"Resolved, That the Town Council of the Town of Lancaster go on record for the immediate and unqualified repeal of the Taft-Hartley law and that the President of the United States, Harry S. Truman; the majority leaders of the House and the Senate; the Members of Congress from the western New York area; and the United States Senators from New York State be so notified as soon as possible after the passage of this resolution so that they may act accordingly."

Seconded by Councilman Francis J. McDonald.

Councilmen Garry, McDonald, Rybak, and Supervisor Keysa voted aye, and Councilman Rozler voted present.

Supervisor Keysa declared the resolution duly adopted.

### Text of the North Atlantic Treaty

#### EXTENSION OF REMARKS

OF

### HON. FRED L. CRAWFORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. CRAWFORD. Mr. Speaker, since it will be necessary for Congress to take the North Atlantic treaty into consideration in drafting much future legislation I ask that the document be incorporated in the CONGRESSIONAL RECORD at this point.

The treaty text lists as signatories Belgium, Canada, France, Luxemburg, the Netherlands, the United Kingdom, and the United States. Additional nations signing the pact are Portugal, Norway, Iceland, Denmark, and Italy.

#### NORTH ATLANTIC TREATY

##### PREAMBLE

The Parties to this Treaty reaffirm their faith in the purposes and principles of the Charter of the United Nations and their desire to live in peace with all peoples and all governments.

They are determined to safeguard the freedom, common heritage and civilization of their peoples, founded on the principles of democracy, individual liberty and the rule of law.



outside the law, persons who, according to Andrei Vishinsky in "The Law of the Soviet State," have no rights which the law is bound to respect. "Exalting the Hebrew religion" and "propagating Zionism" are among the crimes charged against Soviet Jews. Newsweek "hesitates to believe" that this widespread campaign of attack against Jews, against the Jewish Church, and the ideals of Zionism, "is deliberately designed to arouse latent anti-Semitism." This reporter is not so optimistic.

2. Look what has just happened right here in New York. The Morning Freiheit, the Communist Yiddish newspaper, has shifted its line. It is now suddenly anti-Zionist. Israel is being transformed, says Freiheit's Moshe Katz, formerly an ardent Zionist, into "a bastion of Jewish reaction and a prop of Anglo-American imperialism." There could be no clearer evidence that the word has come down the line from above. The men in the Kremlin have decided that Israel will be no friend of theirs. They are against Israel and against that Zionism which makes Israel possible.

You have now only to recall the constant attacks of Hitler against the international Jew and the bloody consequences of those attacks when delivered to a prejudiced people, to understand what is happening now and worse, what may happen in the future in the lands where Jews live under Soviet control. What will happen in the Soviet Union itself we can only guess, we will not know about anything that happens there which the Kremlin does not want us to know.

But this much is clear. The immediate and terribly urgent problem before the Jewish communities of the free world, before the new state of Israel and all those who have been Israel's friends is to save the 600,000 Jews of Rumania and Hungary.

This will not be easy. It is a task in large part for the governments of the free countries. In attempting it—and the American and British Governments have made a beginning by their sharp warnings to the Rumanian and Hungarian Governments about details of civil and religious rights—the earnest help of all men and women of good will must be enlisted. The blind and stupid support of the Soviet Union by many American Jews who could see only that Russia voted for partition must come to an end. The men in the Kremlin are no friends of freedom—any kind of freedom—religious or otherwise. They are no friends of any state based on the principle of individual liberties—whether its capital is Washington or Tel Aviv.

I wish I had said this bluntly long before I'm saying it now—I hope before it is too late.

### Andrew Jackson—Son of Destiny

#### EXTENSION OF REMARKS

OF

### HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 23, 1949

Mr. CELLER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article by Harry H. Schlacht from the San Francisco Examiner of March 15, 1949:

ANDREW JACKSON—SON OF DESTINY

(By Harry H. Schlacht)

From the plough to the Presidency.

Once in a lifetime, the grim sisters who weave the warp of our existence, run through a thread of brilliance, the colors of which cause it to stand apart though it is buried

among thousands of others. Such a thread was Andrew Jackson.

Today we commemorate the one hundred and eighty-second anniversary of his birth. Today we salute the warrior, statesman, and patriot. Today we honor the seventh President of the United States. He was a son of destiny.

In the story of his life—as "Old Hickory" wrote it for himself—There is no single line that we would cancel; there is no single word that we would erase.

On the remote frontiers of South Carolina, on the forest-clad banks of the Oatawba River, in the region where the settlers were just beginning to cluster, Andrew Jackson first saw the light of day. There his infancy sported in the ancient wilderness. There his mind mused to freedom under its influence. He was born of Irish parents. He was fatherless at birth.

He was a British prisoner of war in the Revolution at the age of 13.

In what age did Jackson live? Where in the records of history is to be found an era in which the human race made mightier movements—an era in which occurred the formation and dissolution of European governments, and of the triumph of the American system?

His life is full of instruction. His life sprang from the dark valley of obscurity—like the peak of his favorite Alleghenies—rough, rugged, and sublime—piercing every cloud—till its summits bathed in the sunlight of heaven.

Washington was the father of his country. Jefferson was the philosopher of democracy. Jackson was its defender.

He did not create democracy. But he did arouse people to the reassertion of their rights. He did not set up our Government of, by, and for the people. But he did force the Government to respond to the will of the people.

No man has ever evinced so much knowledge of American ideas. No man has ever expressed them with such dauntless intrepidity. No man has ever executed them with such immovable will. No man has ever been so nobly and enthusiastically sustained.

He was the great warrior in the Battle of New Orleans. He is in a class by himself in the history of Presidents.

Andrew Jackson was not schooled in military strategy, yet he was a great general. He was not schooled in public service, yet he was a great statesman. He was great in peace. He was great in war.

He led our people to a victory that literally preserved free and popular government for our posterity. He felt that this Nation under God must be protected not only from foreign foes, but from foes within our borders. His patriotism knew no bounds but his country. His hope, his joy, and his ambition—all centered in its perpetuity and prosperity.

Directly across from the White House in Washington—stands a statue of Andrew Jackson—and on the pedestal is written the deathless phrase: "Our Federal Union: It must be preserved."

Andrew Jackson was a man of superb courage.

He did not indulge in the defeatist policy of surrendering vital principles upon which our Government rests. He held fast to the true American dream which has made America the greatest Nation on earth.

Let us all speak of his virtues. Let us all speak of his greatness. Let us all grow wiser and better by the salutary lessons his life inculcates.

Affection has no greater theme, and wisdom has no nobler counsel than the living actions of our sainted sires. History is the mirror of the past. It is the guide of the present. It is the beacon of the future.

May the poorest lad in our blessed land learn from the career of Andrew Jackson

that poverty is no bar to the triumph of the free spirit. The avenues of the citadel of our strength and the posts of honor are open to universal competition. The freedom of our country calls to highest honors her children—from the workshop, from the city, and from the farm.

The ranks of American eminence have come from the humblest origin. Long will Andrew Jackson's memory be cherished by humanity.

His cenotaph is the love of his countrymen. His monument is the holy reverence in the hearts of our people. Let us all serve our country as he served it. Let us all serve our God as he served Him.

In life his career has been like the blaze of the sun in the fierceness of its noonday glory. In death he was as lovely as the mildest sunset of a summer's evening, when the sun descends in cloudless, tranquil beauty.

Andrew Jackson died as he had lived—a Christian. And his last words were: "God and my country."

### National Theater

#### EXTENSION OF REMARKS

OF

### HON. JACOB K. JAVITS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. JAVITS. Mr. Speaker, House Joint Resolution 104, providing for the convening of an assembly to develop plans for a national theater, opera, and ballet, is gathering support from all over the Nation. Appended below is a resolution adopted by the American Legion's theatrical post in New York City endorsing its objectives:

RESOLUTION UNANIMOUSLY APPROVED AND ADOPTED BY THE CAPTAIN CHARLES B. DILLINGHAM POST, NO. 1605, AT ITS REGULAR CONVENED MEETING ON MARCH 7, 1949

Whereas the Captain Charles B. Dillingham Post, No. 1605, is a theatrical post consisting entirely of veterans connected with the theatrical field; and

Whereas there are two theatrical posts in New York County, namely, the Captain Charles B. Dillingham Post, No. 1605, and the NVA Post, No. 690, having in excess of 600 members; and

Whereas there are about 28 theatrical posts throughout the country having a membership of over 40,000 veterans; and

Whereas the theater and its members have done and still are doing splendid morale work for the armed services and the disabled veterans in hospitals without any compensation whatsoever; and

Whereas the rendering of services toward the improvement of morale of not only the armed services but to the disabled veterans is as essential as the food and medical attention they receive; and

Whereas such beneficial work as has been rendered by the theater and its members has been conducted on a more or less haphazard basis due to the lack of a coordinated organization; and

Whereas it is to the best interest of the armed services and the disabled veterans that a national theater group be established so that not only they but all America as well can participate and receive the benefits of the education and morale-building values which stem from the theater; and

Whereas practically every theatrical organization in this country is in favor of the



establishment of a national theatrical group; and

Whereas veterans of World Wars I and II will be largely and gainfully employed in this project: Now therefore

*Resolved*, That the United States Government be urged to sponsor, establish, and finance a national theatrical group; further

*Resolved*, That should this resolution be adopted by the New York County organization of the American Legion that the same be forwarded through channels to the Department of New York and the national body.

Dated March 7, 1949.

HARRY WEBER,

Commander.

GENEVIEVE P. LILLIOTT,

Adjutant.

### Lands of the Crescent

#### EXTENSION OF REMARKS

OF

**HON. ABRAHAM J. MULTER**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. MULTER. Mr. Speaker, almost a year ago, May 10, 1948, to be exact, I outlined to the House my ideas about an MERP, that is a Middle East rehabilitation plan. I am happy to note that since that time many other persons have urged the same plan. I am certain that that plan is encompassed as a part of the much broader world-wide plan of our President looking toward world economic progress. The following editorial, which appeared in the New York Post on April 6, 1949, reiterates very forcefully much that has already been said on the subject. I commend it to the attention of my colleagues:

#### LANDS OF THE CRESCENT

Many Americans were relieved when it became evident that General Zayim had seized control of the Syrian Government not to draw his scimitar against peace negotiations with Israel, but rather to fight Syria's near-surrender to internal economic chaos.

But the Zayim coup emphasizes that the Middle East will continue to be a sick area, plagued by chronic uprisings and spans of sullen, revolt-breeding silence until the Arabian people have been rescued from serfdom and poverty in the feudal lands.

President Truman's "bold new program" to work through the United Nations to prime the industrial development of backward areas will probably lift many Arabs from the edge of starvation.

Yet the Truman-UN program cannot effectively raise the middle East's over-all living standard unless it is accompanied by basic economic reforms within the Arab states.

The Middle East's almost unbelievable poverty is frequently blamed on "Arab nationalism," the fanatical insistence of robed sheiks on spending endless treasure and manpower to war against any semblance of alien domination.

The very phrase, Arab nationalism, conjures up compelling visions of T. E. Lawrence fighting beside fierce desert warriors to gain the freedom from Turkish and other tyrannies.

But the truth is that "Arab nationalism" is not so much the cause of current middle

eastern misery as it is the excuse employed by feudal Arabian lords to divert the people's attention from necessary social and economic changes.

For instance, by warring against the "infidel" Israeli, the Arab League was, in part, attempting to make its subjects forget their rising resentment against a new imperialism which genuinely threatens the Middle East—the arrangement under which a handful of Arab monarchs secure their power by accepting fabulous payments in return for permitting western companies to exploit the area's rich oil resources.

A basic need in the Arab states is a tax program which will tap the wealth of the haughty agricultural magnates, making it possible for the Arab governments to extend social, welfare, and educational services to the people.

But the popular demand for tax reform is muted because most Arabs are illiterate and many are even inarticulate. Their leaders are inspired youths who boast a thin veneer of western "culture" and are sneeringly labeled "radicals" by the ruling caste.

And as long as the cynical Arab potentates can incite the people to pitch their tents against some new, perhaps imagined threat to "Arab nationalism," reforms will be delayed.

The Truman-UN program may undertake such projects in the Middle East as the Jordan Valley Authority which would restore the ancient fruitfulness of Palestine; the Iraq irrigation project suggested by Herbert Hoover, opening the land to another million settlers; and a multinational authority in the Euphrates Valley, providing six middle eastern States with power, navigation, irrigation and flood control.

These and other projects could begin to give the Arabian people the fertile farms, the water, the power they need to turn their arid desert from a breeding ground of international tensions into a productive and peaceful land.

But the Truman-UN program will serve solely as a transfusion which momentarily delays a fatal middle eastern sickness, unless the Arabian governments, themselves, resolve that their oil-earned wealth shall be spent on the people who hold first title to the land's resources—the hungry and oppressed Arabian citizens.

### East-West Trade

#### EXTENSION OF REMARKS

OF

**HON. JACOB K. JAVITS**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, April 8, 1949

Mr. JAVITS. Mr. Speaker, in preparation for the impending debate on the authorization of appropriation for continuing the European recovery program for the 3 months from April 1 to June 30, 1949, and for the fiscal year 1949-50, there is appended hereto an article showing the care with which the desire of the Congress is being met in connection with east-west European trade. Such trade is, we all know, very important to western Europe's recovery, but Congress specified in the original ECA it should not impinge on strategic considerations. The article appended below shows the care with which ERP nations are trying to

follow the policy established by the Congress on this point:

#### BRITAIN TO TIGHTEN CONTROL OVER EASTWARD EXPORTS

(By John Allan May, staff correspondent of the Christian Science Monitor)

LONDON, April 2, 1949.—Britain will greatly tighten its control over the exports of possible war potential to eastern Europe as of April 8.

Almost every type of machine tool, a wide range of chemicals, and many items of scientific apparatus are included on the new schedule of goods needing export licenses thereafter if eastward bound.

This British action may be seen as the first fruit of a high-powered United States drive to get a unified, agreed policy on east-west trade to cover the whole of western Europe.

Difficult but friendly negotiations are now in progress on this subject between the Economic Cooperation Administration and nations cooperating in the European recovery program. Some of these nations are not yet convinced such security trade barriers really will do the job intended.

#### NEW ATTEMPT

Running parallel to these licensing talks is a new attempt, through the United Nations Economic Commission for Europe in Geneva, to draw up a detailed schedule of machinery and equipment which can be exported safely from the west to the east and of raw materials which can be sent from the east to the west.

Reports are current in Europe that the United States is trying to impose in full its own particular system of export licensing on all of western Europe. This has been categorically denied to me by the highest authority in Paris.

What the United States is trying to do is to get a general agreement on a complete ban of exports to the east of a small number of items on the restricted list of goods obviously of primarily military use.

What is wanted thereafter is an understanding that the countries will not allow the export of other goods if a reasonable man would conclude from the known facts that in any particular case they were likely to be put to military instead of civil use.

#### GENERAL ACCEPTANCE

Britain's extension of its own export-licensing controls signifies its general acceptance of this point of view.

Export items now listed are not banned altogether. But the evidence of probable end-use can be sifted in the case of each particular sale.

The new list is a wide one. Harold Wilson, president of the board of trade, told the House of Commons it would be extended still further if such a course seemed necessary in the interests of British security.

The list includes graphite and all graphite compounds, diamond-tipped tools, metals like titanium, high-speed compressors, rust-resisting cocks and valves, mine-sweeping equipment, electronic computers, and many chemicals and pieces of scientific apparatus.

Graphite has important uses in nuclear research and the production of atomic weapons.

#### POTENTIAL WAR USE

Most of the chemicals specified are potential raw materials for modern types of explosives, smoke bombs, and rocket propellants.

High-speed compressors of the type of the schedule are used in wind tunnels for the development of aircraft with speeds at or above sound. Diamond-tipped tools are essential to any modern war industry. There is no suitable substitute for the hardness of



diamond when making metal tools that later make weapons.

But, of course, almost all goods specified have even wider uses for peaceful purposes and are part and parcel of the industrial equipment which Britain and other countries are anxious to sell Russia and its satellites in exchange for food and fodder.

ECA is having a hard time to persuade some European countries that an export-licensing system can be made to work, since any goods actually banned can form only a very small proportion of the total goods moving in trade. Otherwise the policy would defeat Europe's declared intention and need of expanding its eastern trade.

#### EASTWARD EXPORTS

Under the Marshall plan, for instance, Benelux expects to increase its eastward exports to more than three times the prewar value. Britain hopes to expand from \$170,000,000 worth last year to \$365,000,000 in 1952 and nearly 20 percent of Austria's exports is planned eastward.

Is it really worth banning what can only be a token trickle of goods in days when everything from food to silk is a war potential in some way or another?

The United States answers such questions with a firm "Yes." ECA is replying most strongly that while general trade has to be encouraged, it would be a mistake for every nation not to do whatever it can to protect its own security.

Today's news shows Britain for one has come a long way round to the United States view.

### LAWS AND RULES FOR PUBLICATION OF THE CONGRESSIONAL RECORD

#### CODE OF LAWS OF THE UNITED STATES

**TITLE 44, SECTION 181. CONGRESSIONAL RECORD; ARRANGEMENT, STYLE, CONTENTS, AND INDEXES.**—The Joint Committee on Printing shall have control of the arrangement and style of the CONGRESSIONAL RECORD, and while providing that it shall be substantially a verbatim report of proceedings shall take all needed action for the reduction of unnecessary bulk, and shall provide for the publication of an index of the CONGRESSIONAL RECORD semimonthly during the sessions of Congress and at the close thereof. (Jan. 12, 1895, c. 23, § 13, 28 Stat. 603.)

**TITLE 44, SECTION 182b. SAME; ILLUSTRATIONS, MAPS, DIAGRAMS.**—No maps, diagrams, or illustrations may be inserted in the RECORD without the approval of the Joint Committee on Printing. (June 20, 1936, c. 630, § 2, 49 Stat. 1546.)

Pursuant to the foregoing statute and in order to provide for the prompt publication and delivery of the CONGRESSIONAL RECORD the Joint Committee on Printing has adopted the following rules, to which the attention of Senators, Representatives, and Delegates is respectfully invited:

**1. Arrangement of the daily Record.**—The Public Printer will arrange the contents of the daily RECORD as follows: First, the Senate proceedings; second, the House proceedings; third, the Appendix: *Provided*, That when the proceedings of the Senate are not received in time to follow this arrangement, the Public Printer may begin the RECORD with the House proceedings. The proceedings of each House and the Appendix shall each begin a new page, with appropriate headings centered thereon.

**2. Type and style.**—The Public Printer shall print the report of the proceedings and debates of the Senate and House of Representatives, as furnished by the official reporters of the CONGRESSIONAL RECORD in 7½-point type; and all matter included in the remarks or speeches of Members of Congress, other than their own words, and all reports, documents,

and other matter authorized to be inserted in the RECORD shall be printed in 6½-point type; and all roll calls shall be printed in 6-point type. No italic or black type nor words in capitals or small capitals shall be used for emphasis or prominence; nor will unusual indentions be permitted. These restrictions do not apply to the printing of or quotations from historical, official, or legal documents or papers of which a literal reproduction is necessary.

**3. Return of manuscript.**—When manuscript is submitted to Members for revision it should be returned to the Government Printing Office not later than 9 o'clock p. m., in order to insure publication in the RECORD issued on the following morning; and if all of said manuscript is not furnished at the time specified, the Public Printer is authorized to withhold it from the RECORD for 1 day. In no case will a speech be printed in the RECORD of the day of its delivery if the manuscript is furnished later than 12 o'clock midnight.

**4. Tabular matter.**—The manuscript of speeches containing tabular statements to be published in the RECORD shall be in the hands of the Public Printer not later than 7 o'clock p. m., to insure publication the following morning.

**5. Proof furnished.**—Proofs of "leave to print" and advance speeches will not be furnished the day the manuscript is received but will be submitted the following day, whenever possible to do so without causing delay in the publication of the regular proceedings of Congress. Advance speeches shall be set in the RECORD style of type, and not more than six sets of proofs may be furnished to Members without charge.

**6. Notation of withheld remarks.**—If manuscript or proofs have not been returned in time for publication in the proceedings, the Public Printer will insert the words "Mr. ——— addressed the Senate (House or Committee). His remarks will appear hereafter in the Appendix," and proceed with the printing of the RECORD.

**7. Thirty-day limit.**—The Public Printer shall not publish in the CONGRESSIONAL RECORD any speech or extension of remarks which has been withheld for a period exceeding 30 calendar days from the date when its printing was authorized: *Provided*, That at the expiration of each session of Congress the time limit herein fixed shall be 10 days, unless otherwise ordered by the committee.

**8. Appendix to daily Record.**—When either House has granted leave to print (1) a speech not delivered in either House, (2) a newspaper or magazine article, or (3) any other matter not germane to the proceedings, the same shall be published in the Appendix, but this rule shall not apply to quotations which form part of a speech of a Member, or to an authorized extension of his own remarks: *Provided*, That no address, speech, or article delivered or released subsequently to the final adjournment of a session of Congress may be printed in the CONGRESSIONAL RECORD.

**9. Official reporters.**—The official reporters of each House shall indicate on the manuscript and prepare headings for all matter to be printed in the Appendix, and shall make suitable reference thereto at the proper place in the proceedings.

**10. Estimate of cost.**—No extraneous matter in excess of two pages in any one instance may be printed in the CONGRESSIONAL RECORD by a Member under leave to print or to extend his remarks unless the manuscript is accompanied by an estimate in writing from the Public Printer of the probable cost of publishing the same, which estimate of cost must be announced by the Member when such leave is requested; but this restriction shall not apply to excerpts from letters, telegrams, or articles presented in connection with a speech delivered in the course of debate or to communications from State legislatures, addresses or articles by the President and the members of his Cabinet, the Vice President, or a Member of Congress. The

Public Printer or the official reporters of the House or Senate shall return to the Member of the respective House any matter submitted for the CONGRESSIONAL RECORD which is in contravention of this paragraph.

**11. Illustrations.**—Pursuant to section 182b, title 44, United States Code (as shown above), requests for authority to insert an illustration in the RECORD should be submitted to the Joint Committee on Printing through the chairman of the Committee on Printing of the respective House in which the speech desired to be illustrated may be delivered. Illustrations shall not exceed in size a page of the RECORD and shall be line cuts only. Copy for illustrations must be furnished to the Public Printer not later than 12:30 o'clock p. m. of the day preceding publication.

**12. Corrections.**—The permanent RECORD is made up for printing and binding 30 days after each daily publication is issued; therefore all corrections must be sent to the Public Printer within that time: *Provided*, That upon the final adjournment of each session of Congress the time limit shall be 10 days, unless otherwise ordered by the committee: *Provided further*, That no Member of Congress shall be entitled to make more than one revision. Any revision shall consist only of corrections of the original copy and shall not include deletions of correct material, substitutions for correct material, or additions of new subject matter.

**13. Appendix to permanent Record.**—The Public Printer shall publish an Appendix to the permanent RECORD, which shall contain all extraneous matter not germane to the proceedings.

**14. The Public Printer shall not publish in the CONGRESSIONAL RECORD Appendix the full report or print of any committee or subcommittee when said report print has been previously printed.**

### LAWS RELATIVE TO THE PRINTING OF DOCUMENTS

Either House may order the printing of a document not already provided for by law, but only when the same shall be accompanied by an estimate from the Public Printer as to the probable cost thereof. Any executive department, bureau, board, or independent office of the Government submitting reports or documents in response to inquiries from Congress shall submit therewith an estimate of the probable cost of printing the usual number. Nothing in this section relating to estimates shall apply to reports or documents not exceeding 50 pages (U. S. Code, title 44, sec. 140, p. 1938).

Printing and binding for Congress, when recommended to be done by the Committee on Printing of either House, shall be so recommended in a report containing an approximate estimate of the cost thereof, together with a statement from the Public Printer of estimated approximate cost of work previously ordered by Congress within the fiscal year (U. S. Code, title 44, sec. 145, p. 1938).

Resolutions for printing extra copies, when presented to either House, shall be referred immediately to the Committee on Printing, who, in making their report, shall give the probable cost of the proposed printing upon the estimate of the Public Printer, and no extra copies shall be printed before such committee has reported (U. S. Code, title 44, sec. 133, p. 1937).

### CONGRESSIONAL DIRECTORY

The Public Printer, under the direction of the Joint Committee on Printing may print for sale, at a price sufficient to reimburse the expenses of such printing, the current Congressional Directory. The money derived from such sales shall be paid into the Treasury and accounted for in his annual report to Congress, and no sale shall be made on credit (U. S. Code, title 44, sec. 150, p. 1939).



# CONGRESSIONAL RECORD

## REPRESENTATIVES WITH RESIDENCES IN WASHINGTON

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Addonizio, Hugh J., N. J.-----  
Albert, Carl, Okla.-----  
Allen, A. Leonard, La.-----2801 Pa. Ave. SE.  
Allen, John J., Jr., Calif.-----The Wardman Pk.  
Allen, Leo E., Ill.-----University Club.  
Andersen, H. Carl, Minn.-----Harvard Hall.  
Anderson, Jack Z., Calif.-----5509 Grove St.,  
Chevy Chase, Md.  
Andresen, August H., Minn.-----  
Andrews, George W., Ala.-----404 N. Thomas St.,  
Arlington, Va.  
Angell, Homer D., Oreg.-----2121 Virginia Ave.  
Arends, Leslie C., Ill.-----The Gen. Scott.  
Aspinall, Wayne N., Colo.-----  
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Bailey, Cleveland M., W. Va.-----  
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Bates, George J., Mass.-----2480 16th St.  
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Bishop, C. W. (Runt), Ill.-----1833 41st Pl. SE.  
Blackney, Wm. W., Mich.-----The Roosevelt.  
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Boggs, Hale, La.-----  
Boggs, J. Caleb, Del.-----  
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Bolton, Frances P., Ohio.-----2301 Wyo. Ave.  
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Boykin, Frank W., Ala.-----The Washington.  
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Breen, Edward, Ohio.-----  
Brehm, Walter E., Ohio.-----  
Brooks, Overton, La.-----Sedgwick  
Gardens.  
Brown, Clarence J., Ohio.-----Alban Towers.  
Brown, Paul, Ga.-----Alban Towers.  
Bryson, Joseph R., S. C.-----40 Independ-  
ence Ave.  
Buchanan, Frank, Pa.-----  
Buckley, Charles A., N. Y.-----  
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Burnside, M. G., W. Va.-----  
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Byrnes, John W., Wis.-----2300 41st St.  
Camp, A. Sidney, Ga.-----The Washing-  
ton House.  
Canfield, Gordon, N. J.-----  
Cannon, Clarence, Mo.-----418 N. J. Ave. SE.  
Carlyle, F. Ertel, N. C.-----The Willard.  
Carnahan, A. S. J., Mo.-----  
Carroll, John A., Colo.-----  
Case, Clifford P., N. J.-----  
Case, Francis, S. Dak.-----  
Cavalcante, Anthony, Pa.-----  
Celler, Emanuel, N. Y.-----The Mayflower.  
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Chelf, Frank L., Ky.-----  
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Chiperfield, Robert B., Ill.-----1 Raymond St.,  
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Christopher, Geo. H., Mo.-----  
Chudoff, Earl, Pa.-----  
Church, Ralph E., Ill.-----The Shoreham.  
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Lane, Bethesda,  
Md.  
Cunningham, Paul, Iowa.-----  
Curtis, Carl T., Nebr.-----  
Dague, Paul B., Pa.-----  
Davenport, Harry J., Pa.-----  
Davies, John C., N. Y.-----  
Davis, Clifford, Tenn.-----4611 Butter-  
worth Pl.  
Davis, Glenn R., Wis.-----  
Davis, James O., Ga.-----  
Dawson, William L., Ill.-----  
Deane, Charles B., N. C.-----  
deGraffenried, E., Ala.-----  
Delaney, James J., N. Y.-----  
Denton, Winfield K., Ind.-----  
D'Ewart, Wesley A., Mont.-----  
Dingell, John D., Mich.-----  
Dollinger, Isidore, N. Y.-----  
Dolliver, James I., Iowa.-----3762 Jocelyn St.  
Dondero, George A., Mich.-----The Continental.  
Donohue, Harold D., Mass.-----  
Doughton, Robert L., N. C.-----The Willard.  
Douglas, Helen G., Calif.-----1241 33d St.  
Doyle, Clyde, Calif.-----  
Durham, Carl T., N. C.-----The Sheraton.  
Eaton, Charles A., N. J.-----  
Eberharter, Herman F., Pa.-----3101 4th St. N.,  
Arlington, Va.  
Elliott, Carl, Ala.-----  
Ellsworth, Harris, Oreg.-----2135 Tunlaw Rd.  
Elston, Charles H., Ohio.-----The Congres-  
sional.  
Engel, Albert J., Mich.-----4518 Lowell St.  
Engle, Clair, Calif.-----  
Erins, Joe L., Tenn.-----5044 Klinge St.  
Fallon, George H., Md.-----  
Feighan, Michael A., Ohio.-----  
Fellows, Frank, Maine.-----The Wardman Pk.  
Fenton, Ivor D., Pa.-----3725 Macomb St.  
Fernandez, A. M., N. Mex.-----Cheverly, Md.  
Fisher, O. C., Tex.-----The Skyland.  
Flood, Daniel J., Pa.-----  
Fogarty, John E., R. I.-----The Shoreham.  
Forand, Alme J., R. I.-----2929 Conn. Ave.  
Ford, Gerald R., Jr., Mich.-----  
Frazier, Jas. B., Jr., Tenn.-----  
Fugate, Tom B., Va.-----  
Fulton, James G., Pa.-----  
Furcol, Foster, Mass.-----  
Gamble, Ralph A., N. Y.-----  
Garmatz, Edward A., Md.-----  
Gary, J. Vaughan, Va.-----  
Gathings, E. C., Ark.-----3285 Worthington  
St.  
Gavin, Leon H., Pa.-----  
Gillette, Wilson D., Pa.-----  
Gilmer, Dixie, Okla.-----  
Golden, James S., Ky.-----  
Goodwin, Angier L., Mass.-----The Congres-  
sional.  
Gordon, Thomas S., Ill.-----  
Gore, Albert, Tenn.-----Arlington Village,  
Arlington, Va.  
Gorski, Chester C., N. Y.-----  
Gorski, Martin, Ill.-----  
Gossett, Ed, Tex.-----

Graham, Louis E., Pa.-----The Dodge.  
Granahan, William T., Pa.-----  
Granger, Walter K., Utah.-----3200 16th St.  
Grant, George M., Ala.-----4801 Conn Ave.  
Green, William J., Jr., Pa.-----  
Gregory, Noble J., Ky.-----2401 Calvert St.  
Gross, H. R., Iowa.-----  
Gwinn, Ralph W., N. Y.-----  
Hagen, Harold C., Minn.-----4012 Southern  
Ave. SE.  
Hale, Robert, Maine.-----1405 30th St.  
Hall, Edwin Arthur, N. Y.-----Colonial Farm,  
River Rd.,  
Bethesda, Md.  
Hall, Leonard W., N. Y.-----2800 Woodley Rd.  
Halleck, Charles A., Ind.-----4926 Upton St.  
Hand, T. Millet, N. J.-----  
Harden, Cecil M., Ind.-----  
Hardy, Porter, Jr., Va.-----  
Hare, James B., S. C.-----  
Harris, Oren, Ark.-----1627 Myrtle St.  
Harrison, Burr P., Va.-----  
Hart, Edward J., N. J.-----  
Harvey, Ralph, Ind.-----The Congres-  
sional.  
Havener, Franck R., Calif.-----The Wardman Pk.  
Hays, Brooks, Ark.-----Capitol Towers.  
Hays, Wayne L., Ohio.-----The Congres-  
sional.  
Hebert, F. Edward, La.-----RFD 3, Box 11E,  
Alexandria, Va.  
Hedrick, E. H., W. Va.-----The Mayflower.  
Heffernan, James J., N. Y.-----  
Herlong, A. S., Jr., Fla.-----  
Herter, Christian A., Mass.-----  
Heseltun, John W., Mass.-----  
Hill, William S., Colo.-----110 Maryland  
Ave. NE.  
Hinshaw, Carl, Calif.-----  
Hobbs, Sam, Ala.-----  
Hoeven, Charles B., Iowa.-----2108 Suitland  
Terrace SE.  
Hoffman, Clare E., Mich.-----Methodist Bldg.  
Hoffman, Richard W., Ill.-----  
Holifield, Chet, Calif.-----  
Holmes, Hal, Wash.-----  
Hope, Clifford R., Kans.-----3541 Brandywine  
St.  
Horan, Walt, Wash.-----  
Howell, Charles R., N. J.-----  
Huber, Walter B., Ohio.-----  
Hull, Merlin, Wis.-----3808 Garrison St.  
Irving, Leonard, Mo.-----  
Jackson, Donald L., Calif.-----  
Jackson, Henry M., Wash.-----  
Jacobs, Andrew, Ind.-----  
James, Benjamin F., Pa.-----The Wardman Pk.  
Javits, Jacob K., N. Y.-----  
Jenison, Edward H., Ill.-----  
Jenkins, Thomas A., Ohio.-----The Mayflower.  
Jennings, John, Jr., Tenn.-----  
Jensen, Ben F., Iowa.-----The Washing-  
ton House.  
Johnson, Leroy, Calif.-----2852 Ontario Rd.,  
Apt. 1  
Jonas, Edgar A., Ill.-----  
Jones, Hamilton C., N. C.-----  
Jones, Paul C., Mo.-----3613 Greenway  
Place,  
Alexandria, Va.  
Jones, Robert E., Jr., Ala.-----  
Judd, Walter H., Minn.-----3083 Ordway St.  
Karst, Raymond W., Mo.-----  
Karsten, Frank M., Mo.-----  
Kean, Robert W., N. J.-----2435 Kalorama  
Rd.  
Kearney, B. W. (Pat), N. Y.-----The Dorchester.  
Kearns, Carroll D., Pa.-----The Wardman Pk.  
Keating, Kenneth B., N. Y.-----2420 16th St.  
Kee, John, W. Va.-----Geo. Washington  
Inn.  
Keefe, Frank B., Wis.-----The Dorchester.  
Kelley, Augustine B., Pa.-----  
Kennedy, John F., Mass.-----  
Keogh, Eugene J., N. Y.-----The Mayflower.  
Kerr, John H., N. C.-----The Willard.  
Kilburn, Clarence E., N. Y.-----The Gen. Scott.  
Kilday, Paul J., Tex.-----3507 Albemarle St.  
King, Cecil R., Calif.-----  
Kirwan, Michael J., Ohio.-----  
Klein, Arthur G., N. Y.-----











# PERMISSION TO ADDRESS THE HOUSE

Mr. KEARNEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

## GEN. DOUGLAS MACARTHUR

Mr. KEARNEY. Mr. Speaker, on January 26 in the city of New York some 300 men gathered in honor of a great American, a general of the Army, Douglas MacArthur. In absentia, a scroll was presented to that distinguished American testifying to his greatness as an American and as a leader of our military forces. In it it spoke of his greatness as one who chose to remain at his post of duty in Tokio rather than return to his native land, receiving a hero's welcome and campaign actively for the presidency of the United States. It spoke of his active fight against communism and other subversive activities and for the preservation of the American way of life. To all Americans the name of Douglas MacArthur will ever be an inspiration to all Americans for honor, duty, and love of country.

This scroll was signed first by the President of the United States. I have a photostatic copy of the scroll which has been placed in the Speaker's lobby with the consent of the Speaker and I am asking the Members of the House to join with me in signing the signature sheet to the scroll honoring a great American.

# PERMISSION TO ADDRESS THE HOUSE

Mr. ALLEN of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks and include an editorial from the Rockford Morning Star.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

## THE FEDERAL TAKE

Mr. ALLEN of Illinois. Mr. Speaker, in the year that ended last June 30, our State, Illinois, paid a total of \$3,785,000,000 to the Federal Government in taxes. The two Democratic Senators from Illinois, LUCAS and DOUGLAS, have now compiled figures on what Illinois got back from the Federal Government. The "kickback" for that same year in which we shipped \$3,785,000,000 to Washington ran to \$279,000,000.

Of that \$279,000,000, the sum of \$182,568,000 went to veterans, and \$2,630,000 went to the National Guard. What was left, around \$94,000,000, was distributed for other purposes, ranging from school lunches to farm aid and unemployment compensation. We did not get much.

Taking the total in Federal taxes paid and benefits kicked back, we put out \$13 in Federal taxes for every dollar we got back. Knock out veteran and military expenditures, and we got back \$1 for \$40.

Yet there are many who believe that the theory of aid to the States and cities from the Federal Government as the big tax collector is the theory we should pursue. These people believe that the way to get schools, housing, health, sani-

tation, everything else, is to let the Federal Government collect and then ship the money back. The return shipment, it will be seen, is hardly in balance with the outgoing shipment.

To be sure, there is the feeling that we, because we are a wealthy State, should help equalize opportunity for everybody in other States. There is something to be said for that point of view, if the equation is not too damaging to the more prosperous States. We believe that a 13-to-1 ratio of return, or a 40-to-1 ratio, if we leave out veteran-military payments, is not a fair return. It is something like exporting the fertility of our soil. Pretty soon we will be poor folks, too; and who will equalize for us?

## EXTENSION OF REMARKS

Mr. LODGE asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances and include some extraneous material.

Mr. CUNNINGHAM asked and was given permission to extend his remarks in the RECORD, and include two articles from the Dallas County News, of Adel, Iowa, on the subject of soil conservation.

Mrs. BOLTON of Ohio asked and was given permission to extend her remarks in the RECORD, and include an editorial.

Mr. GAVIN asked and was given permission to extend his remarks in the RECORD, and include an article.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD and include a magazine article.

Mr. THOMPSON asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article.

## LEAVE OF ABSENCE

Mr. MCGUIRE (at the request of Mr. SECREST) was given leave of absence on account of official business.

## EXTENSION OF REMARKS

Mr. BRYSON asked and was given permission to extend his remarks in the Appendix of the RECORD and include a magazine article.

Mr. SADOWSKI. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include an article entitled "The Problem of the Older Worker." I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$225, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

Mr. SADOWSKI asked and was given permission to extend his remarks in the Appendix of the RECORD in three instances and include excerpts.

Mr. LARCADE asked and was given permission to extend his remarks in the RECORD and include an editorial from the Chicago Tribune appearing in April, 1947, entitled "I Am An American."

Mr. PATMAN asked and was given permission to extend his remarks in the RECORD on three subjects and include certain statements and excerpts.

Mr. BUCHANAN asked and was given permission to extend his remarks in the RECORD and include a newspaper article entitled "Building Awards Up 10 Percent in March."

Mr. PRICE asked and was given permission to extend his remarks in the RECORD, and include an article from the St. Louis Post-Dispatch, entitled "World Health and Power," by Richard L. Carp.

## CORRECTION OF ROLL CALL

Mr. DAVIS of Georgia. Mr. Speaker, on roll call No. 69, on April 8, a quorum call, I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

## EXTENSION OF REMARKS

Mr. PACE asked and was given permission to extend his remarks in the RECORD and include a statement by the Secretary of Agriculture made before a joint meeting of the House and Senate Committees on Agriculture on Thursday, April 7.

## PERMISSION TO ADDRESS THE HOUSE

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

## THE LATE JAMES WOLFENDEN

Mr. BROWN of Ohio. Mr. Speaker, it was with profound sorrow that I learned this morning of the death of one of our former colleagues, and my very good friend, James Wolfenden, of Pennsylvania. I had the honor and the pleasure of serving on the great Committee on Interstate and Foreign Commerce with Mr. Wolfenden and enjoying his warm and close friendship. In his passing we have all lost a true friend, Pennsylvania has lost an illustrious son, and the Nation has lost a great American.

## PERMISSION TO ADDRESS THE HOUSE

Mr. WELCH of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

## UTILIZATION OF THE NATION'S WATER RESOURCES

Mr. WELCH of California. Mr. Speaker, I am filing today a bill, H. R. 4154, to authorize an investigation by the Bureau of Reclamation to the end of providing for the fullest utilization of the Nation's water resources. The bill specifically provides for areas west of the ninety-eighth meridian. For those of us who are perhaps a little hazy on our geography, may I remind you that the ninety-eighth meridian practically bisects the United States—passing from Mexico through Texas, Oklahoma, Kansas, Nebraska, South Dakota, North Da-



kota, thence on and up through Manitoba, Canada. Nearest cities thereto are: Austin, Tex.; Oklahoma City, Okla.; Wichita, Kans.; Hastings, Nebr.; Aberdeen, S. Dak., and so forth.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. SHAFER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

[Mr. SHAFER addressed the House. His remarks appear in the Appendix of today's RECORD.]

#### EXTENSION OF REMARKS

Mr. GWINN asked and was given permission to extend his remarks in the RECORD on socialism, American variety.

Mr. MERROW asked and was given permission to extend his remarks in the RECORD and include an editorial.

#### CALL OF THE HOUSE

Mr. KEEFE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. MILLS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

#### [Roll No. 71]

Abbitt	Hale	Patterson
Aspinall	Hall	Peterson
Auchincloss	Leonard W.	Pfeiffer
Bailey	Hand	Joseph L.
Barrett, Wyo.	Harrison	Pfeiffer
Bennett, Mich.	Hart	William L.
Bentsen	Hays, Ohio	Philbin
Bland	Heffernan	Phillips, Tenn.
Boggs, La.	Heller	Poulson
Bonner	Hill	Powell
Brooks	Hope	Quinn
Buckley, Ill.	Jacobs	Redden
Buckley, N. Y.	James	Riehlman
Bulwinkle	Javits	Rodino
Burton	Jenison	Rooney
Byrne, N. Y.	Karst	St. George
Canfield	Kearns	Sasser
Carlyle	Kennedy	Scott, Hardie
Case, N. J.	Keogh	Scott
Celler	King	Hugh D., Jr.
Chesney	Kirwan	Short
Chipfield	Klein	Simpson, Ill.
Chudoff	Kunkel	Simpson, Pa.
Clemente	Lane	Smith, Ohio
Coffey	Latham	Smith, Va.
Cotton	Lichtenwalter	Staggers
Coudert	Linehan	Stanley
Crawford	Lovre	Stockman
Crosser	Lyle	Tauriello
Dague	Lynch	Thomas, N. J.
Dawson	McConnell	Towe
Delaney	McGuire	Underwood
Dingell	Mack, Ill.	Van Zandt
Dollinger	Macy	Wagner
Eberhart	Marshall	Walsh
Elston	Meyer	Welch
Fallon	Morgan	Whitaker
Fellows	Morton	White, Idaho
Gamble	Multer	Willis
Garmatz	Murphy	Wilson, Tex.
Gilmer	Nelson	Wolcott
Gore	Norblad	Wood
Gorski, N. Y.	Norton	Yates
Grant	O'Brien, Ill.	Zablocki
Green	O'Toole	
Gross	Passman	

The SPEAKER. On this roll call, 298 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### NATIONAL MILITARY ESTABLISHMENT APPROPRIATION BILL, 1950

Mr. MAHON, from the Committee on Appropriations, reported the bill (H. R. 4146) making appropriations for the National Security Council, the National Security Resources Board, and for military functions administered by the National Military Establishment for the fiscal year ending June 30, 1950, and for other purposes (Rept. No. 417), which was read a first and second time and, with the accompanying papers, referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. ENGEL of Michigan reserved all points of order on the bill.

#### EXTENSION OF REMARKS

Mr. SHEPPARD asked and was given permission to extend his remarks in the RECORD and include an editorial from a newspaper.

Mr. THOMAS of Texas (at the request of Mr. SHEPPARD) was given permission to extend his remarks in the RECORD and include two newspaper releases.

Mr. FEIGHAN asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances and include editorials.

Mr. MCCARTHY asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article.

Mr. MADDEN asked and was given permission to extend his remarks in the RECORD and include an editorial from the Gary Post-Tribune, of Gary, Ind.

Mr. JUDD asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous material.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

Mr. COX. Mr. Speaker, I call up House Resolution 169 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3748) to amend the Economic Cooperation Act of 1948, and all points of order against the bill or any of the provisions contained therein are hereby waived. That after general debate, which shall be confined to the bill and continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. COX. Mr. Speaker, a reading of the resolution discloses that it makes in order consideration of the bill reported by the Committee on Foreign Affairs amending the Economic Cooperation Act of 1948.

I yield 30 minutes to the gentleman from Massachusetts [Mr. HERTER].

At the moment I yield 15 minutes to the chairman of my committee, the gentleman from Illinois [Mr. SABATH], either to be used or allocated by him.

[Mr. SABATH addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. HERTER. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, it seems to me there ought not to be any fight on this rule which has come out of the Committee on Rules by unanimous report based on a bill which was passed out unanimously by the Committee on Foreign Affairs. It is true that the Committee on Foreign Affairs has submitted a minority report. That minority report is not based upon what this bill contains, but rather upon what it does not contain. This bill, as the members of the committee know, provides for amendment of only one of the four titles that were originally contained in the European relief program of last year. The principal objection of the minority is that the entire package was not brought before the House at one time, but is apparently being brought in piecemeal. That is particularly true in regard to the China situation which the House has already acted upon.

Mr. Speaker, I think it will be worth while if all Members of the House, who have questions in regard to this bill, read very carefully the committee report. I want to commend the committee for having put out an extremely able and intelligible report. There may be some slight errors in the tables, but I think the committee can easily explain them. But almost every essential question that might be asked from a factual point of view with respect to this bill is contained in that report. Not only do I hope that the Members will read it, but in dealing with a matter of the importance of this bill, I hope that the Members who have amendments to recommend will do as they did last year when this matter was being debated and submit them to the committee itself for examination before they are actually brought up for a vote on the floor of the House.

I happen to be one, Mr. Speaker, who believes that this bill should pass. Last year this Nation embarked upon an experiment of very far-reaching importance. It was clearly an experiment at that time. I think that those who may have followed carefully the progress that has been made in Europe—not alone the progress from the point of view of economic recovery, but the progress from the point of view of political sanity—would have to agree that this experiment has succeeded, even beyond the hopes of those who were advocating it a year ago.

For that reason, Mr. Speaker—even though I would agree with the minority statement that the exact amount that should be appropriated by this bill is a matter for the Committee on Appropriations and not for this authorization—I hope very much that the rule will be adopted and that the bill itself will be passed to carry on this experiment, which so far has proven so successful; and the final success of which is of vital importance to the security of the United States.



Mr. Speaker, I now yield 5 minutes to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Speaker, I am taking the floor at this time in order to issue a word of warning. I do not expect my warning will receive very much consideration at the hands of the House on this question. The Treasury reports tell us that Uncle Sam is in the red to the tune of \$252,000,000,000. But that is not the whole story, because Uncle Sam owes obligations amounting to \$25,000,000,000 or \$30,000,000,000, which are not included in the \$252,000,000,000 debt—obligations incurred by the Commodity Credit Corporation, the Export-Import Bank, the RFC, the International Bank, the International Fund, and several other loaning agencies that Uncle Sam has set up. So Uncle Sam really owes something like \$280,000,000,000. I do not know how much \$280,000,000,000 are and I am sure you do not know how much they are, because the finite mind cannot grasp such an astronomic sum as that, but I do know that Uncle Sam owes more today than every one of our Allies in the last war put together—England, France, Italy, Russia, China, and the forty-odd other countries in the United Nations Organization—more than all of them put together. Yet we have the spectacle today of every nation on earth, practically speaking, standing before Uncle Sam with their hands out, saying, in substance: "Please, Uncle Sam, your credit is still good. Won't you borrow more money, won't you go deeper into debt, won't you levy heavier taxes upon your people and help us out of the mess that we are in?"

And Uncle Sam has done that and is doing that and he proposes to keep on doing it.

Some \$50,000,000,000 of lend-lease during the war, \$11,000,000,000 of which went to Russia. Some \$25,000,000,000 since the war, and part of that has gone to Russia through her satellite nations. Some \$17,000,000,000 of obligations under the Marshall plan, a part of which is now before us, and then to rearm Europe. Where is it going to end? How long can Uncle Sam keep this up? If we keep on the road we are traveling, I say there is only one end for it, and that is national bankruptcy, financial chaos, repudiation, and then what? Dictatorship.

I am issuing this word of warning at the beginning of the consideration of this second hand-out under the Marshall plan.

The SPEAKER. The time of the gentleman from Illinois [Mr. MASON] has expired.

Mr. COX. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

(Mr. PATMAN asked and was granted permission to revise and extend his remarks and include certain statements and excerpts.)

Mr. PATMAN. Mr. Speaker, I submit an amendment, intended to be proposed by me to bill H. R. 3748, to amend the Economic Cooperation Act of 1948.

This amendment, in substance, requires the Administrator of ECA to issue

such regulations and impose such conditions as will secure to small-business enterprises a fair and substantial share of business where the source is in the United States. It does not apply to procurement from foreign countries; nor does it require ECA to buy any particular commodity. Small business, for the purpose of the amendment, is any business which does not employ more than 500 persons, is not dominant within its particular field of industry, and is independently owned and operated.

The principle involved in this amendment is by no means without legislative precedent.

This is substantially the very same mandate we impose on our own Government purchases by the armed services and certain other agencies. The Armed Services Procurement Act of 1947 requires that a "fair proportion" of purchases "shall be placed with small business concerns." The Selective Service Act of 1948 speaks of a "fair share" of purchases, and defines "small business" almost exactly as my amendment defines it.

Congress also inserted special small business provisions in the Reconversion Act, the Surplus Property Act, the Contract Settlement Act, and even the Reconstruction Finance Corporation Act, as amended in 1948. "Preserve and strengthen the competitive position of small business" has been the very language used by Congress in justifying this special treatment for small business.

We imposed even stronger provisions on ourselves during World War II. Through the Smaller War Plants Corporation, procurements could in effect be taken away from large concerns and given to small manufacturers. There was even a provision under which Congress recognized that small-business concerns might be paid a higher per-unit price than larger concerns.

If we impose these measures on ourselves, why should we not, through ECA, impose them on foreign purchasers? What will it avail us to bring about European recovery if in so doing we have weakened the very backbone of the American free-enterprise system?

For the past year, our offices have been deluged with the complaints of small-business men because of their inability to participate in the domestic markets provided by the European recovery program. As we return to competitive domestic markets, the demand is even greater that the little fellow be given assistance in finding an outlet for his production. Repeated congressional requests to ECA for effective procedures have been met with resistance, verbal gestures of sympathy, and promises, with the net result that small business remains subject to taxation without participation.

The House Small Business Committee of this Congress began an investigation of this problem over a month ago. After several conferences and an exchange of inquiries and replies, I can report the following:

First. Promises of administrative assistance, made by Administrator Hoffman in his letter to the Senate Small Business

Committee of the last Congress, have not been effectively fulfilled.

Second. ECA was asked if they had sufficient statutory authority to issue effective regulations to assure a fair share of participation by small business. They replied on March 29 that, according to their interpretations of the act, they did not have this authority. They stated also that, even if they had the authority, the only two plans they could conceive of would be contrary to the principles of utilizing private channels of trade, too difficult to administer, and inconsistent with the basic American principle of free enterprise. If such interpretation is true, the entire legislative precedent to which I have referred is erroneous.

Third. There is not one single regulation, policy, or directive issued by ECA that would tend to assure small business a fair share of participation.

Fourth. ECA was asked what statutory authority was needed. Their reply was that "a statutory provision guaranteeing small business specific participation in the ECA program would be administratively unmanageable, would tend to discourage the use of private channels of trade, and would inevitably retard the progress of European recovery."

The only thing that ECA now promises to do is to establish a separate unit in ECA, the sole function of which will be to study procedures and to disseminate information. I, for one, do not intend to be appeased by another promise. I am convinced that the only method that will assure assistance for small business is a congressional mandate.

I have no desire to defeat, or even impair, the primary purpose of the European recovery program, but the act itself states that "no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States." If we do not insure that small business gets a fair share in our domestic production, then it must necessarily follow that the economic stability to which the Congress referred will be seriously impaired, since small and independent business is the balance wheel of our economy. I am convinced that, if the officials operating under the mandate of this amendment will substitute intelligent effort to effect its purposes for the negative attitude heretofore exhibited, European recovery will not be retarded.

Amendment to section 7 of H. R. 3748:

Page 7, before line 5, insert the following: "Sec. 7. (a) Section 112 (a) of such act is hereby amended by adding the following new paragraph:

"The Administrator shall prescribe such regulations with respect to, and impose such conditions on, procurement in the United States under this title as will secure to 'small business' in the United States, especially the producers, a fair and substantial share of the production and business resulting from any such procurement. For the purpose of this paragraph, 'small business' shall include any small-business enterprise, and only such, if (1) its position in the trade or industry of which it is a part is not dominant, (2) the number of the employees does not exceed 500, except that the Administrator shall, where appropriate, specify a smaller number for any particular trade or industry, or subdivision thereof, and (3) it is independently owned and operated."



And in line 5 strike out "SEC. 7. (a)" and insert in lieu thereof "(b)," and reletter the remaining subsections accordingly.

In re amendment to section 7 of H. R. 3748:

#### WORDS AND PHRASES

First. Procurement: "Procurement" is the accepted word used by Congress in previous acts to define contracts and/or purchases of supplies, services, equipment, and commodities.

Second. In the United States: "In the United States" relates to procurement where the source is from within the United States. It covers all procurement whether the contract or purchase order was issued or consummated in a foreign country or otherwise, as long as the origin of the subject matter is the United States.

Third. Producer: The word "producer" is used because it is comprehensive and covers all types of manufacturers, growers, processors, fabricators, and so forth, up to, but not including, jobbers, wholesalers, retailers, exporters, and so forth, or other "middlemen."

Fourth. Especially producers: The majority of sales, under the program, of United States production are by exporters, importers, agents, and other "middlemen" as distinguished from the producer. Although assistance for the small middleman is important, protection for the small producer is primary. In order to preclude an evasion of the primary intent of this amendment by allowing a small-business middleman to sell the products of a large business, to the exclusion of the products of a small business, it was deemed necessary to point out especially the producers.

Fifth. Fair and substantial share: "Fair share" would be the same relative proportion of business, in a given field or industry, that small business enjoys in that particular field or industry in this country. The relative proportion in any given industry can be supplied by the Department of Commerce. "Fair share" and "fair proportion" are the terms used in the Armed Services Procurement Act and the Selective Service Act, applying to armed services procurement. The armed services have claimed an inability to determine what "fair share" is. In order to preclude a similar inability by ECA, the word "substantial" was added, which, according to Webster's, means "large" or "considerable."

#### LEGISLATIVE PRECEDENTS FOR SPECIAL PROVISIONS IN FAVOR OF SMALL BUSINESS

In June 1942 there was enacted the so-called Small Business Mobilization Act. The War Production Board was given specific small-business mandates by Congress under this act. The Smaller War Plants Corporation was also created by this act, and its functions confined entirely to small-business assistance.

Particular attention was paid, under the terms of the act, to the end of assuring to small business a fair share of Government procurement orders. Small business concerns, under the terms of the act, might be certified as to capacity and credit to the procurement agencies. Other action might be taken as would result in obtaining procurements for small plants. There was even a provision

which stated that Congress recognized that it might be necessary to pay higher per unit prices to small business concerns than to large ones. Finally, the Smaller War Plants Corporation, upon proper certification, could take over an entire procurement prime contract so as to subcontract it exclusively to small business concerns selected by it.

Although these special provisions favoring small business concerns originated in wartime, they were given new expression by Congress in its postwar policy. "Preserve and strengthen the competitive position of small business," was a phrase expressly carved into the Surplus Property Act, which gave small business a top priority in the obtaining of surplus property. Moreover, the Smaller War Plants Corporation was given additional authority for the purpose of making loans to small business concerns for the acquisition of surplus property.

The Reconversion Act and the Contract Settlement Act also had provisions favoring small business; Congress was very intent upon continuing its policy of preserving and strengthening the competitive position of small business. The Reconstruction Finance Corporation Act, as amended in 1948, has a special small-business clause in respect to loans—a carry-over from the lending authority of the Smaller War Plants Corporation existing during the war.

Coming back to procurement, however, we have the Armed Services Procurement Act—Public Law 413, section 2, Eightieth Congress—which declares:

It is the declared policy of Congress that a fair proportion of the total purchases and contracts for supplies and services for the Government shall be placed with small business concerns.

And we have the Selective Service Act of 1948—Public Law 759, Eightieth Congress, second session—which states in part:

Under such program of national procurement, the President shall recognize the valid claim of American small business to participate in such contracts, in such manufactures, and in such distributions of materials and small business shall be granted a fair share of the orders placed, exclusively for the use of the armed forces, or other Federal agencies now or hereafter designated by this section.

It is true that these small business provisions as to procurements related to procurements only from Government agencies. But the legislative history and background show that the purpose was to protect small business from the impact of huge procurements, incidental to an emergency period, irrespective of the source of the procurement. There is an inevitable tendency for huge procurements in times of stress and emergency to be taken over in the main by large firms. We did not wish to win World War II and discover at the end that we had lost small business.

Virtually the same situation arises today in connection with the large procurements which flow as a result of the Economic Cooperation Administration program, which has also been devised to meet an emergency situation and problems created in times of world stress. It

will be of no avail for us to bring about economic reconstruction in Europe and to save European countries from communism and other forms of government not compatible with democratic ideals, if we should find at the end that, although we have saved Europe, we shall have lost our own American system of small business and free independent enterprise.

The SPEAKER. The time of the gentleman from Texas [Mr. PATMAN] has expired.

Mr. HERTER. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Speaker, I am speaking today for this rule, which will shortly be put to a vote. I wish to bring to the attention of this House that it is not just a question whether we spend the money or increase the debt, but a question as to which course will be the most costly for us.

Which will cost the United States more: To spend this money for rehabilitation and recovery, or to have communism come to the shores of the Atlantic and take over all the known civilized world outside of the United States? To be face to face with guns every way we look, to have communism possibly come into South America? Which do you want? Do you want to hold back the pressures of expansion and hold the menace away from the United States by spending a little more now on helping these people who have been our chief allies? This bill is framed to help these nations keep freedom and religion, and keep alive the things common to our civilization throughout other parts of the world. To me, we do not want to stand alone.

I still have the hope for a better world. I am one of those people who think it is not coming to bankruptcy at home or abroad. I am no Jeremiah for the United States. I do not think it is inevitably coming to war with Russia, because I think that time is playing in our favor.

If we show what democracy can do in these countries that have been ravaged by war, then possibly we will not have to pay for World War III. If we in Congress will really implement democracy by passing this rule and giving our friends in Europe, the nations who stand with us, a second year's chance to show what they can do about the economic and political federation of Europe, we shall not be disappointed in our hopes.

I am sorry to see the gentleman from Illinois march down the center aisle with giant strides like an armed warrior or a plumed knight charging forth to wordy war like Mayor Bill Thompson, of Chicago, when he was fighting King George in his mayoralty campaigns. We are not fighting the British by this legislation, we are only taking an affirmative step forward for democracy, for progress, and prosperity for these countries that are our allies in the building of a democratic society of nations for the welfare of our respective peoples and the peoples of the world.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

Mr. SABATH. How much time have I remaining, Mr. Speaker?



Mr. COX. Mr. Speaker, I yield 15 minutes to the gentleman from Illinois to use as he sees fit.

The SPEAKER. The gentleman from Illinois has consumed 9 minutes; the gentleman has 6 minutes remaining.

Mr. SABATH. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Speaker, I recognize and fully appreciate the dangers that one runs when one opposes this legislation. We face the powerful opposition of the press and the radio, the insidious opposition of the gentlemen of the State Department, and, more important than anything else, we face the combined opposition of the ladies and gentlemen of high finance and monopoly capital—the real masters of the Government in America. I believe, however, that this debate, not only on this bill but on all measures related to it and on the Atlantic pact, will be considered the important debates of this period. The decisions that we make will be far-reaching, and I personally, despite the abuse, want to be judged by the position I take on these issues. I believe that the future of the world depends upon the decisions that we make on these great questions—questions that will determine whether or not civilization as we know it will continue.

Let us look at this situation a moment, and I hope we look at it calmly, soberly, and give it the reflection that it warrants.

Yesterday we were asked to consider a military appropriation bill without a report that called for an appropriation of \$15,000,000,000. For a period of 15 months we authorize by this bill the expenditures of \$6,000,000,000. In other words, we are authorizing and appropriating right here in a period of 1 week \$21,000,000,000 for war, and not for peace, for imperialist war. We will be asked to appropriate perhaps \$2,000,000,000 more for armaments under the Atlantic pact. I am not a statistician. I venture these sums represent half of our total budget. Definitely this is a war budget. This is insanity.

Mr. Speaker, this is not a matter of aiding Europe. This plan has failed as an aid program. It has failed and the statement of failure comes from the European counterpart of the Marshall plan, the Organization for European Economic Cooperation, which organization is composed of the collaborators of such gentlemen of high finance as Harriman, Finletter, Bruce, and the other representatives of the big trusts in ECA. They say that western Europe will have a trade deficit of \$3,000,000,000 by 1952.

This is not an aid program. This is part of a military program, it is part of a political program. I do not oppose aid to Europe. I believe in the way that was preached by the late Fiorello LaGuardia, who said that unilateral aid such as you are proposing here not only bypasses the United Nations but is the old way of imperialism. I believe in aid through the United Nations. Aid without consideration of politics, religion, or creed through the United Nations is the best guaranty of rehabilitation and lasting peace.

This is not aid. It is not food. It is not rehabilitation. It is war. It is being sold to the country under the guise of stopping communism. We just heard the gentleman from Pennsylvania [Mr. FULRON] give us the old sing-song, which is always played as an accompaniment to the march of monopoly capital throughout the world, to its infiltration into, and assumption of control of the various industries of the world, taking them over through the Marshall plan under the guise of stopping communism.

We have divided Europe in half. We do not permit the western countries to trade with the eastern countries. We have set up puppet governments here and there, all this, we are told, for the sake of stopping communism.

Mr. Speaker, it seems to me there must be another way out. This is the way to war. I said last year in the well of this House that following the Marshall plan there would be a military alliance. We now have it in the Senate. Following that military alliance will be aggression and following aggression there will be war, a war, Mr. Speaker, that nobody is going to win. The people all over the world, including our fellow countrymen, will be defeated. They do not want war, and once they recognize this plan and the Atlantic Pact for what it is, for war and imperialism, they will repudiate these schemes and those responsible for them.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. HERTER. Mr. Speaker, I yield the gentleman one additional minute.

Mr. MARCANTONIO. Mr. Speaker, there is a way out and I say that the way out is the way that was initiated by President Roosevelt. There is no reason why the representatives of our Nation cannot sit down with the representatives of the Soviet Union and try to work out a fundamental solution to this whole problem. There are no reasons advanced why our President cannot sit down with Mr. Stalin. The only way out you offer, with this and similar legislation, is the atomic bomb. The only way out you propose, when we consider the real motive behind these proposals, is warfare on the Soviet Union and the people of the eastern countries and on China. This is the only solution you really advance. You cannot say that is not your solution for your policy of containment is a policy that leads to war. So your solution is war. I offer the solution of peace and understanding with the Soviet Union. Collaboration with that nation won the most difficult war in the history of the world. Let us use that same collaboration to preserve world peace. I say, let us do our utmost to bring Mr. Stalin and the President of the United States together to make an honest effort to resolve this matter in the interest of peace and of the common people.

Furthermore, I say, let us investigate how this money is going to be spent before we spend it. Let us see how this Marshall plan has worked during the last 15 months.

The Marshall plan is serious business. It is such serious business that we cannot afford to trifle with facts when we speak about it. For this reason I will state the

plain, undecorated truth, and I will give the evidence to support the statement.

The Marshall plan is a failure. It was doomed to failure ahead of time. Its failure can be demonstrated after 1 year of operations of the ECA. If the plan is carried through its full 4-year period, the failure will be overwhelmingly clear—and critically dangerous.

I know that Mr. Paul G. Hoffman, the head of the Economic Cooperation Administration tells the story a different way. Mr. Hoffman, once the master salesman of Studebaker automobiles, is now the master salesman of the Marshall plan. It is his job to convince us, and all the American people, and anyone else in the world who will listen to him, that the Marshall plan is a success. His trouble is that he has a bad commodity to sell.

I know also that many people still believe in the official version of how the Marshall plan has operated. There are two good reasons for this. First, through the press, the Government, and the radio, the facts have been twisted or hidden. Second, many good and decent people want to believe in the Marshall plan because they want to see the great wealth of our country used to help others in need.

The United States stands at a peak of economic power. We produce just about half of the goods in the world. Certainly our wealth should be used to help countries devastated by fascism during the last war. It is a fine thing that Americans should back a program of foreign aid. But they should get the program they think they are supporting.

The Marshall plan was sold to the people as a way of helping others. The plan has been in operation for a year. Now it is time to let the people know what has really happened under the plan.

The facts cannot be hidden. When we debate an issue as important as this, history is watching us. We will do better to face the truth now than to have it thrust on us by events later.

The ECA tells us, on its first anniversary, that industrial production in western Europe is about at prewar levels. The ECA can hire all the statistical talent it needs. It should be able to come up with almost any kind of figures it wants about what is happening in Europe. But I would suggest to Mr. Hoffman and the others who left corporation jobs to take over the ECA that they seem to have overlooked some key facts.

I know that when people in my district are unemployed they do not feel very prosperous. There are many in this Chamber who see unemployment in their districts today. No one would dare to go to those unemployed and say, "You are doing all right. The statistics say so."

There is unemployment in the Marshall plan countries. There is more unemployment in western Europe than there was a year ago. I challenge the ECA experts to try to explain that fact.

Take the case of Belgium. When the Marshall plan started the Belgians had full employment. Last month unemployment in Belgium was estimated at from 9 to 11 percent of the labor force. That would be the same as 6,000,000 or 7,000,000 unemployed here.



The break-down of the Belgian figures tells a story. Unemployment there is mainly in the textile, leather, shoe, diamond, and light metal industries. These were industries which depended on exports. The countries which used to buy the products of these Belgian industries are part of the Marshall plan bloc. They have been forced to cut down on their imports. Result: Belgian workers are on the street.

It may be argued that Belgium is too small a country to make a fair test. In that case take Italy, one of the four major powers of western Europe. By last fall in Italy unemployment had passed the 2,500,000 mark. That would be the same as about 9,000,000 unemployed in our country.

Or perhaps it may be argued that Belgium and Italy were countries which were ravaged by war. In that case let us take a look at the situation in Turkey. Although Turkey did not see fit to join the allies in the fight against the Nazi Axis, and although the Turkish Government retained close ties with the Germans until it was clear which side would win, American dollars are flowing into Turkey. But the effects of the dollars are baffling.

From 1930 through 1946 Turkey had a favorable balance of trade every year. At that point Turkey, as a close neighbor of the Soviet Union, was awarded military aid under the Truman doctrine. And in 1947 Turkey had a trade deficit and is now becoming a debtor nation.

Many funny stories have been told about the market for United States luxury goods like tobacco and Coca-Cola, which is being created through the Marshall plan. For the Turks there is no humor in the situation. Turkey used to depend on heavy exports of tobacco. Its market for tobacco has been cut through the operation of the Marshall plan.

Turkey has also been converted into an armed bastion on the southern flank of the Soviet Union. This may fit into the global strategy of Winston Churchill. He has had an adventurous interest in the Dardanelles at least since the First World War, when he lost many thousands of British lives trying to capture the Straits. But again, for the people of Turkey, it is no laughing matter. The cost of maintaining an army weighs heavily on a poor nation. About half of the Turkish Government budget goes to maintain the army now.

Will it be said that all of Europe and Asia Minor is so beaten down by war and Nazi occupation that quick recovery is out of the question? There is some truth in this argument, but not enough.

The case of Poland ought to make us think for a minute what we are doing. Poland was as badly wrecked in the war as any country in the world. It also happens to lie on the wrong side of what Mr. Churchill chose to call the iron curtain.

Reliable reporters for respectable agencies have recently brought back revealing stories from Poland. Sidney Gruson, of the New York Times, reported an astonishing amount of reconstruction in Poland. Theodore White, of the Overseas News Agency, went further and said that he found more signs of recov-

ery in Poland than in any country he had seen in western Europe.

The Polish Government statistics bear out the reports. Polish exports and imports have been nearly balanced every year since the end of World War II. Furthermore, the volume of Polish trade has expanded amazingly. It doubled between 1946 and 1947, nearly doubled again as it passed the billion-dollar mark from 1947 to 1948.

The expansion of Polish trade appears to be based on solid economic development. In 1948 per capita industrial output was nearly double the prewar level. All of the arable land in Poland is now under cultivation, where in 1945 the war had left half the good land idle.

Statistics, of course, can be used for any purpose. Unless they are complete they can be misleading. There is no absolutely reliable set of figures covering Europe which we can use to gage what has been bought with the billions of dollars we have already poured into the Marshall plan.

But that is an astonishing fact in itself. We have spent billions already for the ERP. We are asked to spend billions more. And what check-up have we made? Where have been the independent teams of investigators working in Europe, comparing the ECA's bland statements with unemployment figures?

The Marshall plan is unsound in its conception. There are enough things wrong on the face of the plan so that it ought to be scrapped and replaced with the United Nations type of program, which made great strides while it lasted. But at the very least how can we continue to appropriate huge sums drawn from the pockets of the American people on the say-so of the group of high-pressure salesmen who run ECA, without independent investigation?

There is one more argument which the brass hats of the ECA can make. Give us more time, they say. The plan has only operated 1 year. And this is the weakest argument of all. It breaks down, not through statistics, but on the word of the most conservative western European leaders themselves.

In Paris has been set up the Organization for European Economic Cooperation. The OEEC is the Marshall plan counterpart agency in western Europe. Its leaders work hand in glove with Harriman, Finletter, Bruce, and the rest of the financiers sent over by the ECA. The OEEC itself is well stocked with prewar cartellists who found it profitable to work with the Nazis until the war broke out.

Recently the OEEC sent a delegation here to help the ECA present its shotgun case for more billions. And then something got mixed in the script. The three chief OEEC spokesmen held a press conference. They said they had gone over and over their figures and they still had to reach the conclusion that in 1952, at the end of the Marshall plan period, western Europe would have a trade deficit of \$3,000,000,000.

This statement, mind you, came from the people who have the most to gain from the successful operation of the Marshall plan. They were telling their own people that in 1952 they would have to

pull in their belts still tighter and do without \$3,000,000,000 worth of imports which they obviously need. Or, they were telling us that in 1952 we could expect to have to come through with more billions for a program which supposedly would have liquidated itself.

There are two possible interpretations of the OEEC figures. Either the OEEC representatives were telling the truth, and in that case they were telling us that ERP cannot work. Or, the distinguished gentlemen were lying, in an attempt to blackjack more money out of us. In either case the outlook is bad for the Marshall plan.

Mr. Hoffman attempted to brush past the OEEC estimate of a \$3,000,000,000 trade deficit in 1952. He said the figures were in a "preliminary" state. Maybe a gimmick could be found. And anyway, the Europeans would just have to work harder and harder.

These are brave words, and brave hopes. But they fade before the facts. The OEEC delegates revealed that the figures were not preliminary. They had been combed over. As a matter of fact, the original deficit estimate was lower. They had to raise it when they found that various countries hoped to sell the same things in the same markets. The more duplication they weed out, the higher the estimated deficit will be.

I doubt very much whether Mr. Hoffman and his colleagues can be entirely serious about wiping out the western European trade deficit for 1952. In essence what it means is that western Europe will have to sell more abroad.

The OEEC people do not seem to be optimistic about the chances of taking in each other's washing. Will they then dump \$3,000,000,000 worth of goods in our own domestic markets? And has any ECA expert tried to figure out how many American workers would lose their jobs in that process? Or will they try to cut into South America? If they increase their exports to South America by a billion dollars, they will cut United States exports to our southern neighbors in half—unless something is done to raise the Latin-American standard of living.

Of course, one resource is open to western Europe. Eastern Europe needs machinery of almost all kinds and some raw materials from the west. Trade between east and west in Europe is traditional. Today it is essential.

Last August a report was issued by the Economic Commission for Europe, a branch of the UN. The report was written by a sober group of economists—from western European countries, largely. Here is a key statement from that report:

If, however, western Europe is to obtain its essential import needs without continued reliance on dollar sources beyond its ability to earn dollars, vigorous efforts to develop and obtain supplies from all of these non-Western Hemisphere sources will be required. The minimum amount that would need to come from eastern Europe would seem to be in the order of \$3,000,000,000.

Note that figure—\$3,000,000,000. Last summer the UN economists were able to make the same estimate that the OEEC delegates were forced to come to. There was just one important difference in the



way the figure was used by the two groups.

The OEEC delegates threw up their hands and said the situation was bad. The UN group said the situation would be bad—to the tune of a \$3,000,000,000 deficit—unless the obvious way out was taken. That way out, of course, is to drop the invisible barrier set up by the Marshall planners and promote east-west trade in Europe.

A great mass of material has been ground out by the machinery of the ECA. There are speeches and statements and booklets, all designed to put the Marshall plan across like a new model of an automobile. Once in a while as you plow through this mass of material you will come on a brief statement indicating that trade between the eastern and western halves of Europe might not be a bad idea.

The logic behind east-west trade is so overwhelming that it cannot be denied. So the Marshall planners have done the next best thing. They have buried the idea as well as they can. The truth is that Hoffman, Harriman and the rest are dead set against letting western Europe take up its normal trade with the east.

It may be said that the eastern European countries had their chance to get in on the Marshall plan and turned it down. This is true. And after the first year of ECA operations it looks as if they may very well have known what they were doing. But the eastern countries are still willing to do business with the west. Every businessman in the world knows this. The blockade line across the heart of Europe was drawn by ECA. The victims of the blockade are the Marshall plan countries.

The end product of the Marshall plan is the \$3,000,000,000 trade deficit predicted by the OEEC. A still sharper statement of the same result is contained in the following quotation which I recommend for study to every American who believes the Marshall plan was a program of aid:

"There is no means by which the Marshall countries can, even with the present scale of American aid, prevent a serious fall in their standards of living in 1952."

That statement was not made by an enemy of the Marshall plan. It appeared in the most authoritative, conservative British economic journal, *The Economist*, earlier this year.

There is just one way in which the Marshall plan makes sense. It is not a program to help foreign nations get on their feet after a murderous war. The results have already proved that. It is a political program, aimed against eastern Europe, designed for international division, and carried along on the war cry, "Stop communism."

The benefits which are supposed to come from the Marshall plan are a cover up. They are an appeal to the generosity of the American people who would not otherwise support the bankers and generals who want to spend billions to make the world safe for the new imperialism.

From the point of view of the big corporations the picture is clear. The Marshall plan cannot bring recovery to Europe. But the same points which make the plan fail as an aid program make it succeed as a program for international monopoly.

ECA is being used by Wall Street corporations to extend their monopoly control all over Europe.

ECA is building markets for monopolies which want to dump goods abroad while maintaining high prices at home.

ECA is rebuilding western Germany under the old cartelists. The steel barons of the Ruhr are a threat to the rest of Europe but they make good drill sergeants for Wall Street.

ECA has held back on shipments of machinery to Europe. Original requests of the Marshall plan countries for machinery were heavily cut. Again, this is bad for recovery, good for monopoly.

ECA is creating and capturing, all in one operation, a European market for the blood-streaked oil of the Middle East. In spite of the fact that the economies of western Europe were based mainly on coal, Middle Eastern oil is still the biggest item in the over-all Marshall plan.

Finally ECA is operating, and in this instance effectively, as a weapon for the cold war. It has partially succeeded in blocking the traditional trade between the western and eastern parts of Europe.

One question remains. The motives of the Wall Street-brass hat clique are clear enough. But why do the western European leaders go along with the Marshall plan? The line-up in the OEEC gives the answer.

The three heads of the OEEC delegation which came here were Robert Marjolin, of France, Sir Edmund Hall-Patch, of Great Britain, and Baron Snoy, of Belgium.

Marjolin was one of the authors of the Monnet plan for France. This was a plan, drafted shortly after the war, which preserved the economic power of the infamous 200 families in France.

Hall-Patch was the leading British financial expert in the Far East before the war in the days of the international rubber cartel and similar monopoly operations.

Snoy is a prewar Belgian banking official. As such he was part of the group of satellite cartelists who danced to the Nazi tune as long as they could.

If we were to vote on ECA appropriations in full possession of the facts, there should first be an investigation of the roster of European industrialists who staff the OEEC working committees. All the evidence points to the fact that the cartelists are in control. Set a bricklayer to work and he will build you a wall. Put a cartel to work and you will get a cartel. It can already be said that the OEEC is building a supercartel for western Europe on a scale beyond anything the Nazis achieved.

The people of western Europe have known hard times through most of the last 30 years. There is powerful pressure in all the Marshall plan countries to clean up the monopolies which have ridden the backs of the European people.

The OEEC, backed with ECA dollars if we appropriate them, keeps the old cartels and monopolies alive. Even the supposedly nationalized industries of western Europe are kept safe for coupon clippers. OEEC frankly carries on the old cartel functions of dividing markets, restricting trade, and insuring the scarcity which keeps prices high. That is why the *Economist*, of London, can say so calmly that the Marshall plan cannot and will not prevent a serious fall in European living standards in 1952.

Governmental trade agreements, openly arrived at by all nations where the people can see them, are the answer. They were part of the Roosevelt program for keeping the peace. That course would be in keeping with the spirit of the United Nations. But OEEC operates in the cartel tradition of secrecy, with the cartelists instead of people's representatives in power.

The Marshall plan exists because the American people want to help others in rebuilding a world at peace. It could not exist for 5 minutes if the American people knew what their dollars are buying.

Whenever the face of monopoly has been revealed in an American election the people have voted against it. ECA is an instrument of monopoly. Its camouflage of good will and foreign aid will wither in the light of facts. When the facts have been brought home to the people the Marshall plan will be junked along with those who impose it today on the people of Europe and on the people of our own United States.

Mr. HERTER. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Speaker and Members of the House, I just listened to the gentleman from New York attack this program as a capitalistic plan for war. On yesterday afternoon, just before the House adjourned, when unanimous consent was requested to file a report on the armed-services bill, the same gentleman from New York objected to that request. So, it has been throughout the past several years when any question involving the national defense of this country, or assistance to people over in Europe to defend themselves, was raised. That policy has not varied a single time since this country first started to prepare itself for World War II and during the prosecution of that war, up until the time that the Soviet Union was attacked by Hitler.

I heard a little story the other day about a prominent woman leader in a certain country that was dominated by the Soviets. It is a very simple story, but powerful in its implications. It was this: She was walking down the street of her native land on a beautiful spring morning, with the sun blazing forth in all its glory, but with an umbrella raised over her head. She was asked "Why the umbrella? It is not raining and it is not threatening to rain." "But," she said, "It is raining in Moscow."

Mr. SABATH. Mr. Speaker, I yield the balance of the time to the gentleman from Ohio [Mr. McSWEENEY].



Mr. McSWEENEY. Mr. Speaker and ladies and gentlemen of the House, I would like to express my humble thoughts on this very, very important measure, and I want to thank the chairman for giving me this time.

My friends, I have been a history teacher, and I remember when I was teaching about the days of the War Between the States as we have it recorded in history. A man came in from the Midwest, a man with a rustic background, but a man who had a magnanimity of soul that I do not believe has been equaled in history or, at least, in the annals of that period. That man tried to avert the threatening War Between the States. He thought that the Government might purchase the slaves in order to lessen the chance of our having a conflict. And, I remember, according to the records of history, he offered a rather large price for the slaves, and I remember, too, when this man came from the Midwest, that the Wall Street bankers said, "This man, with no concept of great business, is going to bankrupt America with this extravagant proposal."

May I say to you that 65 years later I, as a humble teacher in Wooster High School, asked my boys and girls to take out their pencils and we took the number of the then slaves and the price that this man would have paid for them, and divided the cost of these slaves into the cost of the war to both the North and the South. We did not take into consideration those terrible aftermaths of war, the loss of the son to the mother, the loss of the husband to the wife, and all the other attendant things. We merely considered the material cost of that war on the part of the North and the South. The name of that man who was called a dummy from the West, but who is now immortal in the hearts of men who love the better things of life, was Abraham Lincoln. We divided the price that he wanted to pay for those slaves into the cost of the war, and you may be interested to know that that cost was equal to the cost of only 11 days of a 4-year war.

I have had the honor of serving overseas in both world wars. I know you cannot buy people away from communism, but if you can buy back into the hearts of people a feeling that we love them and that we are trying to help them get established again, and if the cost of ECA is taken into consideration purely on a material basis, the cost for the next 15 months would be equal to about 41 days of war. I think it is worth our effort. Please give this proposal your heartfelt consideration.

Mr. COX. Mr. Speaker, I yield myself the remainder of my time.

Mr. Speaker, the question with which we are dealing rises above party partisanship. This is not a political question in the sense that there is any division between Republicans and Democrats here at home.

Mr. Speaker, we have at tremendous cost been endeavoring to advertise to the world that there is nothing any of the other powers have that we want other than their friendship and their cooperation in the common endeavor to work out

a right solution of the most terrible problem that has ever confronted mankind.

The President, as has been suggested, is not being imposed upon, the President is not being used by men in high finance and of evil intent to press for the carrying forward of the program known as the Marshall plan which might appropriately have been designated as the Truman plan. I do not know who originated the idea, but I do say, and I pay this compliment to those supporting it, that their vision is clear; I think they are farsighted; I think they are leading the country along the path we must travel if we are to succeed in preserving the freedoms of the people of this world.

The gentleman from New York [Mr. MARCANTONIO] says there is a way out. Yes, there is a way out, and each and every one of us knows just what that way is. We can suffer the aggressions and the terrorism of Russia, we can accept her domination and control, and thereby avoid the necessity of exerting some effort in the undertaking to bring about a union of free democratic peoples in the endeavor to save mankind.

Mr. Speaker, the associated powers to whom we are undertaking to give aid under the provisions of the bill that will soon come before the committee are not approaching us as mendicants, begging for hand-outs. They come at our solicitation and it is fortunate for us, themselves, and the world that they come. I would like it to be understood that they are of as great need to us at this moment as we are to them. This is a joint enterprise. It is one to which all of the associated powers should give to the fullest extent of their ability. If this Marshall plan fails, and if western Europe succumbs to the power and the pressure that is being placed upon the countries of that area by Russia, then the world is gone.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. McCORMACK. Might I also say I subscribe to everything that the gentleman says. There is a direct attack made on all organized religions as well as free governments.

Mr. COX. The gentleman is eminently correct, as he usually is, in his observations, pertinent as they are, on this question. But I want to complete my thought. If this Marshall plan fails, we will not be able to hold Russia back. Strong and powerful as our country is, she cannot successfully contend with the rest of the world organized against her. And so again I say that we need western Europe quite as badly as western Europe needs us, and it ill becomes any one of us to point an accusing finger at any member of this association which must hold if freedom is not to disappear from the face of the earth.

The SPEAKER. The time of the gentleman from Georgia has expired.

#### CALL OF THE HOUSE

Mr. PRIEST. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 72]

Abbitt	Hall,	Pfeifer,
Aspinall	Leonard W.	Joseph L.
Auchincloss	Hand	Pfeiffer,
Bailey	Harrison	William L.
Barrett, Wyo.	Hart	Philbin
Bates, Ky.	Havener	Phillips, Tenn.
Beall	Hays, Ohio	Powell
Bennett, Mich.	Heffernan	Quinn
Bentsen	Heller	Redden
Boggs, La.	Hill	Regan
Bonner	Holifield	Rich
Bosone	Hope	Riehlman
Buckley, N. Y.	Jacobs	Rodino
Bulwinkle	James	Rooney
Burton	Javits	St. George
Byrne, N. Y.	Jenison	Sasscer
Canfield	Karst	Scott, Hardie
Carlyle	Kearns	Scott,
Case, N. J.	Kennedy	Hugh D., Jr.
Celler	Keogh	Short
Chesney	Kirwan	Sikes
Chipfield	Klein	Simpson, Pa.
Chudoff	Kunkel	Smith, Ohio
Clemente	Lane	Smith, Va.
Coffey	Larcade	Staggers
Cotton	Latham	Stanley
Coudert	LeCompte	Stockman
Crawford	Lichtenwalter	Tauriello
Dague	Linehan	Taylor
Dawson	Lovre	Thomas, N. J.
Delaney	Lyle	Towe
Dollinger	Lynch	Underwood
Eberharter	McConnell	Van Zandt
Elston	McGuire	Vinson
Fallon	Mack, Ill.	Wagner
Fellows	Macy	Walsh
Gamble	Meyer	Weichel
Garmatz	Morgan	Werdel
Gilmer	Morton	Whitaker
Gore	Multer	White, Idaho
Gorski, N. Y.	Murphy	Willis
Granger	Norton	Wilson, Tex.
Grant	O'Toole	Wood
Green	Passman	Yates
Gross	Patterson	Zablocki
Hale	Peterson	

The SPEAKER. On this roll call, 294 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

Mr. COLMER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and on a division (demanded by Mr. MARCANTONIO) there were—ayes 226, noes 8.

So the resolution was agreed to.

Mr. KEE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3748) to amend the Economic Cooperation Act of 1948.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 3748, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. KEE. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, it is my duty as chairman of the Committee on Foreign Affairs, from which this bill came with a unanimous report, to make at least an attempt to explain its provisions. I ap-



proach that task with considerable hesitation and with some doubt, hesitation because it is a quite difficult if not an impossible task to explain in the few moments allotted to me, an act that has been in operation for 1 year for 19 foreign countries, a measure that covers such a broad field of effort, a measure that is now going further in the hope of accomplishing a great purpose.

What is the ECA? The question is frequently asked and will be asked on this occasion. There are many answers that could be given to the question. I believe a better name for this bill is that of the program it is designed to carry on; that is to say, the European reconstruction program. It is now designated as the ECA, the Economic Cooperation Administration. Whatever its name, its purpose is to accomplish the reconstruction of Europe, the restoration of the people of 19 nations of Europe, if possible, to a status where they will be self-supporting; where they will increase their production and will not be left to the charity of the rest of the world.

One of the objectives of this measure is to restore these nations to such an extent that they can earn their own dollars instead of looking to another country to furnish them. One night last week I had the pleasure of meeting Sir Frederick Bain, a cochairman of the Anglo-American Productivity Council. In discussing the Economic Cooperation Act, the same question came up: What is the ECA? The distinguished Briton characterized ECA as "a great act of a great people which is destined to achieve a great purpose." Some people may ask—and they have a right to ask in this country—How far is the ECA succeeding at the present time? Let me answer that with emphasis. It is working. If the Members of the House would take the trouble to read the report of the Committee on Foreign Affairs, accompanying this measure to the floor, or if they will take the trouble to read a report made recently by the ECA Administrator, Mr. Hoffman, and widely distributed, they will find that every country of the 19 participating countries has shown and is showing a very marked improvement since this program was inaugurated. It is true that the improvement is different in the various countries. It cannot even be expressed in percentages. For instance, in one country production has been increased largely, and in other countries production has reached the point where it is as large and as healthy as it was prior to the war. In other countries they have gone far toward lowering the customs barriers. In other countries they have gone far toward checking inflation and in restoring and stabilizing their currency. So that the improvement in these countries, under the influence and support of the money supplied by the United States of America, is going forward rapidly to accomplish the great purpose which it is designed to accomplish and to do what our British visitor said, to make it "a great act of a great people, destined to accomplish a great purpose."

Speaking of the broad field covered by the European recovery program, it must be remembered that we have 19 partici-

pating countries. Prior to World War I, those countries were all apparently hopelessly divided. There was no chance—there was not even hope—of any united effort on their part.

Now, under American influence and under the ECA program, what has happened to Europe? Something that no one could have possibly anticipated just a few years ago. They have their own organization, the OEEC, which is the organization for European Economic Cooperation. Each of the 19 countries is represented in that organization. They meet in Paris. From the time this act was passed in 1948 down to the present, every request of each of the 19 participating countries for supplies and commodities under the ECA program has been carefully screened and corrected by the OEEC, their own European union; and nothing except what the OEEC thinks is necessary for the improvement and aid of those countries is permitted to be requested of the ECA. Every request of the countries is again screened after it comes from the OEEC by officials of the ECA. I believe I can safely say that in no instance can it be shown that any participating country has been overloaded or had supplies supplied to it which were not absolutely necessary for the purpose for which they were supplied.

It would be impossible for me to go into detail as to the extent that those countries have been aided. The countries of Europe, especially these western countries of Europe, have had a wonderful history. They have been a great field of conflict for centuries past. Back in years gone by the armies of the Huns under the cruel Attila overran all of Europe. Then came the hordes of Genghis Khan, who reached as far as Poland with their devastation and destruction. Europe went through the years of the old Napoleonic wars. It went through a series of conflicts, some of which were of 30 years' duration; but one by one the nations of Europe, with great hope and great courage always came back, and again started the upward climb to prosperity.

Then they went through World War I, a war started by one man with insatiable ambition and greed. After World War I the peoples of these 19 countries went back and found their homes destroyed, their farms laid waste, all of their factories idle. No longer did the smoke fill the skies by day or the fires from the factories light up the skies at night. Their population had been swept away. But those who were left went to work again with zeal to rebuild their country again. But they found it to be an impossible task, and we across the ocean heard the cry from Macedonia and we went to their aid. Why? Because we felt it was in our own interest to help restore to Europe the prosperity it had always had. Then we had another reason. And this was even a stronger one. Out of the north, like a gigantic octopus rising from the sea with its tentacles outstretched, there came a great power, a power that we helped nurture, a power we had helped save from destruction, reaching out with its tentacles and slowly creeping southward. After the sounds

of conflict had died away in World War II, this power, this octopus began to reach for one country after the other and absorb them; those countries disappeared behind not only an iron, but a very black curtain which we cannot penetrate. We saw the danger of that power, and we still recognize the danger. Today 15 former free and sovereign nations have been absorbed by the octopus. That power came out of the north and moved southward following the tide of war which had rolled through the land and engulfed in its crimson flood the best and bravest of the manhood, womanhood, childhood, and youth of Europe. That crimson tide had swept over all of what are now the 19 participating nations of Europe and in its wake left misery and devastation. We recognized in this power from the north an even worse catastrophe than that which faced Europe during World War II. Anyone here who does not believe that it is to our national interest to restore Europe in its prosperity, and to restore happiness to its people, that it is not to our national interest to stop the onward march of this power from the north which seeks—God knows what, unless it be the power to control the world; we do know that in the march of the power it is accompanied by the sounds of the chains of human slavery. Those who think it is not to our national interest to stop this blighting march should vote against the passage of this act.

Mr. Chairman, I will not go further in explaining this bill except to say that the bill before us seeks to amend the measure which is now in operation, a measure which was passed in 1948. Our committee proposes some 17 amendments; 6 of them are more or less important; 10 of them are merely clarifying amendments. Among the six, and what I consider the most important, we added an additional word or two in the policy expressed in the bill of 1948; in the pending bill we declare unequivocally that we favor the unification and the federation of the nations of Europe.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

The gentleman from New Jersey [Mr. EATON] is recognized.

Mr. EATON. Mr. Chairman, when last year in the Eightieth Congress this legislation was brought from the Committee on Foreign Affairs, of which I then had the honor to be chairman, I requested our distinguished and very able friend and colleague the gentleman from Ohio [Mr. VORYS] because of my youth and inexperience to take charge of the bill on the floor. I have again requested him to do it; and, with his usual generosity he has agreed. It, therefore, becomes my happy privilege to say that the gentleman from Ohio will have charge of the time for the minority until this bill passes.

Mr. VORYS. I thank you and am very grateful indeed for your doing something that I am not able to do myself.

Mr. Chairman, I yield myself 16 minutes.

The CHAIRMAN. The gentleman from Ohio is recognized for 16 minutes.



Mr. VORYS. Mr. Chairman, since I am in charge from now on, I wish it understood that you have not heard the last you are going to hear in this debate from the gentleman from New Jersey. We are saving our eloquent and beloved ranking minority Member the gentleman from New Jersey, Dr. EATON, for a terrific salvo on Monday.

I want to pay my tribute to our new chairman, the gentleman from West Virginia, Judge KEE, whose magnificent speech we have just heard. It was a great speech on an historic piece of legislation. Also I want to pay tribute to the rest of the majority Members who have treated us very well. We had our disagreements, but we were treated courteously at all times. I pay tribute also to our clerk and administrative officer, Boyd Crawford, who has been with us for 10 years and who is so helpful and efficient, and to Bert Marshall whom we brought on the staff last year in the Eightieth Congress and who has made himself as nearly indispensable as anyone can be.

Mr. Chairman, this is not a relief program; it is not a charity bazar. Charity in an individual is a precious virtue, but Congressmen have no right to be charitable with the taxpayers' money. Just as gratitude is not a reliable element in the foreign policy of any country, we have no right to rely upon charity as a part of our foreign policy.

This plan is generous and magnanimous, but it is in our own interest in war and peace; it is farsighted in looking out for ourselves.

In case of war with the Soviets, we need allies, strong allies. When we strengthen the economies that support the armies that face our possible enemies, we safeguard our own security.

In peace we have always done the most profitable business with the nations that were prosperous, that were also our biggest competitors, Canada, Britain, Germany. In the future we will need recovered, prosperous countries to take some of our industrial and agricultural surpluses, to ship us the strategic materials we need. Communism has made the whole plan more expensive, but more imperative for our own security. Communism has forced us and our neighbors to prepare not only for peace, but for war.

We are living in a revolutionary era, when conflict is inevitable, whether we have actual war or not. This morning's Washington Post carries this item:

Moscow, April 8.—A newly published volume of Lenin's writings on war and peace was recommended highly today by the government newspaper *Izvestia* as having a vital bearing on basic issues in the present-day world. \* \* \*

Lenin's theory of revolution, *Izvestia* said, gave to the national units of the international proletariat faith in the possibility of overthrowing their own bourgeoisie and achieving a "socialist revolution in individual countries."

This shows once more the Communist theory of revolution. Let us not forget that our theory is revolutionary, also. The most revolutionary document in history is not the Communist manifesto of

1848, but the Declaration of Independence of 1776:

Listen to this:

We hold these truths to be self-evident: That all men are created equal; that they are endowed by their Creator with certain unalienable rights; that among these are life, liberty, and the pursuit of happiness; that, to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed; that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it. \* \* \*

When a long train of abuses and usurpations, pursuing invariably the same object, evinces a design to reduce them under absolute despotism, it is their right, it is their duty, to throw off such government.

To a confirmed Communist, who feels that he belongs to a world-wide totalitarian state, body and soul, these ideas of individual liberty are revolutionary, and subversive.

#### THE ECONOMIC COOPERATION ACT

During the war and in the 4 years since VE-day our leaders have made many mistakes since they did not understand clearly the nature of this conflict. We poured out a lot of help for Europe through UNRRA, the British loan, and relief bills before we got around to a plan. The framework of that plan was hammered out in the Eightieth Congress and is contained in the ECA law. It is simple—we help those who help themselves and each other and help us. The plan has worked. Western Europe is recovering and uniting economically, politically, spiritually. There have been mistakes and waste and disappointments, but things have been getting better for our side.

We are now asked for an extension of this program for the second out of 4 years. It is significant that the ECA Administration has asked for few changes in the law, none of them fundamental. Apparently we built wisely when we worked out the policy and administration of ECA in the Eightieth Congress, and we did it promptly.

#### THE FOREIGN ASSISTANCE PACKAGE

A year ago the Committee on Foreign Affairs unanimously brought to the floor of the House the Foreign Assistance Act of 1948, a global undertaking without precedent in our national history in time of peace. In that measure, which has been praised by those charged with its subsequent administration and direction, we combined the several items of foreign assistance which required the immediate and positive action of the Congress. The bill, as then reported, contained four separate and distinct titles. Title I and title III had been received from the administration in an atmosphere of urgent haste, accompanied by a dead-line date.

The four titles of the Foreign Assistance Act of 1948 covered such related subjects as the European recovery program, the International Children's Fund, Greek-Turkish assistance, and aid to China. When it was announced by the committee that all of the programs were to be included in a one-package bill the committee majority was promptly assailed for proposing the package-bill approach. The procedure was con-

demned by many as one which would confuse the American people and result in delay of necessary action by the Congress. Contrary to these dire predictions, the measure, with its four titles, passed the House on March 31, and became law on April 3, 1948, far ahead of the date even the most optimistic outside the Eightieth Congress had believed action could be completed on these problems.

In January 1948 our committee voted that our hearings should cover United States foreign policy for a postwar recovery program, instead of being confined solely to the economic situation in one area—Europe. We insisted on taking a world-wide view of the situation—economic, political, and military—with the hope of establishing world-wide, long-range policies to replace piecemeal, stopgap measures. Our committee has abandoned the package approach this year. I regret it.

The total bill for international affairs and finance to be presented to the American taxpayers this year will exceed \$7,500,000,000 for economic, military, and political measures. I do not believe that all of this could or should be presented to Congress in a single measure. I do believe in putting together related proposals—the package approach. Preparation and presentation of such package bills would result in greater consistency in policy and better understanding of our foreign affairs by both the people and the Congress; would present each major problem to be considered by Congress in the light of our whole foreign policy, our total tax burden; and would avoid the delay and confusion which bringing many foreign-policy bills to the floor one by one necessarily involves. Nevertheless, the administration is once more presenting its program in piecemeal, stopgap fashion. Even the items we presented in the Foreign Assistance Act of 1948 are to be separated.

The bill now being presented is solely for economic aid to Europe. While I believe that economic recovery in Europe is an essential part of our over-all foreign policy, and have assisted in its prompt consideration in our committee, I am convinced that it is only a part of our over-all policy; that military and political policies are inextricably intertwined; that it would be far wiser to consider our over-all recovery-program problems in Europe and elsewhere together as we did last year, rather than piecemeal. We Republicans raised this issue in committee. When we were overruled, we proceeded to help in perfecting the fraction of the program presented in this bill, which covers only ECA, title I, of last year's act.

#### CHANGES MADE IN COMMITTEE

Your Committee on Foreign Affairs made many changes in the ECA bill the administration sent down to be introduced. We made an independent, bipartisan audit of ECA in the light of experience and changing conditions. I wish to mention five of these changes.

#### EUROPEAN UNION

We changed the statement of policy. A year ago we merely encouraged the



countries of Europe to carry out their own plan of September 22, 1947. This year we struck out this language and declared—see page 2, line 24, of the bill:

The policy of the people of the United States to encourage the unification and federation of Europe.

It is somewhat significant that this first amendment to the bill had bipartisan sponsorship: the gentlewoman from California [Mrs. DOUGLAS], the gentleman from Minnesota [Mr. JUDD], and myself.

As events unfold and develop it is becoming increasingly clear that without increasing unification in Europe, economic and political, the Marshall plan is "operation rat-hole." This was stated more tactfully but nevertheless forcefully by Mr. Hoffman and Mr. Harriman in our hearings. See page 11 of our committee report.

We cannot force these countries to unite. That is not the American way set out in our Declaration of Independence; you don't force free people to do things. This is the apparent weakness but ultimate strength of our system.

On the other hand, what we mean by unification is getting away from vetoes. The OEEC, the proposed Atlantic Pact, all have the fatal weakness of the United Nations; one country can veto action. What is needed for unification is a voluntary agreement, under certain conditions, on certain questions, to submit to majority vote. This involves a limited sacrifice of sovereignty. The 13 united states of America have found out that this is a good thing. The 16 disunited states of Europe must learn that what Lord Lothian called "the anarchy that is Europe" cannot long endure. Furthermore, we are going to find when we come to implementing the Atlantic Pact, that a mere treaty of alliance is only a temporary arrangement. We must move forward with these nations, and other nations, toward greater unity, or we will move backward toward anarchy again.

#### THE AMOUNT

Our committee has cut the authorization \$200,000,000 below the amount requested by ECA and below the amount as passed by the Senate. Fifty million dollars was cut from the supplementary appropriation for April to June 1949, and the entire \$150,000,000 of contract authorization beyond June 30, 1950, was cut out.

I think the amount of appropriations needed for next year will be less than the amounts we have authorized, although as far as we can figure, juggling 12 months, 15 months, and 12 months again, the bill before you is \$730,000,000 less for the fiscal year 1950 than the amount made available in 1948 for the first year.

Remember, in this bill, on this matter of amount, we are merely establishing ceilings. When we know more about the prices for this year, when we have the cost of arming Europe before us, we can then make an intelligent review of the appropriations for ECA. I doubt whether we can do this intelligently now. However, I wish to call attention to the following statement taken from our Republican minority views:

Our committee established only over-all limitations on appropriations. A careful and

detailed review of the amounts needed in the light of conditions then existing must be made by the Appropriations Committee, which is the appropriate committee for that purpose. The bill and the report make no change in the basic law which provided in section 114 (b) that "Nothing in this title is intended nor shall be construed as an express or implied commitment to provide any specific assistance whether of funds, commodities, or services, to any country or countries." There must be no repetition of last year's attempt to distort limitations into commitments, legislative maximums into appropriation minimums.

#### GUARANTIES

Now as to guaranties:

I was author of the guaranties provision in last year's act, but it has not worked well. To date only \$3,587,614 has been used out of the \$300,000,000 we made available, for 5 industrial contracts in Britain and 11 magazine and movie contracts, mostly in Germany. The use of guaranties is blocked in two ways, first, because the same amounts were available for loans and the other countries did not seek to use them, and second, the guaranty was too limited.

In the bill this year we have provided a broader guaranty. It is not a business-risk guaranty. It merely covers convertibility of earnings of foreign currencies into dollars and covers against losses by expropriation, revolution, and war. It is going to encourage the participation of private enterprise in European recovery. The whole Marshall plan is a gamble. We bet it is going to result in recovery; that foreign currencies will be freely convertible into dollars; that recovery will not be wiped out by war, revolution, or government expropriation. Therefore, by these guaranties we only cover for individuals the special risk involved in the Marshall plan for all of us, the loss we all suffer if the plan fails. Use of the guaranty is going to involve some pioneering on economic frontiers. Every guaranty must be approved by ECA and the country receiving it. At best it will result in a great encouragement to private investment, will get people doing business with other people, the fundamental basis of mutually profitable trade, and will cost our taxpayers nothing. At worst, if we have to make payment on all the guaranties we will be as well off as if we had made grants for such purposes in the first place and we will have foreign currencies in our Treasury which we alone control, instead of having joint control over counter-part funds in some other countries. Our experience with guaranties in the next year will help to develop plans for investment under the President's point 4.

#### SMALL BUSINESS

There is a small-business amendment already in the bill. I notice the Senate adopted another. My colleague the gentleman from Alabama [Mr. BATTLE] and I proposed an amendment, shown on page 7, line 12 of the bill, to make available to suppliers, small business in the United States, information about purchases to be financed by ECA. We want to encourage individual enterprise in private channels of trade. On the other hand, we do not want European purchasers playing favorites over here,

and we do not want them to miss bargains because their needs are not known to many suppliers. Under this amendment, which we are informed is workable, small business will have a chance to be informed of the opportunities in this program.

#### ITALIAN EMIGRANTS

There is the shipping amendment to provide 10 ships for the export of Italy's most precious and important export, emigrants. That will be described more fully later, but that is one of the most significant amendments put in this bill.

There are many other amendments we have made. There will be many offered which we will consider. The members of your committee do not feel we are the final and divine repositories of all wisdom, but we beg of you to remember that most of the proposals you have heard of have been weighed rather carefully in our committee, and the good ones have been incorporated in the bill.

Mr. HERTER. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. HERTER. I wonder if the gentleman would be willing to tell us about the stock-piling provisions of the bill. I do not recall that they were covered in his statement.

Mr. VORYS. In view of the limitation of time, the stock-piling provisions will be referred to more at length by others of my colleagues. Let me say stock piling has been extremely disappointing to me in the past year, and by putting in additional requirements for the following year we hope finally to start to get something back for our stock piles out of this vast outlay of effort and materials on our part.

Let me say one last word. Of course, I do not like to spend \$5,000,000,000 on this; I do not like to spend three-fourths of all of the tax income of our Federal Government on past wars and preparation for future wars. If anybody can tell me how to avoid it, I will help, but we cannot avoid it by ignoring the threats to our security. I have seen countries devastated by war. I believe in a policy of arranging to have our wars away from home.

What we find is that destiny has thrust our country into the position of world leadership. We did not want it. We want nothing out of it, but now that we must either lead or die, we will lead, to a world of peace on earth, for men of good will.

Mr. KEE. Mr. Chairman, I yield 23 minutes to the gentlewoman from California [Mrs. DOUGLAS].

(Mrs. DOUGLAS asked and was given permission to revise and extend her remarks.)

Mrs. DOUGLAS. Mr. Chairman, may I, too, pay my compliments to the distinguished chairman of our committee. He took over the chairmanship of the Foreign Affairs Committee at a most difficult time. We had before our committee this very important legislation which is so very far reaching in its effects. We look to him with pride and respect. He is a man of great attainments. I am happy to be able to pay my respects to him this morning.



I would like to praise the work of the clerk of the committee, Mr. Boyd Crawford, whose abilities are far beyond average. In the weeks following the loss of Mr. Sol Bloom, chairman of the Committee on Foreign Affairs for so many years, Mr. Crawford's contribution has been very, very great. I pay my respects to Mr. Bert Marshall, a staff member, who, as I said the other day, is four in one, because really he has acted as though he were four staff members, instead of just one. The committee is indebted to him for the service he has given.

When we passed the European Recovery Act 1 year ago we knew that we were backing a 4-year program new in the history of nations. We had hopes but no assurance of success.

Would the nations of Europe, individually, exert the self-discipline necessary to help themselves? Would they, collectively, have the restraint and understanding necessary to help one another get back on their feet? The essence of the program was self-help and cooperation.

Could western Europe overcome the barriers of language, custom, and habit and work together toward a common goal?

This was the calculated risk that we took when we helped underwrite the European recovery program.

The European recovery program is succeeding. No amount of debate can obscure this fact.

The nations of western Europe have exerted self-discipline. They have practiced restraint.

Their mutual understanding and cooperation have resulted in a remarkable degree of economic recovery in just 1 year.

The people of the United States started a chain reaction that has resulted in new patterns of thinking and behaviour. We put up our money which has been matched in local currencies, dollar for dollar. Similarly the participating countries have made funds in their currencies available to other CA participants.

The first year of ECA operation has been successful beyond even the most optimistic hopes of the strongest supporters of the program.

The result is that new hope and determination are to be found in Europe today. Let us not forget conditions in Europe a year ago. Economically and politically France was in dismal straits. Italy was in immediate danger of Communist domination. Production and trade were stagnating throughout Europe.

The economic situation was more precarious in 1947 than at the end of the war. In the summer of 1947, Europe had the worst harvest in many years. Industrial production had fallen vastly below even minimum requirements. The countries of western Europe had exhausted their foreign exchange resources.

Prices of imported goods and raw materials were soaring in world markets, while the volume of western Europe's exports was sinking. Foreign exchange earnings covered less than 40 percent of needed imports. Intra-European trade

had failed to develop. Because of inflation and growing monetary instability, all efforts to increase production had failed.

A year ago western Europe with its 270,000,000 inhabitants was drifting toward economic collapse and political chaos. It was clear that the European nations could not recover from the war without aid of an extraordinary character. The United States undertook a program to provide that aid.

The men and women of this country—whether they were in the factory or the field, the office or the shop—responded with a generosity and a comprehension of the future which was magnificent. We had not been bombed. We had not suffered as other nations had suffered in two terrible wars. These facts made the willingness for further sacrifice on the part of our working men and women all the more remarkable.

I am not going to trouble you with the question whether we entered upon this program for humanitarian reasons or for reasons of self-interest. If our own interests had not been involved, I am sure that the humanitarian reasons alone should have sufficed to embark this Nation on this great experiment in international cooperation. If there had not been humanitarian reasons, I believe the reasons of self-interest alone would have been enough. Happily we were in a situation where our own realistic interests and the hopes of all humanity were at one with each other.

Happily, also, the determining number of the American people had the insight to see that such was the case.

The faith of the American people has been justified.

Production is up all over Europe. Trade is reviving.

Let us look at the figures for 1948. Let us test this by example:

Factory and mine production 14 percent above the 1947 level.

Steel production, excluding western Germany, is 25 percent above the 1947 level.

A gain in electric power output to 65 percent above prewar and 10 percent above the 1947 level.

A gain of one third in rail traffic from the prewar base—a tremendous achievement in view of the shortage of equipment.

A gross investment in all countries is equivalent to \$30,000,000,000 a year—six or seven times the total of ECA aid—a further example of the chain reaction effect of American aid. This figure alone is sufficient proof that we have helped restore western Europe's confidence in its own future.

Agricultural crops one-fifth larger than in 1947.

A 41 percent gain in bread grains from 1947 to 1948—but production is still below prewar levels.

Let us look at trade figures.

A 25-percent gain in exports in the United Kingdom.

An export gain for Italy of almost 50 percent.

A 30-percent rise in exports for the Benelux countries.

The importance of these gains in exports cannot be overstressed. They rep-

resent the restoration of trade that is needed to enable western Europe to pay for its needs from the outside world. In the year before we started this program, it was able to pay for only 40 percent of its imports. It is now able to pay for 50 percent of its needs. We know that it still has far to go to gain a self-sustaining basis. But we know also that it has come a long way in just 1 year. We know that this program is working.

This record is remarkable. These figures warrant our continuation of this program. But we must not be misled into interpreting these figures to mean that European recovery has been achieved.

In western Europe, the population has increased by 20,000,000—cities, fields, and industries have been destroyed, and invisible assets and dollar and gold reserves have been expended. This means that prewar levels of production are utterly inadequate to maintain a safe minimum standard of living. Western European nations must greatly increase their production and their exports over prewar levels if they are to become self-sustaining and even approach the standard of living they had before the war.

Present European recovery figures must not be mistaken for prosperity.

We must keep our minds very clear as to what we mean by recovery when we attempt to assess the rate of recovery in Europe.

The word means first the stage when the most obvious wounds of war are healed.

The second stage comes when the recovering nation goes through the process of freeing itself from the necessity of outside assistance.

Recovery enters its third stage when the nation can stand on its own feet and improve its position by its own resources and on its own credit.

Finally, it will have recovered to the point where the days of austerity will be behind it and men and women again will know decent living as a reality—not just as a hope.

The European recovery program is a program to see western Europe through the second of the four stages. We must always remember that recovery in the sense of getting well is different from recovery in the sense of having got well. Europe is recovering. If this program succeeds—as I believe it will surely succeed—Europe in 1952 will have ceased to be a patient. It can then pursue the path to complete health through its own strength.

Increased industrial production and expanded exports in Europe do not mean that the need for United States aid is at an end. Still greater progress along these lines and toward other recovery goals must be made if Europe is to become independent of extraordinary outside assistance by 1952.

The accomplishments of the first year make me confident that they can achieve their long-term goals. But progress to date must not be twisted and misinterpreted to mean that the requirements for United States aid have disappeared. Accomplishments to date are rather the



strongest arguments for the continuation of the European recovery program. For it is only with United States assistance needed to obtain vital commodities and services available only for dollars that the European countries can continue along the road to full recovery.

The case of the United Kingdom is an example.

Because of the singular recovery progress made by Great Britain, its need for aid has been questioned in some quarters. In particular, a speech delivered in February by Mr. Christopher Mayhew, a United Kingdom delegate to the United Nations, led to queries from many quarters as to whether United States assistance to Great Britain was any longer necessary. The gist of the speech as widely reported was that the United Kingdom had virtually completed the process of recovery.

The recovery which Mayhew talked about permits each Briton 16 $\frac{2}{3}$  cents worth of meat a week; 2 ounces of bacon or ham a week.

Mr. Chairman, in case the Members do not know what 2 ounces of bacon amounts to—it is a slice and a half for a week.

Two ounces of ham is a slice as big as a dollar bill and as thin as a silver dollar—for a week.

The ordinary allowance of eggs is two per week, and the British are proud that they can give four eggs a week to prospective mothers.

This kind of recovery is not to be confused with prosperity. What the British are after is financial solvency, and they are going about it in a manner that demands our highest admiration. Even in 1952 or 1953, at the end of ERP, what will be their standard of living?

It is a standard of living, which, to quote the Chancellor of the Exchequer, "would approach the prewar level as a whole." He goes on to say, "owing to the more equal distribution of the national income, a large part of the population will enjoy a markedly better though less varied standard of food consumption than before the war." What does this mean? This means that there would still be a shortage of meat, eggs, milk, and fats, but that there would be an equitable distribution to all Britons of what food there is. So much for the recovery of which Mr. Mayhew spoke.

The idea that the British no longer need our aid is just dead wrong.

The United Kingdom has made remarkable strides toward long-term recovery in the first year of the ERP program. Production already exceeds prewar by a considerable margin. Britain is now approaching a position in which its total earnings in all currencies will balance, or nearly balance, its total payments in all currencies. The UK is already running a substantial export surplus with other participating countries and with other countries in the sterling area. But the crux is this—and no will to self-denial on the part of the British can solve it: What Britain must have in food and raw materials to insure further recovery can be bought only in dollars; and Britain's sterling balances cannot be converted into dollars. It still does not

earn enough dollars to pay for the goods which it can obtain only for dollars and which it requires to continue, or even to maintain, its recovery progress. The only way Britain can secure the dollars required for these indispensable goods is through continued ECA aid.

Britain is closing her dollar gap. In their second year of ERP, Britain will need only three-fourths as much aid from us as in the first year of the program. This cut of one-fourth is as much as the program can stand if the British are to regain a self-sustaining basis in two more years.

What would happen if we cut, say \$200,000,000 more?

According to Mr. Hoffman's testimony, we would have to leave intact the minimal needs for keeping body and soul together. Would we then cut raw materials? If we did, we would also cut Britain's manufactures. This would cut her ability to export to dollar areas. The \$200,000,000 we cut would result in an estimated \$70,000,000 loss in earning power. Britain would not have slipped back in imports by \$200,000,000 but by \$270,000,000.

Mr. Hoffman has testified that if this \$270,000,000 were spread over the British program, the following reductions would be necessary:

First, \$110,000,000 in raw materials. This would be broken down into perhaps \$60,000,000 in cotton imports, \$25,000,000 worth of lumber and wood pulp, and \$25,000,000 in nonferrous metals.

Next, \$90,000,000 would have to be cut from food imports, requiring elimination of \$60,000,000 worth of dairy products and citrus fruits and dried fruits and a \$30,000,000 reduction in other foods and tobacco. Also required would be a cut of at least \$40,000,000 in capital goods which would deny Britain the specialized type of equipment obtainable only in the United States, including machine tools and vitally needed mining machinery. The remaining \$30,000,000 of the total import cut of \$270,000,000 would have to come from shipping costs and other services.

A setback in Britain would endanger recovery throughout western Europe.

This is a program of cooperation and mutual assistance, not a series of independent schemes evolved by each of the various countries in a vacuum. Britain's recovery ties in with France's, and that of the Netherlands, and on down the line.

In this important respect the European recovery program differs profoundly from the loans made by the United States Government and private American lenders after World War I. These loans were in no way related to a constructive and concrete program of European recovery based on self-help and mutual aid.

One of the most reassuring aspects of the first year of the program has been the clear recognition by the participating countries that their salvation depends upon their progressively closer and closer cooperation. In a continent where intensely nationalistic views have been prevalent for many hundreds of years, the cooperative efforts of the ERP countries along both political and economic

lines have been noteworthy. Even further progress toward economic unification and political federation is to be expected in the coming year. The committee has specifically expressed its desires in this regard in the amendment to section 102 of the act contained in the bill. We should not, however, lose sight of the really remarkable advances of the past months. The Brussels Pact, the establishment of the Organization for European Economic Cooperation and the Council for Europe deserve high acclaim. The work of the OEEC has been especially praiseworthy.

The 16 nations participating in the Marshall plan have set up a joint council of economists to represent them. This organization is known as the OEEC. It was established soon after the passage of the Economic Cooperation Act in April 1948. Its job is to plan and coordinate the joint recovery program of the western European countries with United States assistance.

This council acts as a clearing house on all economic programs of the participating countries and seeks to balance one program against the other, so that in the end there is one unified plan working for the mutual benefit of all.

The Council is something new in the history of Europe. Sitting around a table, the participating countries reveal trade secrets, industrial plans, and agricultural programs. It continuously studies and evaluates the programs of the participating countries, one by one and all together.

One of the most significant results of cooperative action in the OEEC has been the development and operation of the agreement for intra-European payments and compensation. This plan was designed to prevent intra-European trade stagnation caused by payment difficulties. It constitutes the first step toward mutual aid among the participating countries and multilateral balancing of payments among themselves.

The dollars which we send enable the countries to buy goods that can be paid for only in dollars. This, however, solves only part of the problem of countries which need assistance to meet not only their dollar payments, but also their payments in sterling, Belgian francs, or other western European currencies.

In the period immediately following the close of the war these problems were met to some degree by the use of gold and hard-currency reserves of debtor countries and the extension of credits on a bilateral basis by some of the creditor nations. Early last year, however, intra-European trade threatened to shrink sharply as a result of the exhaustion of such reserves and credits. The OEEC, in conjunction with the ECA, evolved the intra-European payments plan as a solution.

Under the plan a sizable portion of ECA dollar assistance is made available as conditional aid. This dollar assistance is so named because it cannot be used by a country until that country has extended to other participating nations so-called drawing rights. Just as this country extends dollar assistance, so those ERP countries which have favor-



able balances in their trade with their fellow participants extend assistance in their respective currencies. The country receiving the conditional aid from ECA cannot use that aid until the equivalent in drawing rights is actually extended to a debtor country.

The conditional-aid dollars allotted to the creditor ERP countries under the intra-European payments plan are not additional dollars over and above those needed to finance essential purchases from dollar sources. They represent a portion of the basic dollar requirements of the recipient countries. What the plan really amounts to is that certain European countries carry on smaller Marshall plans—important contributions to the over-all recovery of western Europe.

During the current fiscal year some \$800,000,000 in conditional aid and an equivalent amount in drawing rights were extended through the intra-European payments plan. This gave intra-European trade new life.

The United Kingdom made the biggest contribution in drawing rights. It extended a total of over \$300,000,000 to other ERP countries. Britain also extended the equivalent of another \$200,000,000 in assistance by unblocking sterling in that amount for purchases by other ERP countries, chiefly France.

The plan has been outstandingly successful. It has been indispensable in reviving trade. Important recovery goods such as coal, steel, and chemical and forest products would otherwise not have been available to certain participating countries. By bringing into the economies of these debtor countries a greater volume of goods and services than would otherwise have been obtained, the plan lessened inflationary pressures and improved their fiscal position.

Some people seem to have the mistaken idea that the citizens of the ERP countries are getting Marshall-plan goods for nothing—that ERP aid is a complete gift. This is simply not true. Goods furnished under the recovery program are sold through normal trade channels to buyers in the participating countries. The buyers pay the full value of the goods in their local currency. The local currency equivalent of the dollar cost of the goods is deposited by the government of the participating country in a special local currency account, in accordance with its bilateral agreement with the United States and the provisions of the Economic Cooperation Act.

Money can only be withdrawn from this counterpart account for financial stabilization, for increasing industrial production, or for other recovery purposes. Our Government must approve every withdrawal. The ECA and the National Advisory Council examine every project in advance of approval. The counterpart funds are made to work for recovery. In many cases counterpart projects are undertaken in conjunction with the adoption of various specific financial reforms by a participating country.

Counterpart projects vary from country to country. The recovery problems

faced by the various countries differ and call for different treatment.

In Italy deflationary conditions existed last year. The use of counterpart funds to restore industrial activity and for the formation of new local capital was therefore approved. In Italy counterpart funds are also being spent to rebuild war-damaged railroads, to reclaim land, and to restore waterways and harbors.

In the United Kingdom, in contrast, extremely strong inflationary pressures were held in check only by controls. Accordingly the withdrawal of counterpart funds in Britain has been approved only for debt reduction. Similarly in Norway, counterpart deposits have been used to reduce the country's public debt. No other single measure in these two countries can contribute as much toward financial stability.

The financial picture in France is especially complicated. There are strong inflationary tendencies. Yet the increase of productive capacity is essential for France's long-term economic stability. Increasing the volume of credits for industrial expansion is initially inflationary. It is therefore necessary to walk a tightrope in the use of France's counterpart funds.

The use of the counterpart funds was coupled with widespread governmental financial reforms. These included the withdrawing of large denomination franc notes to contract the amount of money in circulation, tax increases, improvements in tax collections, and the establishment of credit controls. These were bold, new steps in French financial policy. The results can already be seen in greater political and financial stability, lower prices, restoration of confidence in the franc, and marked success in floating a large internal loan.

As of the start of February, counterpart fund projects, calling for the expenditures equivalent to approximately \$1,750,000,000, or almost 60 percent of the total, was for use in the promotion of production. Use of over \$500,000,000 was approved for reduction of national debt. The remaining 11 percent of the total approvals were for such purposes as the construction of housing facilities and for special projects, such as the care of refugees.

Five percent of the counterpart deposits in each country are reserved solely for the use of the United States. From this 5 percent of the funds the ECA pays the local currency expenses of its missions abroad, and also makes purchases of and initiates projects for the development of strategic materials.

And so we see that through the intra-European payments plan and the counterpart fund accounts, ECA dollars do double duty.

American aid is helping our western European friends. ECA dollars are also vital to our own United States trade. A thriving United States economy cannot exist isolated from the rest of the world. Our country always has had, and I hope always will have, extensive and competitive trade with Europe and with the rest of the world.

Without the ERP, western Europe would become, as Mr. Hoffman put it, a

desert island so far as American business is concerned. With the ERP, the trade between eastern Europe and the United States can be maintained, after 1952, on a sound basis. Both we and they will be the gainers.

The ECA is interrelated with other action that must be taken to secure and develop the peace and well-being of the world. It is an important part of that total effort toward increasing production through the world. Its success will depend in great measure upon other policies and programs.

We must watch our German policy lest in pushing Germany too far and too fast we prejudice our wider interests in Europe.

In the administration of Germany, even if there were no other powerful political reasons, as there are, for preventing the restoration of the German cartel managers of Europe, we should avoid them to assure that the program will be one for developing the maximum production for the people of Europe.

Western Europe cannot carry the insupportable load of oversized armies and be self-supporting by 1952. In implementing the Atlantic Pact, Congress must guard against channeling the resources of recovery into military uses.

Any real security must be built on the foundation of a stronger stable economic system—the people have an incentive to defend such a system—therefore economic recovery must come first to western Europe, without it all the rearmament in the world will not guarantee security.

ECA is not an undertaking for the timorous. A year ago there were those who were afraid that the program would fail. Now they are afraid it is succeeding too well. When markets shrink they are afraid and when markets expand they are afraid. Living in constant fear they fear planning most of all. They are satisfied only with speeches about democracy and free enterprise. Action is beyond them.

The European recovery act is a plan—a plan supported by the people of Europe and America—a plan that seeks to avoid economic collapse and political disintegration.

By actively supporting this ECA program, the people of America have given hope to the people of Europe. They have shown them the real potential of democracy.

Mr. MILLER of Nebraska. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred Members are present, a quorum.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentlewoman from Ohio [Mrs. BOLTON].

Mrs. BOLTON of Ohio. Mr. Chairman, I take great pleasure in paying my own personal respects to our new chairman, Judge KEE, who assumed office at a difficult moment. He has shown himself to be a skillful chairman, a man of justice and fair dealing and has won the regard of majority and minority as well. Let me take this opportunity to express to the Democratic members of the pow-



erful Committee on Ways and Means appreciation of the quality of the seven new members appointed by them, some but newly come to the Congress. Only a clear realization of the importance of the Committee on Foreign Affairs on the part of the Democratic members of the Committee on Ways and Means could have resulted in giving such splendid new material to this great committee.

In considering H. R. 3748, which is a bill to amend the Economic Cooperation Act of 1948, it is my earnest hope that we shall not forget the fundamental reason for having an ECA program at all. It was not to subsidize business in America. It was to provide means by which the European countries could, with a little help, pull themselves up by their own bootstraps. This, they are doing.

Those of you who have been over during or since the war, as I have been, those of you who have tasted even a little the terrible conditions in which human beings like ourselves—and let us not forget this—have been forced by circumstances beyond their control to eke out such agonized living as war had forced upon them, have a partial background at best, upon which to evaluate conditions as they are today.

I want to urge you not to forget the conditions you have seen. I want to remind you that the rubble you saw still houses hundreds of thousands of men, women, and children whose hearts and minds have had little opportunity to throw off the effect of the war years and their aftermaths.

Improvement there has been. There is more to eat, there is more work to be had, and there is more physical strength with which to work. In addition there is hope, without which all life is vain. No one who can compare conditions before this help was given with conditions now can fail to recognize the part the ECA program has played in the difficult and painful process of pulling Europe out of the shadows. No one who knows conditions as they are today can fail to recognize the fact that there is still a very great deal to be done. This is not the moment to withdraw. Fortunately the Congress sees this and is undertaking to continue American aid with sanity and judgment.

I have asked for this time to discuss, to bring before you the one great fundamental issue which faces the western world—and actually the world as a whole: The cold war between those whose God is the state with no regard for the individual, save as he is the tool of those who have secured for themselves the power of the state and those who believe that because God is, we are, and that, therefore, the individual is of basic importance and that it is his growth, his evolution that must be our concern.

This Armageddon is not taking place on the sandy plains of the Near East but rages all over the world. It is an all-out war of believers against nonbelievers, not just of the Christian against the non-Christian but of those who deny the very existence of Deity against all those who believe in Him, Christian and Jew, Hindu and Moslem, Sufi, Vedantist, Tao-

ist—even those whose eyes have reached no farther than the totem pole.

Every concept we have of what humanity's goal is, is being bitterly attacked by those who say there is but one goal: To reduce the entire world to a police state which shall be controlled by the Kremlin. That is the battle that we are waging which will never be won with more guns and more war. That is not the way. The only possible way is through such agencies as ECA, through such people as go out, imbued with the spirit of helpfulness, imbued with passionate determination to see the people of the world raise their heads once more with hope, with faith, not only in us but in themselves. That is the crucial thing.

I am reminded at this point of a little story that was written me by one of my very good friends, a padre. He wrote about a little girl who when she was saying her prayers thanked God for mommy and daddy and for brothers and sisters, and then, to her mother's amazement, branched out on her own, and this is what she said: "And, dear God, take care of yourself, because without you we are sunk."

Now, that is where the world is. Without God we are sunk. Deny His existence and man signs his own death warrant. Eventually, the Communists all over the world will be destroyed by their own insistence that there is no such thing as Spirit, that there is nothing above them. Unfortunately, our civilization might be engulfed with them, our entire way of life be ended, and all man be drawn down into the stream of death and destruction. But that does not have to be. It is for us here and now to keep it from being.

I was privileged to be chairman for 2 years of a subcommittee of the Committee on Foreign Affairs having to do with international movements. All Members of the Eightieth Congress have received copies of the subcommittee's report called *The Strategy and Tactics of World Communism*, which is now House Document No. 619 and so available to all Members of this Eighty-first Congress. It was my privilege and responsibility to have to dig down into the raw material of what they have actually said, what they have actually preached, what they have actually told their people. They have learned to make the most of chaos; to create it and then plant their seeds in it. They have learned to bring disunity into millions of places all over the earth.

Mr. VORYS. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON of Ohio. Yes; gladly.

Mr. VORYS. Will the gentlewoman tell us just in a sentence or so how many of those countries behind the iron curtain and on its edge she has personally visited, so that the committee may know that it is not only her studies but her personal observations that are contained in the reports?

Mrs. BOLTON of Ohio. I will be glad to. I think the Congress knows that in 1945 I was a member of a committee that went to eastern Europe, including two weeks in Russia. There, for the first

time in my life, I found myself downed by poverty, by the furtiveness so noticeable at every turn, hardly a smile in Moscow; just pressure on all sides with the great square of the NKVD throwing its shadow over all.

We were in Belgrade. We were in Budapest. In Belgrade, in order to see the head of the opposition party we had to go by night along completely dark streets, slipping in, like an Oppenheim spy story, into a dark house. Only after the door, which was of metal, had been closed were the lights turned on. Yes; when one has tasted even a little of the power of the totalitarian state, when one has felt the atmosphere of the police state, there is nothing one would not do to keep it from encroaching into one's own country or into the other free countries in the world.

Let me tell you what Mr. Vishinsky said when we asked for clarification: "Mr. Vishinsky, in our short stay we have been discovering that the communism we have been taught was just a beautiful theory. The idea that everybody shared, and shared alike, that there were no differences just isn't so at all. We do not want to go back to America without being certain that our observations are accurate. Will you explain why it is that we find it all so different?"

"Oh, but my dear friends!" said Vishinsky, "you must understand communism constantly changes. Marx gave us the ideology, Lenin interpreted it, Stalin is making of it a Russian phenomenon."

And what a phenomenon it is.

Because there is so much apathy among us, because so few are alert to the true meaning of communism, I am going to take my time to give you a few verbatim quotes to carry with you not just over the week end to the moment when we vote on this bill, but to remember every day for the rest of your lives.

We wonder why we cannot trust their word. It is part of the tenets of their teachings that morality in the sense that it stems from God is not for them. Listen what Lenin says in his *Training of Soviet Youth*:

We say that we do not believe in God. We repudiate all morality.

Listen further, and listen well:

We repudiate all morality that is taken outside of human class concepts. We say that our morality is entirely subordinate to the interests of the class struggle of the proletariat. We had to destroy the old society; we had to overthrow it; we had to keep the unity of the proletariat. That is why we say that for us there is no such thing as morality outside of human society, that any such morality is a fraud. \* \* \* Communist morality is the morality which serves the struggle, which unites the toilers against all exploitation, against all small property, because the small-property owner is a danger to unity. \* \* \* When people talk to us of morality we say "For the Communist, morality consists entirely of compact, united, disciplined, and conscious mass struggle against the exploiters." We do not believe in an eternal morality; we expose all fables about morality. Our morality serves the purpose of helping human society to rise to a higher level and to abolish the exploiters. As we understand the term, it has no other meaning.



Mr. JUDD. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON of Ohio. I yield to the gentleman from Minnesota.

Mr. JUDD. Does the gentlewoman agree that if we had been willing to read these documents, read the Communist scriptures, and listen to them and pay attention to them we would not be in the mess we are in today, we would not be in a struggle for survival?

Mrs. BOLTON of Ohio. The gentleman is entirely right. We had had one lesson in *Mein Kampf*, but it taught us nothing. Read a little of Lenin, read Stalin on Lenin. What is the famous Lenin line which confuses the non-Communist peoples? To move, to go, to advance as far as you can; then, when it does not work, retreat. Yes; open the churches in Russia. That is advisable. But kill the churchmen in Hungary, kill them off, eventually the churches, too, will have to go. When they found the emotional need of the people greater than service to the new state could fill, they opened the churches, their tongues in their cheeks. The more you read their own statements to their people the more certainty you will have to accept the cold fact that the very cornerstone of their way of life is absolute and complete denial of the existence of Deity, and that it is this dictum that they propose to force upon every man, woman, and child on the face of the globe. In effect they say: "We deny Him, and we propose to compel the peoples of the earth to deny Him also."

Mr. Chairman, there is only one goal before the Communist and I am using the term "Communist" very accurately. I mean by a Communist the man who has foresworn God, who has set up the State as his God, and who accepts with fanaticism the demands made upon him by that State. At so many points they are far wiser than we in their management of the minds of men, because they make demands and people like to have demands made upon them. We do not make enough and we lose in consequence.

We should demand service for the God in whom we trust. We should insist that there can be no freedom unless there are restraints and disciplines. Freedom cannot exist under license any more than it can under the NKVD. The goal of the Communists is complete communization of the world, complete control of every human being in it. They do not deviate from that. Everything they do may swing this way and that way but it always moves toward the one end, even though to attain it they may have to resort to the complete annihilation of the major portion of all people who live in the world.

Because of these grim purposes, Mr. Chairman, the ECA was born that the people of Europe and of other countries as well might know that we who believe in God reach out to them in their need, certain that their right as individuals to the freedom for which they have struggled with such fortitude, through so much agony, such anguish, is as vital to man's ultimate victory over the powers of darkness as is our own.

Because of our own need to stand firmly against those who have risen up and with fierce energy and fanatic zeal deny the source of life itself, we cannot contemplate any action save to pursue our course.

ECA has brought hope and its good results begin to show. This is the moment to press on to victory.

Mr. KEE. Mr. Chairman, I yield 8 minutes to the gentleman from Montana [Mr. MANSFIELD].

Mr. MANSFIELD. Mr. Chairman, I would like the Members of this House to ask themselves two questions: First, what would the situation be in western Europe today if we had not inaugurated the Marshall plan; and, second, what will the effect be in Europe and throughout the world if this bill in substantially its present form is not passed? I think you all know the answers. I think you recognize the fact that had the Marshall plan not been put into operation a year ago practically all, if not all, of western Europe would today be under Communist domination, would be subject to pressures from both within and without, and instead of the Communist Parties in the countries of western Europe being in a much weaker position now than they were a year ago, they would be in a much stronger position, and they would have exercised the same kind of control in western Europe as minorities as their counterparts do in the satellite countries behind the iron curtain.

You know also just what this particular measure means to the economy of Europe, to our own country, and to the world in this present measure, because of the fact that we have on the basis of the magnificent success in the first year of this program been able to give hope—been able to give some degree of security to the people of Europe and have launched them on the way to normal prosperity and economic recovery.

Mr. Chairman, this program is, in my opinion, a program for peace. It is the one solid undertaking we have directed since the close of the late war and it is the one program that offers hope of real success, real peace, and real security.

I would like to open with the words of Mr. Hoffman, the ECA Administrator, that "this is the time to hit hard for European recovery." The coming year is a critical year for the success of the European recovery program. This was emphasized to the committee by every witness from the overseas and Washington branches of the ECA organization, as well as by the State Department. During the past year with the help of Marshall aid, outstanding progress has been made toward recovery. The confidence of the people of western Europe in their ability to stand on their own feet again has been restored. The Communists, who have opposed the Marshall aid program from the start through sabotage, distortion, and falsification, have received set-backs in all the countries of western Europe. The full momentum of the recovery program, which has been so dearly bought, must be carried forward and the United States

must back the efforts of the European countries to the full during this coming critical year.

It is for this reason that I urge the Congress to approve the full amount of the authorization provided in the present bill. If the Congress, because of the recovery progress achieved, attempts an unwise economy at this time, the momentum of recovery will be dissipated and recovery itself will be postponed. In the long run, such a course would cost the United States taxpayers more money rather than less.

This year the Congress is confronted with an entirely different situation from that on the basis of which it legislated last year. The amounts authorized in the present bill for the recovery program, during the coming 3 months and the next fiscal year, are firm estimates screened many times, on the basis of almost a full year's experience with the aid program, and with the assistance of the several organizations which Congress in the original ECA act expressly created or contemplated.

The Congress itself provided for the machinery by which these estimates were arrived at. The figures, prepared in the first instance by the individual participating countries, were closely screened by the ECA missions in the several countries working in close touch with the participating governments. The collected country estimates were then submitted to the Organization for European Economic Cooperation in Paris, where the Europeans themselves reviewed the estimates in the light of the total economy of western Europe. The resulting figures were then reviewed in great detail by Mr. Harriman and his staff in Paris. When that review was completed, the program was subjected to the most thorough examination by ECA's staff in Washington and other departments of the executive branch, in the light of their own views on what was necessary for European recovery and the ability of the United States economy to meet these requirements. The National Advisory Council on International Monetary and Financial Problems, established by the Congress, also studied the requirements and made its recommendations on the figures.

As a result of this screening and re-screening, the European recovery program proposed to the Congress for the next 15 months is, as Mr. Hoffman has said, "a tight fit."

In addition to all these studies, the committee examined in considerable detail the program submitted to it. It questioned the Administrator and his principal subordinates, the special representative in Europe and the principal ECA mission chiefs. The committee report refers to the attention given by the committee to such particular questions as the effect of recent price changes, the problem of wheat prices under the prospective international wheat agreement, and the question of prices paid for Middle East oil under the ERP.

The present bill authorizes funds for a 15-month period in order that ECA, like other Government agencies, can be put



on a fiscal-year basis, which is also the basis on which the European countries prepare their annual recovery programs. The bill authorizes an amount of \$1,100,000,000 for the last 3 months of the current fiscal year, a reduction of \$400,000,000 under the amount sought last year for the same period. The bill also authorizes \$4,280,000,000 for the fiscal year 1949-50. This is a cut of \$410,000,000 in the amount requested by the individual country programs prepared by the individual governments in cooperation with the special ECA missions. It represents a reduction of \$1,020,000,000 under the amount requested for the first 12 months of the program a year ago and is a reduction of \$730,000,000 under the amount Congress made available for the first 12-month period.

It is the judgment of the committee that the amounts authorized in the bill are firm and reasonable estimates of the requirements for the recovery program during the next 15 months. It believes that any attempt to make an arbitrary substantial cut in the amount will result in shifting the program from recovery to relief. This would defeat the objectives for which Congress undertook the ERP, and in the long run would cost the United States taxpayers more money rather than less. The committee believes, as Mr. Hoffman has stated, that "the way to reduce the cost of this program is not to hamper recovery by arbitrary cuts in this authorization, but instead to do the job as quickly as possible with the minimum amount needed to provide the essential supplies."

I would like to close my remarks on this topic with the words of Secretary of State Acheson before the joint opening session of our committee and the Senate Foreign Relations Committee:

The outstanding fact which emerges from this first appraisal—

Of the European recovery program by the Congress—

is that the program is succeeding. Every sound precept calls upon us to press that success. The worst of all courses would be to relax our efforts and allow the momentum of achievement to diminish. To do so would be to lose all that has been gained, and to lose, also, the opportunity to bring the program to full accomplishment.

In conclusion, I want to repeat what I said earlier in my speech, and that is: This is not a war program; it is a program for peace and security, and I hope this House will accord full support to this measure on that basis.

Mr. VORYS. Mr. Chairman, I yield 14 minutes to the gentleman from Wisconsin [Mr. SMITH].

(Mr. SMITH of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Wisconsin. Mr. Chairman, the Eightieth Congress inaugurated the policy of economic aid to Europe. Later it made an appropriation to implement that program. Now it is essentially a part of our foreign policy. I will support a continuance of that policy as amended by this legislation, reserving the right, however, to seek a reduction in the total amount asked for in this bill.

Mr. Chairman, there are some things that the people of this country should understand about the recovery program in Europe. First it is not designed to aid economic recovery in this country; however, it is a perfectly natural view that when there are surplus commodities in this country and European countries can use them, they should be a part of the plan.

Secondly, Mr. Chairman, and very important is the fact that when the Eightieth Congress passed the Economic Cooperation Act of 1948, it carried the proviso, and I quote:

That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States.

Mr. Chairman, according to Mr. Eccles of the Federal Reserve Board, we are now in a recession. That was his statement a few days ago. I hope it will not become a Truman depression, but there is abundant evidence that a jittery situation exists on the economic front. Prices are declining, unemployment is increasing, all of which indicates that we may be headed for a violent economic shakedown. It is our solemn duty, Mr. Chairman, under the present act to refrain from such action "as might seriously impair the economic stability of the United States."

We must therefore scrutinize the amount authorized in the bill before us. This responsibility should not be shifted to the Appropriations Committee. This is not the time for increased taxation to meet the demands of accelerated spending by government. Leaders in the Senate, on both sides, have said as much. We must decrease spending, and here is a bill where a cut can be made without impairment to the program. We cannot for one moment consider this legislation apart from other phases of our foreign policy. Within the immediate future this House will be called upon to consider a \$2,000,000,000 appropriation to implement the North Atlantic treaty. It could well be, Mr. Chairman, that we can meet part of that obligation by reducing the amount requested in this bill. I ask you to give serious consideration to that idea. I think it can be done and I intend to offer an amendment at the proper time. Now is the time to consider the American taxpayer in the light of the present economic situation.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. VORYS. The gentleman will remember we were handed a number of matters, each with an April 1 deadline. We put them together and got them through on time. I join the gentleman in his regret that we have not a broader approach to the whole question this year.

Mr. SMITH of Wisconsin. Then there is a third and final point that I wish to make, Mr. Chairman. It has to do with our over-all foreign policy. From many quarters it has been charged that we have no such policy; that it has been so fluid in the past 4 years, problems are met on a day-to-day basis. What about our policy in Asia? The bill before us is said to contain the sinews of resistance to Russian Communist expansion in

western Europe, and that may be true. In China, however, we have nurtured communism by insisting that the Nationalist Government organize a coalition and accept Communists into strategic positions.

What has coalition meant to Poland, Hungary, Czechoslovakia, Rumania, and Bulgaria? Can we expect a different result in China? Of course not. Great credit is due Chiang Kai-shek for refusing to knuckle under to George Marshall and other State Department officials. I charge here and now, Mr. Chairman, that it is the present policy of the State Department to do business with the Communists in China if the opportunity is presented. The move right now is to eliminate the officials of the Republic of China. Are we sincerely trying to stop communism, Mr. Chairman? There are serious doubts in my mind.

Mr. Chairman, it is my humble opinion that the Soviet is using the western European situation as a shield for its real objective in Asia, which is to secure raw materials for industrial purposes and to extend its political influence. It is engaged in a mad race to take over Asia without firing a shot. Then like sitting ducks the Philippines will fall, Japan, the islands of the Pacific, and, yes, Mr. Chairman, perhaps our own Alaska. Do not laugh off this situation. Why do we follow the present course, with all its fatal implications to our own national security?

Mr. JOHNSON. Mr. Chairman, will the gentleman yield for a question?

Mr. SMITH of Wisconsin. I yield.

Mr. JOHNSON. In your opinion, will the passage of this bill giving aid to Europe serve as an impediment, so far as giving the proper aid to China, and other parts of the world, which will come up later?

Mr. SMITH of Wisconsin. I think it will.

Mr. JOHNSON. Will the gentleman explain that a little further, please?

Mr. SMITH of Wisconsin. I do not have time to go into that in detail, but, in my opinion, we are forgetting about our foreign policy in China and carrying all of our eggs in one basket in western Europe. Frankly I do not think there is any disposition to do much about the Asiatic situation, so far as the State Department is concerned.

Let us not forget, Mr. Chairman, that we have directly violated specific pledges made to the Chinese people. At Cairo in December of 1943 Roosevelt, Churchill, and Chiang Kai-shek, in a public document proclaimed, and I quote:

All the territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores, shall be restored to the Republic of China.

Yet at Tehran, Yalta, Potsdam, and Moscow, and perhaps at other places, our high officials made a secret deal with Stalin and his godless Communists to turn over northern Korea, the Kurile Islands, and Manchuria.

In China proper, Mr. Chairman, we immobilized the armies of the republic by truce after truce until the Russians could arm the farm boys conscripted by the Communist dictators to overthrow our



loyal ally. We have dishonored our pledges. We have betrayed our friends not only in Asia but in Europe. After observing the fact of China, of Poland, of Yugoslavia, who dares to trust us? Yet the Stalinist dictatorship has stood by its agents who comprise the fifth column in every country in the world. The open door in China is slowly closing and behind it is the hand of Uncle Sam.

As one man has well said, Mr. Chairman, "Where is the voice of America's conscience? Why is it stilled?" Even if we do not value the respect of the free men of the world, do we no longer value our own self-respect?

All this, Mr. Chairman, has a direct bearing upon our world foreign policy. We cannot ignore the needs of China in this bill and treat it separately. The Wedemeyer report is still locked up in the State Department. Why? Secretary Acheson refuses to answer.

The global aspect of the Chinese problem has become beclouded by demands for internal reform. But we are advised, Mr. Chairman, by State Department officials and by Mr. Hoffman's agents that we must not insist upon reforms in the European countries that now receive our billions. Oh, no, Mr. Chairman, if we did that it would constitute interference in the internal affairs of those countries. In Europe we must not interfere; in China, Chiang Kai-shek is ordered to take Communists into his cabinet, and when he refused, United States troops withdrew from China, authorized loans were suspended, and shipments of arms were embargoed. For 11 long months not a rifle nor a bullet was sent to China.

Internal reform in China may be desirable and necessary but it is of secondary consideration to the civil war going on. The maintenance of China's integrity against the destructive forces which threaten to overwhelm her are much more important.

Some months ago, General MacArthur made a cogent reference to the China situation. He said:

The problem is part of a global situation which should be considered in its entirety. Fragmentary decisions in disconnected sectors of the world will not bring an integrated solution. It would be utterly fallacious to underrate either China's needs or her importance. For if we embark upon a general policy to bulwark the frontiers of freedom against the assaults of political despotism, one major frontier is no less important than another, and a decisive breach of any will inevitably threaten to engulf all.

General MacArthur has informed the Joint Chiefs of Staff that if China is communized he will need six Army divisions and additional air and naval strength.

Mr. Chairman, it is not only the fact that China hangs in suspense. The fires of Red insurrection blaze high in Indonesia and Burma. Indochina, we are told, is already in the hands of the Communists. The whole Malay Archipelago is threatened, and certainly India and Siam may go down. Here is where the Soviet is driving for an early decision; here great natural resources are available and needed for the Russian industrial potential. Raw material needs are not available in western Europe, hence the drive for Asia. I beg of you to heed the

full implications of this situation. It is the most pressing problem in foreign affairs.

Mr. Chairman, if China collapses, it is a whole continent that will be communized, and the way will open for Red Russia's mastery over more than half of the world's population. Stop Russia in Europe? Yes, but not the risk of the communization of Asia and the islands of the Pacific.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. KEEFE. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. BLAND].

Mr. BLAND. Mr. Chairman, I exceedingly regret to take up your time at this late hour and I shall consume as little time as possible.

When the ECA Act of 1948, known as the Foreign Assistance Act of 1948, was passed, it contained in section 111 (a) the following provision:

The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure so far as practicable that at least 50 percent of the gross tonnage of commodities procured within the United States out of the funds made available under this title and transported abroad on ocean vessels, is so transported on United States flag vessels to the extent such vessels are available at market rates.

We thought things were going pretty well; the Members of Congress thought they understood what the language of the amendment in the Foreign Assistance Act of 1948 meant, and the Senate thought they understood it. We were going on with the drive to transport and ship, but in the latter part of the year 1948 Mr. Hoffman, the Administrator, came back home and said they could not do as the law specified, that they did not understand what was meant, and that they wanted legislation in plain language that they could read. Immediately upon the meeting of this session of Congress and the election of our committee, I introduced a bill, H. R. 1340. We had hearings on that bill; we considered it at considerable length, and the bill was reported unanimously. I am not going to take time to read that report to you now, but I am going to put in the RECORD a copy of that bill and a copy of the favorable report on that bill by the Committee on Merchant Marine and Fisheries. In that bill we tried to spell out the intent of Congress in language so clear that a wayfaring man though a fool, or even an ECA Administrator, could read and know what was meant. We got a rule on the bill and we wanted to call it up, but things were in much confusion and the proposed ECA legislation had the right of way. We hoped that we might be recognized, but the rule providing for consideration of H. R. 1340 has not been called up. The bill, H. R. 1340, is still subject to call, but may not be taken up. I am going to incorporate in these remarks the report that was made by the Committee on Merchant Marine and Fisheries on that bill. When it became evident that the ECA bills would have precedence, we were approached by Mr. Bruce, who is connected with ECA, I think, as Assistant to the Ad-

ministrator. He made the suggestion that we should hold off on H. R. 1340 for awhile, as they were trying to work out the problems dealt with there. I honestly believed they were making an effort and I believe it now. I do not like this approach to the problems dealt with in H. R. 1340, but I thought that the best we could do would be to proceed as Mr. Bruce requested. We were told that it would be agreeable to hold H. R. 1340 in abeyance and call it up if relief was not afforded. An agreement was reached on the amendment desired that was incorporated in the Senate bill, as section 14 of the Senate bill on ECA, S. 1209.

I insert here the bill, H. R. 1340, the report thereon, Report No. 226, and the Magnuson amendment agreed to in the Senate known as section 14 of S. 1209:

#### H. R. 1340

A bill to provide for United States flag shipping participation in Government-financed cargoes

*Be it enacted, etc.,* That (a) notwithstanding any other provisions of law, except the provisions of the act of April 28, 1904 (33 Stat. 518), whenever the United States Government, or any department, agency, or instrumentality thereof, procures, or makes any loans, grants-in-aid, or provides credits or funds for the procurement of any commodities for transportation by water, at least 50 percent of the gross tonnage of such commodities, computed by countries, and separately for dry bulk carriers, dry cargo liner and tanker services, shall be transported on United States flag vessels at market rates for United States flag vessels, unless the United States Maritime Commission, after investigation, shall certify to the department, agency, or instrumentality of the Government charged with the administration of the laws under which such funds are made available with which the commodities are procured, that United States flag vessels are not available in sufficient numbers or at market rates for United States flag vessels to effectuate the purposes of this section. No recipient of commodities of the character described in this section shall be entitled to reimbursement for expenditures already made unless at least 50 percent of any cargo to be paid for thereby shall have been transported in United States flag vessels as herein provided.

(b) All Federal departments and agencies are hereby authorized and directed to cooperate with the Commission by entering into and carrying out such agreements as may be necessary to effectuate the purposes of this section: *Provided*, That the Commission is authorized and directed to report to the Congress within 90 days after the enactment of this section, and very 4 months thereafter, the action taken hereunder and to give the names of any Federal departments or agencies or any other persons who have failed to cooperate with the Commission as herein directed. The records of the departments, agencies, or instrumentalities charged with the administration of such laws shall be available for public inspection at reasonable hours insofar as such records relate to the transportation of commodities as herein provided.

#### PROVIDING FOR UNITED STATES FLAG SHIPPING PARTICIPATION IN GOVERNMENT-FINANCED CARGOES

Mr. BLAND, from the Committee on Merchant Marine and Fisheries submitted the following report:

The Committee on Merchant Marine and Fisheries to whom was referred the bill (H. R. 1340), to provide for United States flag shipping participation in Government-financed cargoes having considered the same, report



favorably thereon with amendments and recommend that the bill do pass.

The amendments are as follows:

Page 1, line 8, after the word "water", insert the words "which commences on or after the enactment of this act."

Page 1, line 9, after the words "gross tonnage", insert the words "and total transportation charges."

Page 1, lines 9 and 10, after the word "commodities", insert the words "after excluding such cargoes carried on vessels under the jurisdiction of United States military authorities."

Page 2, line 4, after the word "department", insert a comma.

Page 2, line 12, after the word "expenditures", delete the word "already."

#### PURPOSE OF THE LEGISLATION

The purpose of this bill is to clarify and strengthen the intent of Congress as expressed in section 111 (a) (2) of the Foreign Assistance Act of 1948 (Public Law 472, 80th Cong.) that not less than 50 percent of goods procured within the United States out of funds made available under that act shall be transported on American flagships. H. R. 1340 goes further, and specifies that a similar policy shall apply to commodities procured by funds made available under any Government-financed program, except that cargoes carried on vessels under the jurisdiction of United States military authorities shall be excluded from consideration when making the computation.

This bill provides that to the extent that United States flag vessels are available in sufficient numbers and at market rates for United States flag vessels, such vessels shall be used to carry at least 50 percent of commodities procured for transportation by water under any Government-financed program providing loans, grants-in-aid, or credits or funds therefor. The determination of the degree of participation by American flag shipping in Government-financed cargoes shall be made both with reference to the gross tonnage thereof and the gross freights thereon, irrespective of the points of origin or destination of the commodities. The committee feels that no fair evaluation of United States flag participation can be made unless the freight revenues are taken into account as well as the gross tonnages.

Moreover, it is intended that the computation will be made on a country by country basis rather than on an over-all resulting average. Your committee feels that such provision is essential to the interest of the American merchant marine generally, and is the only feasible means of enforcing the intent of Congress with respect to United States flag participation in Government-financed programs.

In this connection the elimination of the country by country provision would be destructive to American shipping in the North Atlantic trades in particular. It happens that the so-called maritime nations, which have protested most strongly against this provision are concentrated in Scandinavia and northern Europe. At the present time strictly commercial cargo is moving in these areas in very small volume because it is being displaced by grants-in-aid cargoes. If no commercial cargo is available over these routes and if our American ships cannot carry at least half of the Economic Cooperation Administration grants-in-aid cargoes, United States flag shipping lines which traditionally have been operating over these routes would be practically put out of business.

It should be noted that, in keeping with our national maritime policy as set forth in the Merchant Marine Act of 1936, certain American lines are under contract with the United States Government to provide and maintain frequent and regular United States flag services between the United States and

the northern European and Scandinavian areas. These lines are required under their contracts to maintain the regularity of their service, irrespective of cargo offerings. But freight revenues are essential to the maintenance of such services.

In addition, there are other major operators in the American merchant marine, not under Government contract, who have developed more or less regular services to and from these and other areas and whose existence is equally affected by these considerations. Certainly these American companies, so important to our national defense and our economy, should not be displaced in favor of the merchant marines of foreign nations, many of which are not even recipients of our foreign economic recovery programs, and some of which have grown to major size because of their lax laws and substandard requirements.

On the other hand, the merchant marines of the countries in the northern European and Scandinavian areas do not depend for their existence upon commerce to and from the ports of their particular countries. They are largely carriers of the commerce of other countries. For example, in the Pacific trades there are a great number of Danish, British, Dutch, and Norwegian ships carrying cargoes entirely extraneous to their homeland.

Your committee considered proposals that cargoes which neither originate in or are designated for ports of the United States, its Territories or possessions, should be excluded from the scope of the bill. The committee is of the opinion however that American shipping is entitled to at least 50 percent of all cargoes purchased by funds made available under programs financed by our Government, irrespective of points of origin or destination. Incidentally, with regard to regular United States flag services traditionally operating between the United States and other countries, there can be no question that the American operators of such services are entitled to participation in a fair share of cargoes originating on and destined to points on or adjacent to their regular trade routes, which they are serving frequently and regularly either by contract with our Government or otherwise. It is believed that participation in these so-called cross trades is important and that such administrative difficulties as there may be will be soluble.

The bill further provides that the computation shall be made separately for dry bulk carriers, dry cargo liners and tanker services, in order that all segments of the American merchant marine may receive equal treatment. In this connection, only 23 percent of ECA petroleum cargoes has been carried by United States flag tankers. A great portion of the total tanker cargoes has been transported in the cross trades, and by foreign flag tankers. This bill would remedy this situation and greatly increase the number of United States flag tankers, so necessary for our national defense, on the high seas.

Your committee recognizes that there are conceivable circumstances under which United States flag vessels may not, at a particular time, be available in sufficient numbers or at market rates for United States flag vessels to effectuate the purposes of the bill. To meet such eventualities, provision is made for the United States Maritime Commission, when and if such circumstances arise, to certify to the department, agency, or instrumentality of the Government charged with the administration of the laws under which funds are made available for the procurement of commodities for a particular aid program, that United States vessels are not available in sufficient numbers or that the rates are in excess of market rates for United States flag vessels.

To aid in the enforcement of the provisions of the bill it is provided that no recipient of commodities of the character described therein shall be entitled to reim-

bursement for expenditures made unless at least 50 percent of any cargo to be paid for thereby shall have been transported in United States flag vessels as provided in the bill. In this connection, the bill as reported by your committee relates only to commodities transported by water on and after the date of its enactment. The Comptroller General of the United States suggested an amendment designed to facilitate the settlement of accounts, the objective of which your committee did not disapprove. However, it is believed that such provision is unnecessary in this legislation and that the Comptroller General is vested with sufficient powers and authority to handle the problem administratively.

Subsection (b) of the bill provides that all Federal departments and agencies are authorized and directed to cooperate with the Maritime Commission by entering into and carrying out such agreements as may be necessary to effectuate the purposes of the bill, with the further proviso that the Commission shall report to Congress within 90 days after the enactment of the bill and every 4 months thereafter. Moreover, it is provided that the records of the several departments, agencies, or instrumentalities involved shall be available for public inspection insofar as such records relate to the transportation of commodities as provided in the bill.

Your committee recognizes that in the transition of the American merchant marine from wartime to peacetime status Government participation in nonmilitary shipping should not be terminated abruptly. However, all steps possible should be taken, with the least delay, to assure the return of the entire American merchant marine to private ownership and private operation. The pursuit of this policy carried great weight in the conclusion of the committee that cargoes carried under the jurisdiction of the United States military authorities should be excluded in the computation of the minimum percentage of United States flag participation within the purview of the bill.

In the course of the hearings on this bill, several matters of importance were brought to the attention of the committee but were not included therein since the committee did not feel that it was the proper medium for legislative action in those matters. For instance, it appears that American-owned marine insurance companies are being deprived of a large amount of insurance business, which but for the policy of the Economic Cooperation Administration would be available for the strengthening of this very important element of the American merchant marine. The Congress has several times in the past forcefully stated its position with regard to fostering the growth of the American marine insurance market. It is the consensus of your committee that the Economic Cooperation Administration and all other administrative agencies of the Government should keep cognizant of the policy heretofore expressed by Congress on this subject. In this connection your committee is advised that the Economic Cooperation Administration is presently endeavoring to review its policies in regard to insurance to cooperate with the marine insurance industry.

There was likewise discussion of the American freight forwarding industries which plays a very important part in the efficiency of American transportation generally and the American merchant marine in particular. Here again it is the consensus of your committee that the fullest use of the services of American freight forwarders should be made in carrying out Government-financed programs for foreign relief, rehabilitation, and recovery.

It is the unanimous opinion of your committee that H. R. 1340 is highly important legislation and will permit the most effective carrying out of the congressional intent pre-



viously expressed with regard to United States flag participation in Government-financed programs and is essential to the interest of the American merchant marine. Your committee therefore unanimously reports this bill and urges its enactment.

#### MAGNUSON AMENDMENT TO S. 1209

SEC. 14. The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, so far as is practicable, that at least 50 percent of the gross tonnage of commodities procured out of funds made available under this title and transported to or from the United States on ocean vessels, computed separately for dry-bulk carriers, dry-cargo liner, and tanker services, is so transported on United States-flag vessels to the extent such vessels are available at market rates for United States-flag vessels; and, in the administration of this provision, the Administrator shall, insofar as practicable and consistent with the purposes of this title, endeavor to secure a fair and reasonable participation by United States-flag ships in cargoes by geographic area.

It was agreed that if the ECA Administration failed to perform for United States flag ships, as they had undertaken to do, and did not give us relief, we should call up H. R. 1340 for action in the House. The result is that we were holding the bill in the bag, and we are ready to call it up at any minute that the ECA Administration fails in its promises to us. I have said, as a part of our agreement, that if Senate 1209, with the Magnuson amendment, section 14, is enacted into law, as I hope it will be, that I, as chairman, will immediately appoint a watchdog committee to see what ECA Administration is doing, how it is being performed, and if the ECA Administration is not living up to its promises, that the committee will call up H. R. 1340, and ask for its passage. I think that is about the best thing we can do.

I had intended to offer the Magnuson amendment as an amendment on this floor, but we are considering the House bill here and not the Senate bill. The provision contained in section 9 of the House bill is not exactly the section we would like to have. We would like to have the amendment that was offered by Senator MAGNUSON in the Senate and I hope it will be accepted by the conferees. Senator MAGNUSON said then that they are going to watch it. I agree with his statement and unless it is carried out, we will be before you again asking for action on the rule that has already been granted for the consideration of H. R. 1340, or any other legislation that may be needed to protect United States flag ships.

We have taken this action because we do not want to do a thing that would interfere with the consideration of the ECA program that you have before you. I believe, Mr. Chairman, that we are launching on one of the most gigantic and benevolent movements ever undertaken in the history of the world.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. KEE. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. BLAND. Mr. Chairman, I firmly believe that we are carrying out a policy that means the peace of the world. I am not going to be troubled by such things as the obstacles that confront us, how much money this program is going to cost, and such complicated questions. I believe firmly that we are walking in the path of the Prince of Peace, that we are following in His steps, and that there is one law that governs or should govern all mankind. It is contained in His teaching, "Feed thine enemy; give him that is thirsty drink."

We are doing this: we are living by His law and we cannot fail. There has not been much peace heretofore in the world, but I think that following this leader, and doing as He has directed us to do, we will eventually have peace.

Mr. KEE. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. THOMPSON].

Mr. THOMPSON. Mr. Chairman, I am very much in favor of the legislation now under consideration; also I sympathize with the position taken by the gentleman from Virginia [Mr. BLAND].

Mr. Chairman, since the inception of the original idea of the so-called Marshall plan, I have stood squarely in favor of it. Now, after a year of operation of the plan, which we now know as the Economic Cooperation Administration, I am convinced that it is working and that it is accomplishing its main purpose.

I shall vote for the passage of the bill now under consideration. However, I invite the attention of the House of Representatives to an amendment to section 14 of S. 1209 which was placed on the companion bill in the Senate. It is the one which is undoubtedly designed to insure the handling of 50 percent of the shipments of the commodities purchased under the act in vessels of the American merchant marine. A similar provision was in the act which we passed last year, and yet American merchant vessels did not ship any such quantity. Therefore, your Committee on Merchant Marine and Fisheries introduced legislation which would make mandatory the intent which Congress had so definitely expressed; namely, that 50 percent of our shipments should go on American ships.

In the course of the hearings on this legislation, the very able and distinguished Administrator of ECA, the Honorable Paul Hoffman, told us in so many words that he wanted a directive from this Congress which would tell him exactly what he must do in regard to these shipments. Among other things, these hearings developed the understandable fact that Mr. Hoffman regards the opening words of the act as his directive. These read, in effect, that he is to establish in Europe a "healthy economy independent of extraordinary outside assistance" and to further "the expansion of foreign trade."

Naturally Mr. Hoffman feels that it is his job to build up the economies of the foreign nations. True, a little further down in the act there is a suggestion that what Mr. Hoffman does in his official capacity shall not upset the economy of

this Nation. However, in the case of the handling of his commodities on American merchant vessels, there is a very definite conflict of interests, and after listening to him in the hearings, I for one, and I believe a greater number of my colleagues on the committee agree with me, came away with the feeling that Mr. Hoffman was not going to act except with the positive instructions of the Congress. Accordingly, after a great deal of deliberation and very extensive hearings, we unanimously reported out what is known as House bill 1340, by our distinguished chairman, the gentleman from Virginia [Mr. BLAND]. The bill looked air-tight to us. It met with the complete accord of the shipping industry and all sides of organized labor. A rule has been granted, and the committee is ready to bring it up before the House for consideration at any time. As a matter of fact, we might have passed it by now except that the Administrator of ECA made what must have been a most potent and convincing plea, and succeeded in persuading, among others, our distinguished chairman, and some, if not all, of the representatives of the industry and organized labor that now he was going to take a more liberal attitude toward the American merchant marine.

The amendment to which I referred and which was adopted by the Senate was, if I am not mistaken, written by Mr. Hoffman and his people. It contains some words that I do not like in any piece of legislation, especially where there is a conflict of interests. The words I do not like are these: "So far as is practicable," and again further down in the amendment, "insofar as practicable and consistent with the purposes of this title endeavor to."

So now again if the Senate bill prevails we place in the hands of Mr. Hoffman the power which he had last year to make his own decision as to whether he should advocate foreign supremacy or American supremacy at least in the matter of shipping; whether his job is basically to build up the merchant marines of the foreign nations along with the rest of their economy, or to protect our own.

As I have said, Mr. Hoffman seems to have convinced at least some of our people that he has had a change of heart. Maybe so. I certainly hope so.

We learn now that our chairman is going to appoint a watchdog committee, so-called, to scrutinize the manner in which Mr. Hoffman's good faith is demonstrated. I assume that immediately upon any indication that the American interests are going to be discriminated against, this committee will immediately recommend the enactment of H. R. 1340 by means of which the wishes of this Congress, as we understand them, will be so clearly stated as to permit no misunderstanding and no deviation except by deliberate violation of the law. I shall be one who expects to watch developments very closely and very hopefully.

Mr. VORYS. Mr. Chairman, I yield 15 minutes to the gentleman from Connecticut [Mr. LODGE].



Mr. LODGE. Mr. Chairman, the Committee on Foreign Affairs comes before the House today with a bill extending the European recovery program until June 30, 1950.

The bill which we bring to the floor is an amendment to title I of the present law, a law which, when it was passed by the Eightieth Congress, proclaimed to the whole world that the people of America are ready to make sacrifices not only to achieve victory but to preserve the peace which that victory achieved. It announced in concrete and exciting terms that we regard the economic health of the nations which chose to participate in this unprecedented undertaking as of vital concern to us and it underscored our growing sense of responsibility in a dangerous and difficult world.

The European recovery program is a strategical measure with relief characteristics. It is an attempt to create in Europe a political climate propitious for the preservation of freedom. It is an act of generosity but it is also in our enlightened self-interest. We can take comfort in the knowledge that our own interests are, in this connection, identical to the interests of all the people who aspire to a peace with freedom.

When this measure came before us more than a year ago, it was after protracted hearings, painstaking research, and on-the-spot studies and investigations by many Members of this body. The bill which comes before us now is also the result of extended hearings and is an attempt to reflect the experience which has been had with this program during the time that it has been in operation.

I myself have had the opportunity to look into the program in England, France, Belgium, Holland, and Italy during a trip which I made in November and December of last year.

This program and the bill before us also symbolize the bipartisan foreign policy at its excellent best. It is impressive evidence of the friendly and fruitful collaboration which exists on the Foreign Affairs Committee under the able and courteous chairmanship of our popular chairman, the gentleman from West Virginia, Judge KEE. It will serve also to remind those self-made enemies of our Republic, to whom Winston Churchill referred, that partisanship plays no part in the somber issue of war and peace.

The European recovery program has on the whole been a resounding success. When we drafted the original act we were fully cognizant of the fact that we could not legislate so as to insure efficient administration. We knew that we must in the end rely on the capabilities of the Administrator and of the staff which he might gather around him. If we had inefficient administration the program could not succeed. If we had capable administration this great adventure might eventually produce a less precarious peace.

In Mr. Paul Hoffman the American people have had the services of a man of exceptional talents, experience, and character. He has somehow managed to surround himself with men of stature who have brought to this great enterprise

the sort of crusading zeal and imaginative understanding which the American people demonstrated in time of war. The difficulties of administration have been enormous. They have been without precedent. Reaching into his background of successful experience as one of the outstanding businessmen of America, Mr. Hoffmann has welded the Economic Cooperation Administration into a dynamic and efficient team. I trust that the quality of the Economic Cooperation Administration will continue undiminished during the life of this program.

As you know, the European recovery program is based upon a balance of payments proposition. The needs of the participating nations are estimated in terms of their dollar deficits. You know also that, due to exchange controls, there is a large gap between the legal and the real value of foreign currencies. For instance, the pound sterling has a legal rate of \$4.04 and yet it has a real value of perhaps \$2.90. This legal rate has naturally had the effect of curtailing exports from the participating nations to the United States since prices have been so high as to be a deterrent factor. It seemed to me, therefore, and this is a belief which I have had for some time, that the Marshall plan could be described in part as an attempt to bridge the gap between the legal and the real value of foreign currencies. As the gap closed the dollar deficit would be reduced and the dollar needs of these countries would be correspondingly diminished, thereby also serving to diminish the load on the American taxpayers. I looked into this question with great care when I was in Paris. I discussed it with Mr. Harriman's staff for, as you know, the overseas headquarters of ECA are located in Paris. The men with whom I spoke were fully aware of the problem. They agreed that an all-around adjustment of foreign exchange rates will be required as one of the means of maintaining equilibrium in international accounts which will set an end to extraordinary United States assistance. Furthermore, some exchange-rate adjustments have in fact been made. Italy was the first example and France is another. But the fact that the external deficits of these countries have not been correspondingly diminished by this action would suggest that the problem is extremely complicated. It is impossible to consider the question of foreign exchange rates without relating it to internal financial stability. The establishment of a valid exchange rate must be properly timed. For if one adjustment of the exchange rate is going to be followed by another move in that rate simply because the internal financial situation is not under control, the adjustment of the exchange rate instead of being a wholesome factor could easily lead to the kind of destructive competitive depreciation which occurred in the 1930's. Furthermore, in a country such as France, which has been through rapid successive depreciations of the exchange rate, such a recurrence would almost certainly be taken as evidence that the currency is going to pot. This would have a profoundly disturbing effect.

It is also important to study the new intra-European payments plan in order to discover how many of the obstacles to trade movements are associated with wrong exchange rates. When this condition and internal monetary stability have been achieved, the Economic Cooperation Administration, working with and through the other interested governmental agencies and in particular with the International Monetary Fund, will be in a better position to press vigorously for changes which can be shown to be desirable. There are, of course, special interests in the various countries which would suffer from such adjustments and there is bound to be some outcry against the change. Any changes of this kind are sure to be somewhat painful. Yet surely there must be an effort in that direction. While it would be a dangerous oversimplification of a difficult problem to readjust exchange rates without taking into consideration the deep economic troubles which they symbolize, it should not be forgotten that exchange controls lie at the root of much of Europe's economic troubles.

When the foreign relief program came before the Foreign Affairs Committee in the Eightieth Congress, we were told that relief items should be made the subject of grants and that only those items which are dollar producing should be the subject for loans. Many of us gained the impression, therefore, that the extent of recovery under the European recovery program could be measured by the relationship of loans to grants. Accordingly, it seemed to me that at least as important as the amount of aid demanded in this extension legislation is the percentage which loans bear to the total program. I felt that this relationship could afford us with a reliable index to the degree of economic recovery in Europe. And yet the Economic Cooperation Administration officials tell us that not more than \$200,000,000 of the authorization contained in this bill will be used for loans. They feel that the participating nations are loaded up with loans now and that it would simply delay recovery to saddle any further loans upon an economic structure which is in that respect already top-heavy. Furthermore, the provision for \$1,000,000,000 for loans and guaranties which was provided in the present act as a public-debt transaction is, as to loans, entirely eliminated in the bill before us. The fact is that there will be far fewer loans made during the ensuing fiscal year than during the first year of the program. Yet we are told that as in the case of overvalued currencies, we must not take this forecast as a criterion of the extent of economic recovery in Europe. It is argued that the loans are made over a period going beyond the projected period of the Marshall plan. They are made looking toward a more distant future. It may be that loans were made too liberally during the first year of the program and that, therefore, some curtailment in loans must be made during the second year in order that the dollar position of these countries should be favorable when the termination date arrives. Yet the aban-



donment of loans as a measure of recovery is, to say the least, a perplexing factor in the economic prognosis for western Europe.

If European recovery cannot be measured by the relaxation of exchange controls or in terms of loans, how then are we to test its progress?

One of the major criteria by which it is still possible to judge the effectiveness of ECA is the degree to which the program has shifted from relief to recovery and reconstruction. Here the evidence is encouraging as an examination of the supporting documents will show.

But it is important to define the difference between relief and recovery.

Relief is generally thought of as disease and unrest items—food and raw materials—while machinery and capital equipment are considered as recovery items. Yet even this is misleading since, for instance, Italy will always be an importer of raw materials and an exporter of financial products. In Italy then a better gage of the progress of recovery can be found in export rather than in import figures.

The true test in most instances is described by the International Bank in its annual report as follows:

It is whether the European countries participating in the program during the period while ERP funds are available to help support their consumption standards, will be able to use the opportunity this afforded to expand, modernize, and reorganize their productive mechanisms and to effect the necessary changes in the pattern of their trade.

Of course, since the dollar deficit is the basis for determining the extent of our aid, reductions in the deficit are of great significance.

Let us take the case of Britain. The over-all British deficit in 1947 was approximately 2,500,000,000. This will be reduced for 1948 to a figure between \$700,000,000 and \$800,000,000 and this over-all deficit is programed to become a surplus of \$400,000,000 in 1952 and 1953. More important still, Great Britain's Western Hemisphere deficit which in 1947 was \$2,700,000,000 will be reduced to about \$1,500,000,000 in 1948 and, if the program target for 1952 to 1953 is met, it will be reduced in that year to the manageable amount of only £73,000,000 or \$291,000,000. If the dollar deficit can be reduced to anything like £73,000,000, small United States Commercial investments in the sterling area and gold from that area can reasonably be expected to close the small remaining gap. Obviously the question which must be faced is whether this estimate for 1952 to 1953 is likely to be met. This will depend in large part on the steps which Britain will take to increase her exports and her invisible earnings, to hold down home consumption and Government expenditures, and to maintain a sound fiscal policy. The plan is to increase exports between 1947 and 1952-53 by \$794,000,000, to cut down imports by \$997,000,000, and to increase net invisibles by \$618,000,000. The program for over-all recovery, that is for converting Britain's 1947 deficit with the whole world into a surplus of \$400,000,000 in

1952-53, is somewhat different in that this plan calls for an increase rather than a decrease of imports. This is as it should be since it is quite proper that these gaps, whether they are dollar gaps or sterling gaps, should be closed by the creditor countries stepping up their imports from their debtor countries.

I have given this example in connection with Britain because of the predominant part that Britain plays in European recovery. Similar figures are, of course, available in connection with the other countries. This increasing economic health has been brought about by a program of great austerity and by a tremendous increase in production. Thus the index of production for all British industry in 1948 is 20 percent higher than prewar. The over-all increase in industrial production among the participating nations, exclusive of Germany, is 14 percent higher than perwar and, including Germany, is roughly equal to the prewar figure.

Great Britain and Belgium have been in the special position of receiving conditional grants from the United States under the European recovery program. These grants were inaugurated under the intra-European payments plan under which Great Britain has extended \$282,000,000 worth of credits to other participating nations and Belgium \$207,000,000 worth. Great Britain has extended a total of \$491,000,000 in conditional grants including the whole sterling area. Under the system of conditional grants British and Belgian goods are exported, for instance to France, up to a certain figure. Britain and Belgium furnish France with the sterling and Belgian francs to pay for these goods and then reimburse themselves with Marshall plan dollars. This pattern of action tends to break down trade barriers which are a deterrent to European recovery and which also are an obstacle to the much sought for goal—economic federation of Europe. Ireland, Iceland, Sweden, and Turkey have received no grants but only loans. Portugal and Switzerland received no aid of any kind.

Italy on the other hand has received approximately 88 percent of the \$600,000,000 of Marshall plan aid in the form of grants. Italy is a country poor in natural resources and with a rapidly expanding population far too great for the Italian economy to support. This problem of overpopulation weighs heavily upon the European recovery program in Italy. It can be solved only by a high level of manpower utilization internally and by large-scale emigration over a period of years. The De Gasperi government cannot solve this grievous problem unless other countries are willing to absorb emigrants from Italy. Furthermore, Italy has experienced a substantial loss of foreign markets due to the nature of many of its exports, the low general level of European prosperity, and the austerity programs in other European nations. Mr. Zellerbach, the ECA chief of mission in Italy, reports that of particular significance has been the loss of the German market both as a supplier and as a customer. Italy has also suffered from abnormally high costs of production due to obsolete machinery, the

inadequacies of the tax and fiscal systems, high interest rates, high amortization requirements on loans, and the maintenance of excess workers on the pay rolls. There is also a great scarcity of investment capital due not only to limited resources but to fears regarding the future political and economic conditions in Italy and in Europe. In addition there has been a marked decline in invisible income from shipping, tourism, and emigrant remittances. If Italy is to go beyond mere relief and reconstruction of war damage to a genuine recovery program, the strong internal policies being taken by the De Gasperi government must continue to be supplemented by temporary outside assistance in the way of dollar credits.

The Italian people have shown extraordinary industry and, as you all know, on April 18 of last year, 94 percent of the registered voters of Italy went to the polls and gave a resounding and stirring rebuke to the forces of Communist oppression. It is terrible to contemplate what our position might have been if Togliatti and his masters had gained control of the Italian peninsula. Surely aid to Italy has been in the best national interest of the United States.

Furthermore, while the total dollar deficit—including invisibles—has been reduced by only \$90,000,000 between 1947 when it was \$794,000,000 and 1948-49 when it was \$704,000,000, the budgetary deficit has been enormously reduced. Minister of the Treasury, Giuseppe Pella, announced yesterday that the Italian budgetary deficit will be \$290,000,000 in the current fiscal year as compared with \$1,300,000,000 last year.

With the time at my disposal I can do no more than attempt to give an outline, citing, as I have, Great Britain and Italy as representing two vastly different economic problems. The bill before you provides for appropriations of \$1,100,000,000 to cover the period from April 3 to June 30, 1949. This is \$400,000,000 less than the amount sought for the same period a year ago. The authorization of \$4,280,000,000 requested for the fiscal year 1950 is \$1,020,000,000 less than the amount requested for the first 12 months of the program a year ago and \$730,000,000 less than the amount made available for the first 12-month period.

While the figure for fiscal 1950 is less than the amount sought for fiscal 1949 by \$1,020,000,000, the appropriations authorized are only \$20,000,000 less because of the elimination of the public debt transaction provision. Secretary of the Treasury Snyder has assured me by letter that this elimination could not be held responsible for any increases in Federal taxes.

The bill also provides for some \$272,000,000 for a guaranty fund to be set up as a public debt transaction through the Export-Import Bank. This guaranty fund, like the fund in the current act, provides for the convertibility of foreign currencies into dollars in connection with private investments made by Americans in the participating countries. You will hear a great deal more about this provision from the gentleman from Connecticut [Mr. RIBICOFF], who has made a thorough study of this question.



Suffice it for me to say that we have improved this part of the act by providing that the amount convertible shall not be limited by the amount of the investment but shall include also earnings and profits in accordance with the provisions of the agreement to be signed by the Administrator. Our guaranty provision also contains guaranty of risk in the event of expropriation or war, thereby attempting to compensate in part at least for the extraordinary differential of risk between investments in the United States and investments in Europe.

The guaranty provision in the present act has been a great disappointment. Only \$2,625,000 of the fund has been used for industrial undertakings. The changes which we have made were made in response to our conviction that a major element in the recovery of Europe should be a substantial increase in the flow of American private capital in order that private investments should take the place of Government grants.

Included in the guaranty clause in the present act is a provision for \$10,000,000 for convertibility guaranties relative to new enterprises in the field of informational media. I regard this as extremely vital and I am happy to report that, although only \$965,000 have actually been allocated, active applications total some \$4,500,000, with a prospective rise to \$6,000,000 or even \$8,000,000 by June 30, 1949.

Your committee in its wisdom has seen fit to increase this amount for the ensuing year to \$15,000,000 in order to take care of such contingencies as demands by book-publishing companies and further restrictions in convertibility which might be made by the participating nations.

I have also been deeply disappointed with the operation of the provision in the act with respect to the acquisition of strategic materials. I am informed that under the relevant provisions of the present statute only \$40,000,000 worth of strategic materials, including unscheduled future deliveries, have been arranged for. I feel very strongly that it is just and fair that the European recovery program should also serve as an instrument to fortify our position in connection with strategic materials of which we are in need and which are of critical importance to our national security. With this idea in view, we have strengthened these provisions, although we have not gone as far as I should have liked.

I am happy to say that the committee also unanimously adopted an amendment providing for the release by the Maritime Commission of 10 United States ships suitable for passenger accommodation in order to assist Italy in the transportation of Italian emigrants. It has been estimated that Italy can count upon the availability of maritime transportation for 162,000 persons in 1949. Since Italian emigration to transoceanic countries in that year will amount to more than 200,000 persons, it is necessary for Italian emigration authorities to find passage for an additional 40,000 persons.

This provision for 10 ships would in no way interfere with present or anticipated ship requirements in connection with the transportation of displaced persons under the IRO program and would, of course, have no adverse effect upon American shipping interests or on American maritime workers since these vessels will be delivered on a bareboat basis for passenger transportation only and title will remain in the United States.

Mr. Chairman, these are the principal amendments to title I of the act. There are other perfecting amendments which others will discuss.

But there remains the inescapable fact that we here cannot legislate so as to insure efficient administration. As I have said, we must rely upon the resourcefulness and the unremitting attention of those who are charged with this historic adventure.

Then, too, much will depend upon the ability of the Administrator and his emissaries tactfully to induce the governments of the participating nations to undertake those reforms which will further the purposes of European recovery. In many instances, such matters cannot be included in the agreements between the participating nations and the United States. We must not embarrass these governments, most of which are coping with acute political difficulties. Yet we must endeavor to promote those conditions without which the objectives of the European recovery program cannot be reached or will at best be dangerously delayed.

Accordingly, I should like to point out a few of the aspects of this great affair which, in my opinion, deserve special attention by the Administrator:

First. There should be a concentrated effort looking toward an eventual decontrol of exchange rates;

Second. There should be a vigorous program for the collection of taxes, particularly in France and Italy;

Third. The tax structures of many of the participating nations should be revised in order to eliminate bureaucratic snarls and misunderstandings and in order to achieve a more equitable distribution of the tax burden;

Fourth. The over-all effort to remove trade barriers and to effect customs unions should be energetically prosecuted;

Fifth. The publicity effort of the ECA information service and of the United States information service should be stepped up so as to respond more effectively to the destructive influence of Communist propaganda;

Sixth. Competitive prices for oil should be observed in order (a) to preserve our own oil supply and (b) to buy oil at world market rates;

Seventh. A determined attempt should be made to secure strategic materials for the United States by synchronizing the pertinent provisions of the act with the authority granted to the Bureau of Federal Supply of the Treasury Department to purchase such materials;

Eighth. Greater attention should be devoted to the guaranty fund in order that the amendment contained in our bill

should have every opportunity for fruitful results;

Ninth. In connection with procurement authorizations, attention should be given to the protection of such American enterprises as the wool and watch industries;

Tenth. There should be a strict observance of the amendment contained in section 112-H regarding the availability to suppliers in the United States of reasonable information as far in advance as possible of purchases proposed to be financed with ERP funds;

Eleventh. Italy's problem of over-population should continue to receive attention and an effort should be made to coordinate the administrator's activities in this connection with the activities of the economic and social council and the International Labor Organization of the United Nations;

Twelfth. There should be a dynamic campaign to combat Communist sabotage of the European recovery program since this has placed a great strain on the economies of many of the participating nations with a resulting burden on the American taxpayer.

Mr. Chairman, I have attempted to give a very brief outline of the legislation before us and of the economic philosophy underlying this bold economic gesture. I have made these few recommendations regarding certain aspects of this undertaking which, in my opinion, deserve special consideration. This is a vast subject on which there is a gathering mountain of information and technical material. Your committee has delved deeply into this program, conscious of the fact that we must have a prudent regard for our own national resources and operate in such a way as not to place an undue burden upon the American economy. It would, however, be pointless to deceive ourselves into thinking that this program does not require a substantial sacrifice. It is my conviction and the conviction of many others that as a calculated risk it is well worth taking. Indeed, there does not appear to be a constructive alternative. We must, as we did a year ago, weigh the risks of not going ahead with this program against the risks of continuing with it. For my part, I am clear that we must continue. I think that we can be greatly heartened by the success achieved so far by the increased political stability which this economic success is bringing about. We can be heartened by the development of the Benelux agreement, by the customs union between France and Italy, and by the Scandinavian trade agreements. We can be heartened by the intra-European payments plan. We can be heartened by the Italian election of April 18, last, and by the gradual but steady and significant decrease in the number of Communists in the participating countries. We can be heartened by the generous and intelligent understanding of the American people. We can be grateful to the Marshall plan for laying the cornerstone of the edifice which will, I trust, some day be known as the United States of Europe. We can be encouraged by the fact that



the Marshall plan has precipitated a chain of events which now calls certain nations of Europe together in the North Atlantic Pact. These several segments of our foreign policy are a welcome indication that America is effectively assuming the role of world leadership which our industrial predominance, our military prowess, and our faith in freedom have thrust upon us. We are entitled to these responsibilities and we shall not shirk them. We can take inspiration from the exhilarating knowledge that our opportunities for service in the cause of peace are equal to these responsibilities.

The fire which was kindled in the hearts of men when our great Republic was founded still burns brightly and will spread as the forces of freedom unite. We have no desire for aggrandizement. We have no territorial ambitions. We have no designs on other nations. We desire only a peace based on freedom, virtue and reason. In maintaining that peace we need friends and our friends need us.

As our policy of appeasement has, under the catalyzing impact of the bipartisan foreign policy, changed to one of dynamic resolve and patient determination, the peoples of the western world have gathered around us. As the American people have responded to these peacetime sacrifices, fear has given way to hope and despair has been replaced by faith in a free future.

The Marshall plan, the North Atlantic pact and all the other instruments which under our guiding hand are being contrived in the cause of peace testify to our conviction that peace is a product of strength and that war is a derivative of weakness. These several segments of our foreign policy, operating on a concurrent front, underscore our determination that if we should, God forbid, become involved in another war, we shall be in a position to drive on to victory.

Mr. KEE. Mr. Chairman, I yield 12 minutes to the gentleman from Connecticut [Mr. RIBICOFF].

(Mr. RIBICOFF asked and was granted permission to revise and extend his remarks.)

Mr. RIBICOFF. Mr. Chairman, prefacing my remarks on the guaranty provisions of the bill before the House, I would like to pay due credit to the bipartisan approach to this problem. The guaranty was originally conceived by the distinguished gentleman from Ohio [Mr. VORYS] last year. In the committee we were greatly assisted by the gentleman from New York [Mr. JAVITS] and the gentleman from Pennsylvania, [Mr. FULTON] and my distinguished colleague from Connecticut [Mr. LODGE] and the most capable gentleman from North Carolina [Mr. CHATHAM]. Without the assistance of all those gentlemen, these most important of all amendments to ECA would not have been formulated.

ECA was designed to revive the economic life of western Europe and stop the spread of communism. A strong economy is necessary to continue the independence and freedom of our European friends. We realistically recognize the interrelationship of economics and poli-

tics. Western Europe's economic life, having been depleted by the ravages of war, is reviving. It has remained steadfast before the threat of communism. Production has increased; trade has expanded; financial, monetary, and economic stabilization is on its way.

To me, it is not enough to say that we favor the Marshall plan. I do not think it is enough to express lofty sentiments about its operation.

Although ECA is working, Congress must reexamine the entire program annually. Successful though it may be, has it actually tapped all the reconstructive forces that may help recovery? The last session of Congress wrote into the act a guaranty clause. The objective was "the encouragement of private enterprise to contribute through its initiative and capital in the reconstruction and development of Europe." Has the guaranty clause, as it now exists, fulfilled the intent of Congress in the first year of its existence? It has not. Let us look at the record. Although \$300,000,000 was made potentially available for guaranty, to date only five industrial guaranties have been issued, totaling \$2,625,000. Informational media guaranties have been issued to the extent of \$962,814.

Consequently, the great resources of American industry, capital, experience and "know how" have not taken their place side by side with government. The committee is concerned with the small part American enterprise has played in European recovery. We feel that private enterprise cannot only play a more active part, but, to a large extent, could eventually eliminate the use of Government funds.

Let us be realistic. Sometimes there must come an end to gifts or loans of public dollars. A strengthened guaranty clause may well be the instrument for tapering off on direct Government aid and substituting for it private capital.

We believe that by the proposed amendments the log jam blocking private American participation in Europe will be broken. I will now try to explain the amendments against the background of the present act and its weaknesses:

First. Section 6b 1 states that projects in connection with which the Administrator may guarantee investments should include "expansion, modernization or development of existing enterprises." This amendment in no way guarantees investments already in existence, but does encourage new capital to be placed into existing enterprises and such additional funds may be guaranteed if they aid all over European recovery.

Second. 6b 4 broadens the scope of the guaranty of convertibility to include not only the dollar value of the original investment made but also actual earnings to the extent provided by the contract of guaranty.

The existing law only permits the conversion of a sum not to exceed the amount of dollars actually invested. If profits are converted into dollars, to that extent the guaranty is reduced. Thus, if an investment were \$500,000 and \$150,000 were earned over 7 years, the balance of \$350,000 only would be sub-

ject to the guaranty, even though income taxes were paid on the \$150,000, leaving the net investment subject to guaranty less than the original sum. Let us be frank. After all, a person makes an investment to make a profit. If you expect private industry to go into Europe, they must be able to take out their actual earnings in dollars. By not extending convertibility to earnings, you eliminate the normal inducement to investments. In order to make sure that the earnings to be guaranteed are reasonable, the Administrator is given the discretion to place suitable limitations on the earnings which the investor will be allowed to convert into dollars under this guaranty.

Third. 6b 5 (V): The present guaranty is strictly limited to one function: the convertibility into dollars of other currency. We concluded, however, that the key to the practical use of the guaranty provisions was to extend the coverage beyond mere convertibility. Political conditions in Europe are uncertain. While every investor should take the normal risks of doing business, they should not be expected to take the abnormal risks, especially when their private funds, instead of Government funds, are helping European recovery. These political uncertainties are definite deterrents to investment abroad. A logical extension of the guaranty program, therefore, includes a guaranty against loss due to confiscation, revolution, war, or forced abandonment as a result of discriminatory foreign government action.

In the event of any payment by the United States, the currency, credits, or assets on which such payment has been made belong to the United States and our Government becomes subrogated to all rights in connection with such property.

I want to emphasize at this point that the United States does not guarantee that profits will be made. Risk of loss as to ordinary business risks is on the investor.

It should be carefully pointed out that guaranteed investments are not any investments that any American desires to make. Such guaranty is strictly confined to enterprises furthering the purpose of ECA, which is to aid European recovery. In most instances, it would be a type of investment that otherwise would have been provided for by loan or grant. If expropriation, seizure, and so forth would destroy the project, our "give-away funds" would be destroyed. If we had to make good on a private investment of the same project, we would be expending the same equivalent in United States dollars. However, if European recovery is a success, and we are betting by this legislation to the extent of an estimated \$17,000,000,000 that it will be, then to the extent of private funds used we have been spared the expenditure of any public funds. This common-sense approach should not be discounted just because it is easier to give money away.

Fourth. Sections 6b, 6, and 6c: The present ceiling of \$300,000,000 for guaranties is retained. This fund is set up completely outside the appropriations or grants. The guaranty of these investments would be a contingent liability as



far as the United States Treasury is concerned. The present law provided for guaranties to come out of the same funds available for loans. We believe it is of extreme importance to have a segregated fund available only for the financing of guaranties.

It became obvious that since the original guaranty came out of the loan funds, it constituted a potential deduction from the over-all fund. Participating countries were reluctant to approve guaranties for private purposes which would reduce their portion of the loan fund. That is how it worked. Thus, out of the whole contemplated \$300,000,000, all but \$27,700,000 has been committed for loans.

To eliminate this competition between Government and private investors for the same fund, the new authorization is for \$300,000,000, less the \$27,700,000 allocated or available, as an entirely distinct fund from loans and grants. The separation of these funds is important because the European countries will now regard this amount as an additional source of aid to their recovery instead of a charge against the loan or grant funds available to them. The revised guaranty provision is intended to supplement, not to substitute for, loans and grants.

The guaranty is an experiment to draw out private resources to aid Europe. It should be emphasized that funds provided under this authorization will be lost only as, if and when, it has to discharge liabilities incurred and only to the extent of payment. The liability is purely contingent and does not require a present appropriation. For such guaranties, the Administrator may charge a premium of 1 percent per annum on the amount of the guaranty.

Fifth. Section 6 (5) (IV): This clause was designed to enable the Administrator to engage in carrying forward long-term projects. This is limited to guaranty of contracts to finance transfers of capital goods and related services in connection with approved projects. Such authority is necessary to enlarge industrial facilities, such as steel, petroleum refining, power, and so forth. Much that will be undertaken during the next fiscal year cannot be completed until subsequent years. United States industry cannot be expected to undertake such long-term projects without the assurance that contract payments will be made in dollars when due.

The main intent of the stronger guaranty provisions is to gradually shift the cost of the Marshall plan from the taxpayers' shoulders. Let us be realistic. Sometime there must be an end to gifts or loans of public dollars.

Americans are shouldering a heavy burden. We do so willingly because we believe that the economic reconstruction of Europe is an essential for world peace and security. The guaranty provisions can be the bridge to Europe at the end of the Marshall plan in 1952. American science and industry have tremendous resources in know-how and dollars. We cannot start building that bridge in 1952. The lapse may mean the total loss of our investment. The time to start the transition is now. This guaranty clause may

well be the forerunner of tapering off on direct grant aid and substituting private enterprise instead.

In addition, President Truman's fourth point will be brought into sharp focus by these guaranty provisions. American enterprise in cooperation with industry and knowledge in foreign lands could really bring economic, social, technical, and health benefits to the entire world. Basically, we are establishing a pilot model for the President's fourth point.

We cannot expect private American enterprise to develop economically backward countries on a nonexploiting basis without adequate guaranties. This plan will allow both our neighbors and ourselves to prosper and share. We can help raise living standards throughout the world with basic benefits to the United States both directly and indirectly. Raising world prosperity and purchasing power will in turn expand our own economy. We prosper as our neighbors prosper. It is good business and good statesmanship to raise living standards the world over. This program, instead of being one of imperialism and exploitation, will be one of American good will and helpfulness.

Democratic civilization depends on the solution of Europe's economic plight. Yet we recognize that all would be lost if our own economy tumbled. Not only must we have a strong Europe but a strong America. This guaranty program has within it the answer to the question, what happens when gifts of billions of public dollars stop. We believe the results of this phase of the program will help shape the world after the Marshall plan ends.

Mr. KEE. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. VORYS. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MARCANTONIO].

Mr. MARCANTONIO. Mr. Chairman, what has the Marshall plan meant for Italy and the Italian people?

The New York Herald Tribune on November 4, 1948, pointed out that—

One of the main causes for preoccupation (by American and Italian Marshall-plan officials) is the fact that there are very few signs of recovery, despite the millions of dollars' worth of Marshall-plan goods that have poured into Italy, etc.

In his October report on the operation of the Marshall plan, Mr. Roberto Tremelloni, director of Italy's Marshall-plan activities, said:

Italy's production is only slightly above what it was a year ago and is actually below the high point which was reached in September 1947. Italy's condition is static. It cannot be called either depression or advancing prosperity. Industrial production is about 80 percent of 1938. It is estimated that Italy must reach a level of 140 percent of 1938 to become independent of American help. It is now clear that Italy's recovery will not be complete within the 4 years of ERP.

When Italy's director of ECA admits that Italy's condition is static and even below September 1947, we can well wonder what is going on in that country and who is benefiting from the goods being sent there.

The record shows that the Italian economy is not recovering under the help of the Marshall plan. I here detail some striking figures of the poverty of the great mass of the Italian people and the manner in which the Italian economy has been stultified and distorted under the direction of the ECA mission to Italy.

Perhaps the story of the Marshall plan is found in the report in the New York Journal of Commerce, which said:

Italian shops teem with all the goods which people sigh for in Britain and other lands. You see more well-fed people while walking a hundred yards in Rome than you would see in 2 miles in London.

It is probably true that around the expensive hotels and cafes the well-fed and the well-dressed predominate. But behind all of this is hidden the most extensive and corroding poverty as is known probably in few other European countries today.

And this is the true story of the Marshall plan. The few, the black marketeers, the ex-Fascists, the business tycoons, they have grown fat and comfortable under all of this, while the people continue in the direst privation.

The Foreign Minister of Great Britain, Ernest Bevin, recently reviewed the economic and political condition in the major countries receiving Marshall-plan aid. Said Bevin, after a few preliminary remarks, "The battle for Italy has been won." And he then turned his attention to other problems.

"The battle for Italy has been won." Won by whom? And how? And on what basis does Bevin decide that Italy has been won? And have the Italian people shared in this victory? What have they won out of the past 15 months of Marshall-plan aid?

There are many methods used by economists to measure the economic health of a country. But fundamentally they all add up to studying what is happening to the standard of living of the common people. And it is this measure which should be applied to Italy.

And it is by this measure that we conclude that the common people of Italy are losing—losing in the struggle for better lives for themselves and their children.

#### JOBS AND SALARIES

Where people are without work or employed part-time, despite anything claimed by the politicians and the business leaders, the economic health of such a country is bad. And if this condition continues, it must be solved by direct government intervention. A government incapable or uninterested in meeting the needs of the people is a government that eventually must give way—either to a more vigorous, democratic administration with a plan and a purpose or to a fascist, totalitarian regime which suppresses the people and gives them work preparing for war.

What do we find in Italy by this test?

Italy has a working population of 20,000,000. A report of the United States Department of Commerce released in January 1949 states that the official Italian Government statistics reveal that 2,500,000 people are totally unemployed, and this number continues to



grow. It is estimated that another 2,000,000 are underemployed, working but a few days each week.

Italy is a country still largely agricultural. Over one-third of all the workers in this country are employed in farming, fishing, and so forth. There exists a tremendous demand for labor in agriculture; to name one of many projects, there are thousands of acres of land that need irrigation or drainage. Yet despite this, more than 2,000,000 farm workers can find employment only 150 days in the year.

Most of these unemployed and all the part-time employed receive no unemployment relief whatever. There are almost 2,000,000 pensioned workers in Italy. They receive an average of 6,000 lire—approximately \$9—monthly. This is not enough to provide the barest subsistence for a family of five for 1 week. Is it any wonder that the rate of suicides among the pensioned is almost as high as among the unemployed?

A recent survey estimated that bare subsistence for a working-class family of five—and many Italian families are larger—required 52,000 lire monthly—less than \$95. Since this survey was made in 1947, the cost of living has continued to rise.

And what does an employed worker earn a month? A highly skilled industrial worker in the north averages between 27,000 and 30,000 lire a month. A railroad worker on the job for 68 hours per week earns but 35,000 lire a month.

The picture is one of mass pauperism and privation. And this among the better paid industrial workers.

In the northern city of Turin, a modern industrial city, we find that 99 percent of the workers' homes are without bathrooms, 96 percent without heat, 22 percent without gas, and so on.

In the southern agricultural sections of the country the conditions are even worse—with an average salary of about 8,000 lire a month. The staple diet is bread—and little of that. Tuberculosis is rampant. Ninety out of every thousand babies die during their first year.

This is what living in Italy today means in the day-to-day life of the Italian worker. This is Italy under the Marshall plan.

The worker lucky enough to have a job earns a pittance; prices continue to increase, and the Government, under the guidance of the Marshall plan administrators in that country, continues to remove price and rent controls and to move back to the free-enterprise system that Marshall plan administrator Zellerbach holds out as the solution to all the ills of the Italian people.

#### MARSHALL PLAN SOLUTION

Mr. James D. Zellerbach, West Coast paper magnate and industrialist, is the administrator of the Marshall plan in Italy.

Under a heading "Breach is feared in Italian cabinet," the New York Times of September 4, 1948, reported Mr. Zellerbach's championing of the free enterprise system. Mr. Zellerbach made perfectly clear that he felt any planning along the lines proposed by the Italian trade unions to meet the needs of the

people would be frowned upon by the powerful ECA.

Mr. Zellerbach is aware of the growing unemployment and of the inability of the Italian people to consume the products of their own industries. But instead of planning to meet this problem of unemployment by expanding industrial production, Mr. Zellerbach proposes to aggravate it. The New York Herald Tribune reported some months ago that the Marshall plan authorities in Italy were proposing "large scale dismissals of useless employees; that 3 in every 10 factory employees should be discharged."

When the workers in FIAT, Ansaldo Shipbuilding, Breda Motors, and other major industrial firms resisted the mass lay-offs, described as "necessary to streamline production and reduce costs," the ECA mission to Italy saw to it that the Government did not intercede on the side of the workers.

What have the Italian workers seen, in their own experiences? That since the Marshall plan, unemployment has grown and that those administering the plan in Italy have taken the lead in proposing further lay-offs. That since the Marshall plan the standard of living of the common people has worsened.

The simple fact is that because of the direct intervention by the United States in the economic life of Italy, we are not permitting these people to work out their problems in their own way.

The Italian people are a proud people. And they have suffered for many years, first under Mussolini and fascism, then under stupid adventurous wars that brought them nothing but privation and sorrow. Today they want to live their own lives and meet their problems in their own way. We won't let them.

#### ITALIAN BIG BUSINESS

In a speech before this House in the Eightieth Congress I dealt at some length with the manner in which American big business has used the Marshall plan to take over entire sectors of the Italian economy. This has continued.

At the same time, the most discredited, fascistic-minded Italian tycoons have been rehabilitated under the aegis of the Marshall plan. It is a pattern our administration has followed in Germany and Japan—so I suppose we should not be surprised to see it repeated in Italy as well.

Two government administrations were created by the Italian Government to administer ECA. The men in these agencies are not employed by the government but by their private employers. And who are these men? They are the representatives of such powerful financial institutions and trusts as Banca Commerciale Italiana, the Credito Italiano, Italian Edison, FIAT, Pirelli, Bombardini-Parodi and others.

The very men who ran the economic life of Italy before fascism, during fascism, and since fascism, are the top directors of the Italian side of the Marshall plan. These are Krupps and the I. G. Farbens of Italy. And today they are using the power of ECA to continue the old economic system under which they rule the roost; ECA help is not being used to put Italy on her feet economi-

cally so that the country can function more efficiently and raise the standard of living of the people—it is being used to perpetuate the most outworn feudal control of industry and agriculture.

The corporate state of Mussolini is being revived by the ECA.

Big business thrives under the present economic regime in Italy.

Seventy percent of the states revenues is provided by indirect taxes, mostly on mass consumption goods. Direct taxes on income and real estate provide but 12 percent. Only 2.5 percent of the revenue comes from taxation of large incomes, excess profits, speculation and profiteering. The simple fact is that tax evasion by the rich is the normal state of affairs. Only the poor shoulder the burden.

To the poor Italian worker, there is nothing novel in this situation. This is the way it was before fascism and during fascism, before the war and now after the war. This is the way the Marshall plan seeks to perpetuate in Italy and in other parts of Europe.

#### ECA AND SURPLUS GOODS

It is no secret that the Marshall plan has been used—and will continue to be used—as a dumping ground for United States surplus production. Cotton has become a major export commodity under the program. And the story of United States cotton and Italy is a story that reveals the whole operation of the ECA and the manner in which it is undermining the Italian economy.

Since the ERP started, Italian imports of cotton have jumped considerably. Cotton imports in 1947 were 26 percent higher than 1934-38. As a result, the Italian spinners and weavers have stopped their purchases of rayon produced in Italy and turned to cotton. The cotton is worked up into high-priced luxury goods for export trade.

Meanwhile the rayon producers are finding their Italian market taken over by the flood of United States cotton. And so the rayon trust—a British and Swedish financial government monopoly—have started dumping rayon in the United States.

The problem has reached the stage where the rayon producers in the United States have appealed to the United States Tariff Commission to raise the tariff and even put a quota on Italian rayon coming into this country.

And so it goes. Everyone seems to benefit from all this except the people of Italy.

#### ITALY AND EAST-WEST TRADE

Italy stands at the crossroads of east and west. Only in the expansion of trade with the eastern European countries can Italy hope to find ready markets which will expand production at home and raise the standard of living of the Italian people.

But the ECA program frowns upon the expansion of trade with the countries of eastern Europe.

In northern Italy today there are several large tractor factories. All over Europe farmers are begging for tractors. In fact the United States is financing the importation of 25,000 tractors into west-



ern Europe this year. Yet in Italy there are 1,000 perfectly good tractors rusting outside Italian factories.

These tractors represent unsold stocks at hand. Workers are available in the factories who could be put to work to produce 5,000 tractors a year. But they are not working because no one is ordering the tractors.

Normally Italy would be shipping tractors to eastern Europe where the demand for tractors is enormous. In return, under the bilateral trade arrangements that are so common in Europe today, Italy would receive the coal and timber she needs so badly. This is the normal outlet for Italy's products.

But the tractors cannot move. The United States Government forbids their export to eastern Europe because they are strategic items.

And what about western European countries that want tractors? France alone is getting \$11,000,000 worth of tractors under the ECA program this year. Why not send the 1,000 tractors to France, and expand Italian tractor production for the French market? This would immediately cut down both the Italian and French dollar demands upon the United States.

But so far the French have been unable to obtain these or any other tractors from Italy. The reason is simple. United States tractor exporters, with the support of the ECA mission to France and other western governments, have persuaded these governments not to shift their purchases from the United States to Italy.

Neither the price nor the quality of the Italian tractors is an obstacle to their export to western Europe.

So the tractors stand and rust in northern Italy. And the Italian workers are either laid off or employed part time, while farmers in both western and eastern Europe go begging for tractors.

This is the way of the Marshall plan.

#### THE UNITED STATES-ITALIAN ECA TREATY

Mr. Chairman, the treaty imposed on Italy under the Marshall plan is most revealing. It tells the story of the ruthless control of Wall Street monopoly capital over the lives of the Italian people.

The provisions of the Economic Cooperation Act—section 115 (b)—require that each recipient country sign a separate pact with the United States before July 3, 1948, in order to qualify for Marshall-plan aid.

An analysis of the terms of these treaties and the reaction to these treaties of leading newspapers and political leaders in the Marshall plan countries has never been presented to this body. Unfortunately, the Congress was not in session when the European governments and their people were told what terms they had to take to obtain Marshall-plan aid. For, I am certain, that had those many Members of the House who have already evinced concern about the operation of the Marshall plan been made aware of the terms and implications of the bilateral treaties negotiated between the recipient countries and the United States, they would have raised their voices in strong objection.

I would like to present the following facts for the enlightenment of the Members of the House.

It was not until the United States State Department presented each participating country with draft bilateral agreements that the European countries became generally aware of how hard and fully the United States would press its economic advantage. The Paris edition of the New York Herald Tribune wrote on June 4, 1948:

Since the draft agreements have been received in various European capitals, there has been growing uneasiness over the whole trend of American policy. Certainly it is realized by European countries in general and the British in particular that there must be ERP agreements with the United States and that terms in many cases would be strong.

"What is resented and what is causing uneasiness is the tone of the agreement and the insertion of clauses which put a high price even on the invaluable aid which the United States is giving. There is no objection to hard bargaining for fair terms, but there is a considerable resentment against what many here openly regard as an American effort to put something over on European governments as a price for help.

"Why those agreements read like the State Department is out to confirm everything Molotov said about the Marshall plan when he walked out on the Paris Conference last summer," one official remarked sourly.

So general was the opposition to the terms demanded by the United States that all participating countries protested through the Ambassadors of Great Britain, France, Sweden, and Denmark. They presented counterproposals, but obtained no substantial concessions. The London Daily Mail correspondent wrote:

The ambassadors are agreed that the European nations will be completely dominated by the United States if the treaty drafts presented to them are left unaltered.

Although the British succeeded in getting the wording of the most objectionable clause in regard to currency reform modified, the treaties remained substantially as presented. The four ambassadors' judgment must stand.

This can be seen by examining the Italian treaty which the United States State Department published as typical. The agreement does not pretend to be reciprocal even as to the period for which it binds the two parties. The United States reserves the right to terminate the general agreement at any time—article I—but in the same article Italy undertakes to make sustained efforts to accomplish the recovery program, and under article XII (A) concedes that—

The agreement with regard to scarce materials continues for 2 years from notice of termination.

Article XII provides that the agreement remains in force until June 30, 1953—a full year after assistance is terminated. The ECA and the appropriations on which all this is based are for only 1 year, or until June 30, 1949, if the funds are not exhausted prior to that time.

Under article V of the agreement, Italy agrees to work out with the United States arrangements by which the United States can obtain increased quantities of mate-

rials needed because of deficiencies or potential deficiencies in United States resources. Thus if Italy or the United States repudiates the rest of the treaty, the Italians would still be bound for 2 years to surrender raw materials. In this respect Italy has less to offer the United States than have Belgium, the Netherlands, France, and Great Britain with their colonies. Evan Just, Director of ECA's Strategic Material Division, explained the methods by which the United States will receive strategic materials. He said:

ECA anticipates that most of these supplies will come from colonies of ERP countries since they are primarily available there.

To show how the procurement plan might operate, Mr. Just mentioned nickel and chrome.

In this instance, France would be approached with a view to obtaining the materials, possibly from New Caledonia. ECA's Strategic Materials Division will have offices in Paris and Washington. It has a threefold mission: to facilitate transfer of materials, mainly natural resources and not exclusively mineral resources; to promote expanded development of such materials, and to maintain an open door for United States capital in this production development.

Other interesting points of the Italian treaty are the provisions—article II—for mobilizing assets in the United States belonging to Italians; the guarantee of convertibility into dollars of new private American investments in projects in Italy approved by the Italian Government—section III (B) (3); the deposits of local currency equivalent in value of assistance granted and which funds can only be disposed of in a manner approved by the United States—article IV; the provision that Italy will furnish to the United States "the full information necessary to the planning and carrying out of the recovery program"—article VI.

Not content with these provisions which will give the United States almost complete control over the economic future of the country, Italy is required to like it. Article VIII requires Italy to give full and favorable publicity for the assistance received. If the Italian Government fails to observe any of these provisions, Mr. Hoffman or the Congress can at any time cut off any further shipments of goods and materials.

In urging the Italian Chamber of Deputies to adopt this treaty, anti-Communist-Socialist Roberto Tremelloni ridiculed the idea that the Marshall plan would cost Italy some of her independence and asserted:

The only freedom we need is the freedom to balance our budget without extraordinary measures and without cutting our standard of living.

But Tremelloni did admit that even these meager standards of freedom and independence might not be met, since homes for 9,000,000 homeless or badly housed were needed plus other projects requiring three times more funds than were available.

Article VII provides that full information must be furnished to the United States. What this means is shown by Mr. Hoffman's announcement of the appointment of Eric L. Kohler as a sort



of super house detective, with broad authority to pry into all ECA activities both at home and abroad. His investigators will follow through on ECA shipments, make sure that they are not diverted into Europe's black markets or resold to Russian satellites.

But this is only the beginning. On July 19 Senator STYLES BRIDGES, chairman of the Joint Committee on Foreign Economic Cooperation of the Eightieth Congress, announced that Charles E. Dewey, agent general for the committee, was leaving for Europe to make a personal check on the efficiency and progress of the European recovery program during its initial 3 months. The joint committee was established by the same law as the United States Economic Administration and was charged with making a continuous study of the development and execution of the United States foreign economic assistance programs.

Under the Economic Cooperation Act the State Department itself must negotiate the bilateral treaties, with the ECA acting only in a consulting capacity. This gives the State Department an excuse to require reports through its consuls.

Europeans of Marshall plan countries are wondering which of several United States masters to report to and will end up by reporting to all of them. Evidently both businessmen and Congressmen have forgotten John Foster Dulles' warning, "We have got to avoid seeming to run their affairs."

It is clear from this that under the Marshall plan we are snooping into all phases of European economic life. Those countries which are tied up with the Marshall plan will not be able to protest without violating the full-information provision of the treaty.

As each participating country receives grants of commodities, it is required to withdraw from circulation and deposit in a special fund an amount of its currency equal to the value of the grant. Private purchasers wishing to use dollar credits can do so only by depositing equivalent local currency with their respective governments or central banks. As the grants increase, the amount of currency in the fund increases. The fund can be spent only in ways approved by the United States. This means that as the plan progresses, the ECA will have an increasingly large club to bludgeon into agreement those it assists. By threatening to release the fund, it could undermine the value of any shaky currencies and force the country into a revaluation favorable to the United States. Or the ECA could decide to use it to buy up the raw materials it wants.

The conservative British Economist remarked that the use of these currency funds to buy scarce materials for America should be barred because it would correspondingly reduce the country's capacity to earn dollars:

If, in 10 years' time, America can buy tin with what would virtually be blocked sterling, then, in 12 years' time, Britain will need another Marshall plan. It is precisely the inability of the European nations to earn enough dollars that makes assistance necessary now. Any project which now or later reduces Europe's capacity to earn dollars will

insure the failure of the whole recovery program.

The Economist is partly correct in concluding that it is precisely the inability of European nations to sell their products in the United States that necessitates the ERP grants. But American business did not refrain from using the counterpart funds simply because such use would aggravate the dollar shortage. On October 8 Thomas K. Finletter, of the ECA, announced that a substantial quantity of industrial diamonds had been purchased from Great Britain for the United States stock pile:

Funds for the stock-piling purchase will be drawn from the sterling counterpart money set aside in the British Treasury to match American aid grants to the United Kingdom.

The stock-piling deal is the second concluded thus far between the United States and Britain. The first involved a big purchase of British rubber.

Just as serious as a long-run threat would be the very existence of such large funds of local currencies at the disposal of a foreign government. The United States could swing this financial club whenever a participating country becomes too independent. This is such an effective control over the economy of a country that the United States may never give it up. Article XII (B) of the Italian treaty provides that the "provision relating to the local currency deposits remain in effect until agreement has been reached as to the disposition of such deposits.

It can safely be predicted that the United States will be in no hurry to reach such agreement—particularly if the country is not complying fully with the imperialistic and military plans which the United States is pushing.

The Economist pointed out that—

If these trust funds were taken out of control of the local government, it would be surrendering an important part in the reality of its sovereignty as well as in the appearance.

It added:

Since in the present inflationary state of Europe the spending of the funds would in any case have to be postponed for many years, the placing over them of American trustees, particularly of trustees with a deciding vote, might bring about the almost ludicrous prospect of American delegates deciding in 10 years' time whether France might reasonably electrify Morocco or Britain build the Severn Bridge.

The American businessmen did not wait 10 or 12 years before they began to use the funds and to infringe on the sovereignty of Britain. That process has gone on steadily since the war, and the requirements of United States-controlled sterling funds is only a means of prolonging for an indefinite period of time the power to interfere.

These few comments on the terms of the bilateral treaty between Italy and the United States are far from exhaustive. They are based solely on a few published statements and press accounts available to all of us.

But few Members of the House and Senate are completely aware of all the deals and agreements that have been made under the Marshall plan, or which

are under discussion as part of the Atlantic Pact. Yet these agreements and terms are the realities of the relations between our country and the countries of western Europe. Can anyone say honestly that this path—of secret understandings and treaties imposing our will on other sovereign nations—which is a complete break with the word and spirit of the Charter of the United Nations—is the path of peace which all the American people want so fervently to follow? I say it is not. I prefer the way of the United Nations. I continue, in the interest of peace, of the American people, and of the people of the world, to oppose this Marshall plan.

(Mr. MARCANTONIO asked and was granted permission to revise and extend his remarks.)

(Mr. VORYS asked and was granted permission to revise and extend his remarks.)

(Mr. MANSFIELD asked and was granted permission to revise and extend his remarks.)

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I think it is a rather interesting commentary that the two gentlemen from New York City who are concerned with the European recovery program should follow each other in general debate, the one being rather strongly opposed and the other being just as strongly in favor of the program.

I think it is also an interesting commentary that my colleague the gentleman from New York [Mr. MARCANTONIO] should have known as much as he seems to know about the economy of Italy, in such great detail, with all the figures and with the standards of living for the Italian people. I cannot help but contrast that, much as I might try, with the fact that we know so very little about the standard of life of the people of Poland, Hungary, Rumania, and the Soviet Union. I think perhaps that is the first commentary on this whole issue, that before you know whether you can or cannot do anything about the situation you must know what it is.

Mr. MARCANTONIO. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield.

Mr. MARCANTONIO. I put in the facts and figures with regard to some of the eastern countries, particularly Poland, in my extension of remarks made in the House recently.

Mr. JAVITS. I thank the gentleman, but the gentleman's figures with respect to Poland deal with the over-all situation there in general terms; those figures do not tell about the condition of life of the Polish workers, or about the per capita income of the individual in Poland or about how he lives, all of which is an open book, as the gentleman himself has just demonstrated with respect to Italy.

Mr. MARCANTONIO. You will find it in my remarks.

Mr. JAVITS. I have already referred to the gentleman's remarks.

Now, the gentleman from New York [Mr. MARCANTONIO] premised his argu-



ment on two points, as I understand him. First, that in Italy, as an example, the Marshall plan has not worked well. Second, that the Marshall plan, generally speaking, as he said in connection with the debate on the rule, is a war program.

Briefly, I would like to take those arguments in turn. In the first place, I think an argument with respect to United States imperialism is refuted with respect to Italy by the figures, for it appears that this great imperialist democracy of the United States has, in its relations with Italy, allotted to Italy in grants from July 1948 to March 1949, \$345,300,000, whereas this great imperialist democracy has loaned to Italy during the same period \$42,000,000, or something in the magnitude of 90 percent in grants to 10 percent in loans.

Then I might say if there is a deficiency in Italian production, and I think there is, we must not forget that the north and other parts of Italy was not so long ago literally torn asunder by politically inspired and Communist-led strikes which absolutely crippled its production—this very industrial production which is now said to be so much impaired. By September 1948, however, this production had again attained the peak of the year 1947; though not yet up to capacity or to prewar standards. Statements have also been made about J. D. Zellerbach, the ECA Administrator in Italy. Members should read the facts in his testimony at pages 171 to 209 of the printed hearings to see what an honest and outstandingly capable job he has done in Italy.

What alternative does the gentleman from New York offer? Who is going to do anything for Italy? These poverty-stricken countries behind the iron curtain, which have now paid us the greatest mark of flattery, the flattery of imitation, for they, too, have a Marshall plan. At least, a very puny imitation of one. Their Marshall plan, as far as we know now, consists largely of an announcement—not goods, but an announcement. The system under which they are found is great for announcements and for promises—for “pie in the sky when you die”—but not for goods, now.

The announcement in Moscow on January 25, 1949, says that there has been organized an Eastern European Council for Economic Mutual Aid; that is all we have; that is all we know about it. We know all about the European recovery program, but we know nothing about the Eastern European Council, and that is typical.

As to the situation in Italy, it certainly is grave; and well it might be, Italy having been torn asunder by the same kind of totalitarian war which tyrannies and totalitarian governments always wage; governments which bolster their peoples' hopes with propaganda and then give them war. The Italian people certainly have a low standard of living, but what will raise their standard of living? Will propaganda raise their standard of living? Or to share among them the proceeds of war, will that raise their standard of living? What will raise the standard of living of the Italian people

is the reestablishment of their production.

Certainly I am the first to say that I know there are deficiencies in the denazification programs for the people of Germany and Italy, very grave deficiencies, and I have fought against them before and will continue to do so; but at least we can see these deficiencies, we can argue about these deficiencies, we can endeavor to cure them. Indeed, the United States Government and the governments of France and Britain are about to undertake a great effort to change from military to civilian government in the occupied areas right now. I ask, What is the answer to that? As to other places which we are asked to believe are better places to live, not only do we have no knowledge, but we cannot believe they offer any opportunity for change whatever.

It is said that the Marshall plan is a war program. The Marshall plan, in my view, is the greatest contribution of the United States to foreign policy in all history, because, for the first time, a great industrial Nation has gone out to create industrial competitors, a very strange sight indeed; and why? Because that industrial Nation has come to the realization that only in a prosperous world is prosperity possible, and that prosperity cannot be contained here by the walls of oceans any more than misery and want can be contained there by iron curtains.

Mr. Chairman, I believe there is one thing that penetrates through the iron curtains, and that is the odor of good things; and, indeed, it will, for we already see a great restlessness behind the iron curtain with regard to this Marshall plan. I do not understand why, if it is enslaving the people of Italy, the people of Yugoslavia are so restless for an opportunity to participate in this kind of enslavement and in this kind of economic insecurity. I think it must always be remembered, that the United States in pursuance of this historic contribution to foreign policy, did not exclude the Soviet Union from the European recovery program; on the contrary, the United States invited the Soviet Union and all its satellites into the plan; and in a momentous 5 days, from June 27 to July 2, the Foreign Minister of the Soviet Union actually met with the Prime Ministers of the western European democracies on the theory that the U. S. S. R., too, would participate in the Marshall plan.

It then withdrew, and withdrew under what circumstances? I think it is very interesting to refer to that situation at this time. The Soviet Foreign Minister withdrew, he said, because the United States should not specify the terms upon which money for recovery was to be made available by the United States to the European nations. The Soviets wanted that money to be made available to each of the countries separately without any assurance of self-help or mutual cooperation, and that each should spend it as it pleased. In other words, he wanted the plan to be doomed to failure, he wanted the United States to see its money truly go down a rathole, and the

American people to be forever discouraged from trying any such program. When such a scheme was rejected it was indeed a death blow to the hopes and aspirations of the Soviet Union, and why? Because their kind of philosophy does not thrive on prosperity, it does not thrive on recovery; it thrives only upon disaster and upon insecurity, and upon despair.

Only then will men give up everything they hold dear in the way of freedom and espouse tyranny for the sake of a fancied or promised economic security. That is really the problem here. As I see our situation today, we have repelled what was an enormous drive to take over Europe in the interest of absolute government, based upon Europe's complete despair, almost anarchy, after the war. We have stopped that drive and, as a matter of fact, the elections have shown in that very Italy, that the people there have not responded to the idea that they were being imposed upon by the present policies of their government. In response to elections which have been held in Italy and France, principally, the Communist drive has definitely been repulsed. Now, Mr. Chairman, we know one thing. We know it in business, we know it in the Army, we know it in the very spirit of American living. You must follow through on success. The most dangerous thing you can do is to stop, get scared, and run at the very time you are successful. So, this second year of the European Recovery Program is an opportunity to follow through on the successes already achieved.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. VORYS. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. JAVITS. Mr. Chairman, these frantic cries that we hear now are all based on the knowledge that this program is successful today and promises to be even more successful tomorrow.

Reference has been made to a point which I had proposed to take up in general debate; that is, to the position of the countries in the Organization for European Economic Cooperation with respect to their own status in 1952. It has been stated that they anticipated in their plans this year a continuing deficit in 1952—a dollar deficit of \$3,000,000,000. But they do not concede any such thing.

In the first place, let us get even that amount in focus. It represents a reduction from a deficit which was \$9,900,000,000 when we started out with the European recovery program. Anyone who has surveyed either in figures, or in fact, the unparalleled destruction of all of Europe which followed in the wake of the war will realize that in 4 years that is in itself an enormous victory. Even a \$3,000,000,000 deficit is not such a great one when we consider the fact that the whole western European economy affected is over \$100,000,000,000. It is not such a very great one so that even if it were accurate, the European nations through the opening of increased trade opportunities in the world cannot overcome it. In fact this \$3,000,000,000 figure showed up in a preliminary survey, and the OEEC sent the countries back



their programs to refigure in order to bring balance in 1952.

The very same preliminary report which indicated there might be this deficit in 1952 also showed that the European nations could increase their exports to Latin America, for example, by a billion dollars; they could increase their exports to the United States by \$600,000,000. The United States today is having a very small proportion of imports compared to its gross national income—over double what it was prewar. So the problem is by no means insoluble, but these gentlemen who argue this point would have us, as one of the weapons in their armament, believe that the problem is insoluble because they want to discourage us.

We are in the way of succeeding, we have had enormous success, and now is the time to follow through on that success with the generosity and dispatch which is so typical of us, by passing this bill for the authorization as it is presented to us just as happened in the other body.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to the gentleman from North Dakota [Mr. BURDICK].

(Mr. BURDICK asked and was given permission to revise and extend his remarks.)

Mr. BURDICK. Mr. Chairman, I believe we made our first mistake when we parted from the caution given to us by George Washington, in his farewell address, and entered World War I; we made our second mistake when we entered World War II, and it is said by many that having once ventured into the business of settling disturbances in Europe and elsewhere that we cannot quit now. I disagree with this view. No matter how many mistakes a person or a nation makes, there is no reason or logic in continuing those mistakes. It is not too late, yet, to take a course back to the place from which we never should have departed.

I was a Member of this Congress when World War II was forming and took the floor more than once to caution this Congress on taking that step. The repeal of the neutrality law and the arming of merchant vessels was said by the proponents to be acts to prevent war—when all evidence pointed to the fact that these two acts of Congress would bring on war.

We were first, at the instance of Mr. Churchill, asked to give them—Great Britain—our moral support and material support. Having done this, Mr. Churchill asked for a "token" army just to show the world that we were with them. We did that on the assurance that Great Britain would do the fighting. Soon, however, the English pulled out of Norway pell-mell for home; the English retreated from France with the disaster at Dunkirk. Things looked bad—and we were asked to help in men, and before we got through with the job we had 11,000,000 men under arms. The venture cost us \$450,000,000,000 and the loss of American youth that cannot be measured in dollars. The war ended or at least the shooting stopped. Since that time we have put in 62 billion more dollars loans and financing of Europe and Asia to bring back stability to those countries.

We are still at it and here today we are asked to appropriate more for the second year of the Marshall plan. What about the expenses of the first year—what do we have to show for it? We are now and have been bolstering up a tottering monarchy in Greece, and there is not peace in Greece; we have poured close to \$2,000,000,000 into China behind the leadership of Chiang Kai-shek, and now that country, under Chiang's leadership, has been overrun by the enemy. We appropriated another fifty million for this defunct Chinese Government this week and anyone must know that this money will not bring peace but will continue the struggle until all of China is in the hands of the northern Chinese. There was a halt in this war in an attempt to establish peace, but as soon as we made that appropriation, the northern armies moved ahead on a front of several hundred miles. It does not make any difference how much we pour into China now, the Chiang regime is doomed.

In Indonesia we have turned in guns, ammunition, machines, and money to support the Netherlands against the people of that country struggling for independence. The Netherlands have exploited these islands for a century and a half and have grown rich by taking the natural resources that belong to the people. How can a democracy like ours justify this action against the people of Indonesia?

Our avowed purpose of all this expense is said by the leaders of this Government to be made for the purpose of stopping communism. It is not that the people there are starving—we propose to stop communism. How little do people realize that communism cannot be stopped in this manner.

We will soon be called upon to vote billions for the North Atlantic Pact, which is for the same purpose—stop communism. My observation on communism is that it never develops anywhere unless the people are in distress, are suffering, and are being prevented from living. Communism is similar to the germs of tuberculosis. That you and I do not have tuberculosis is not due to the fact that we are not exposed to germs, for those germs are all around us every day and night. If the body remains strong, these germs can make no headway, but if from some cause the body becomes weakened, those germs have a free hand to develop, and the patient dies.

If this country became too weak and feeble, through the draining of our cash, credit, and natural resources, until the people of the United States are in distress, with millions hungry, unhoused, and unclothed, the germs of communism will have a fertile field here for development. Are we not weakening ourselves when we give away billions and billions to be paid out of the labor and the natural resources of this land for generations yet to come? Are we not hastening the time when that germ of communism will flourish in America?

It will not take so long to do this with an ever-increasing tax burden, with an ever-increasing cost of living, with an ever-increasing number of unemployed

people. I think this is tragic. We have the greatest experiment of government that man has enjoyed on this earth; we can keep it for the people; we can leave it in the hands of the people for the protection of the weak, as well as the strong. As a member of a family that has been on these shores since 1634, as a member of a family that has fought in every war this country ever had, as a member of a family of the old pioneers who crossed the Appalachian Mountains into the great prairies of the West, as a member of a family who built homes and cleared fields in a wilderness, no honest person can doubt my sincerity when I say that I am fearful that all these European entanglements and our intermeddling in all parts of the world will in due time bring destruction to a government that has been great and will continue to be great if we do not desert the fundamentals upon which it is built. I am against this appropriation and will vote "no." I dislike to disagree with many good friends in this House, yet this duty seems clear to me and I will discharge that duty as I see it and let the chips fall where they may.

Mr. KEE. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. PERKINS].

(Mr. PERKINS asked and was given permission to revise and extend his remarks.)

Mr. PERKINS. Mr. Chairman, the few remarks that I will make in the time allotted to me will be directed to those who oppose this bill in toto. I wish, though, at the outset to express my unqualified support of the extension of the European recovery program.

The gentleman from New York a few moments ago asked what the Marshall plan has done for Italy. I think that if he would ask himself two questions he would see that the statements that he made are not well founded, and would alone justify our support of this measure, and those questions are, Who in Italy is opposing the Marshall plan? The answer, it is the Communists, and they are the only people in Italy who are opposing the Marshall plan. Second, Why? Because they are getting the rug pulled out from under them. I want to concur in the views expressed by the other gentleman from New York, because I think he effectively answered the previous gentleman's statement.

Mr. Chairman, we all realize the conditions existing in a disrupted Europe 1 year ago, and which had existed since the end of the war. There were hundreds of thousands of people without homes and the roads were clogged with refugees. Through necessity hundreds of cities had been destroyed by our bombers and the industry in western Europe devastated. That is why, when our then great Secretary of State, General Marshall, propounded the idea of help for a Europe willing to help itself, although I was not in Congress, I thought the idea an admirable one and worthy of support. Now, after the program has been tried for 1 year, I wish to state briefly my reasons for supporting this gigantic effort of our people on behalf of the western areas of Europe.



In the final analysis, when we begin to search our hearts for the reasons why we wish to help Europe, we must conclude that the great humanitarian interest which the United States has always shown for people less fortunate than we are stems from the fact that deep in our consciousness we still feel the responsibility of the older brother. Call it sentiment if you will, but this feeling, nevertheless, persists in practically everything which the United States has done since she organized herself as a nation on these western shores, and I trust that this feeling will persist. I do not have to draw your attention to the help given by us to the other peoples during the last 150 years. Our present concern is to help Europe, and I think the call is for us to get on with the job.

In addition to our great humanitarian interest, I would say that another fundamental reason for this foreign aid is our national self-interest. We simply cannot afford to let Europe be taken over by an ideology that is so diverse and opposite to our own ideas of life.

When people have nothing to live for except misery and want, then communism steps in and gives them the idea that they can help themselves at the expense of others. This philosophy we must fight to the utmost. We do not wish to help Europe to help herself at the expense of others. Rather have we assured her that if she initiates efforts herself to attain economic stability that the United States will step in and assist the process. For this very purpose we are extending ourselves in a vast program which is actually a challenge to us to do the best we can in time of peace, just as we did the best we could in time of war. In spite of the fact that we have incurred this moral obligation to help Europe, many people complain that we cannot afford to help Europe. But, Mr. Chairman, I say that we cannot afford not to help Europe.

Let us look at the picture as it exists today and measure the success of the European recovery program. Such success is very evident in various fields. First of all, I would measure the success in terms of prevention. Our European recovery program has—

First. Prevented starvation in France, the Netherlands, Germany, and Italy, and near-starvation in Great Britain.

Second. Prevented the almost complete stoppage of the flow of goods through orderly trade channels among European nations.

Third. Prevented the desperate efforts of Communist unions to block the pipe lines governing the flow of raw materials to industry in Europe.

Fourth. Prevented the collapse of morale in western Europe that would surely have followed another winter of hardship and consumption at or below wartime levels.

Fifth. Prevented or, I should say, alleviated the psychological fear of war from creating a paralysis in the various economies subject to aggressive tactics from the U. S. S. R.

Sixth. Prevented, by widespread fiscal cooperation, the spread of black markets

that would have undermined the strength of various European nations.

Seventh. Prevented a further depressing of the standard of living by helping to increase agricultural and industrial production with the supply of raw materials so urgently needed.

Eighth. Prevented a serious retardation in the rebuilding of war-devastated areas.

Ninth. Lastly, it has prevented a closing up in the vision of European statesmen and enlarged their horizons for optimistic planning with the assurance of American aid.

Another point in favor is the success of obtaining cooperation for future planning. Never in the history of Europe have we found 19 countries cooperating and sitting down, as it were, to discuss among themselves just what they could do to help themselves. Yet, in Paris we find the Office of the European Economic Cooperation, composed of 19 areas of western Europe, making specific plans for their own national recovery and then integrating these plans into an overall plan for the recovery of western Europe. Much credit is due the Economic Cooperation Administration, here in Washington and in the overseas offices, for attaining such cooperation, in which separate nations are willing to forget their differences so as to achieve economic well-being.

May I inject a few extra words in another direction? After World War I the United States Government and United States private investors spent approximately \$10,000,000,000 in Europe haphazardly and without any plan. These turned out to be almost completely lost in the end. In fact, it seems as if the money thus invested actually helped to prepare for another world war. At the end of this last war the United States Government and private investors began investing their money again in Europe.

However, this time the investment and help thus given is according to plan, a plan previously agreed to by the nations receiving the aid. The aid is given for economic rehabilitation and cannot be misused merely for certain industries which might be converted into war industries. I would say that even if this effort costs us fifteen additional billion dollars in the end, the planning between us and the European nations will result in an economic rehabilitation, a rehabilitation which will prevent western Europe from going Communist. It seems to me that if our vast expenditure enables Europe to recover and to halt communism the money will be well spent.

Another point in favor of the European recovery program is the effect this program has on our own national economy. Our industries are working at full blast, not merely turning out goods for overseas but they are actually being stimulated toward increasing production for ourselves by these additional orders. Our farmers were geared to high production by the needs of the last war and now are keeping up that production. I do not think that this program is going to exhaust us, or, as some claim, exhaust our national resources, to the point where

we will have nothing left. I feel, rather, that it is a stimulant, which our economy can stand and which cannot result in anything but good to us.

We have furthermore the picture of an ever-increasing volume of trade in western Europe and between western and eastern Europe. We have the picture of the standard of living being raised in all areas. We have the picture of technical assistance being given to many industries in Europe to produce goods needed in Europe. We have the picture of great areas being rehabilitated, as well as a picture of gradual integration toward an economic and political union. Just when this economic and political union will be achieved I cannot say, but, Mr. Chairman, the evidences are there that a good beginning has been made.

Finally, Mr. Chairman, I wish to stress the fact that this great effort of ours on behalf of Europe is meeting with singular success, since the countries behind the iron curtain are becoming very much interested. Russia and her satellites are contemplating and are even now taking steps toward organizing a similar program for themselves. Imitation is the sincerest form of flattery, Mr. Chairman. Maybe the European recovery program will result in teaching the people behind the iron curtain the democratic principle so very evidently lacking there today, namely, that free peoples produce more for themselves than those not so free.

Thus, Mr. Chairman, I wish to reiterate my approval of the European recovery program, and feel that we should extend the program till we have achieved the success which the program so well merits.

Mr. VORYS. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. JACKSON].

(Mr. JACKSON of California asked and was given permission to revise and extend his remarks.)

Mr. JACKSON of California. Mr. Chairman, in common with the other Members of the House, I took great interest in the colloquy between the two gentlemen from New York. I think, in order to set a proper backdrop to the situation in which we find ourselves today with respect to this legislation, it is necessary to go back to find out why a program of this kind was necessary, why we had a Marshall plan, as it was originally known—a European recovery program, as it later became known, or an ECA, as it is now called. Was it merely because we wanted to play God to the rest of the world or because we wanted to take billions of dollars and pour them into Europe fruitlessly, without any hope of return? I think not, Mr. Chairman. I think we undertook this great program as the most completely altruistic move that any nation has ever undertaken in history.

We had just emerged from the greatest holocaust of war the world had ever known. When our armies and our fleets and our air forces streamed homeward to demobilization, the men and women of our armed forces came back hoping to find the world of peace for which they had fought so courageously. We put



our fleets into moth balls, so to speak. We demobilized our great standing armies. Our fleets of the air rotted on beachheads and in steaming jungles. We were prepared to beat our sword into a plowshare.

And then the world became aware, almost on an instant, of a force which was not prepared, quite evidently, to meet our moves with respect to the creation of a better and a finer world. Our great ally, the Soviet Union, which had achieved victory to a large extent because of the products of our mines and our mills and our forests, withdrew behind what came in time to be known as an iron curtain, and instead of demobilization there filtered out to the outside world the word of a standing army of 5 to 6 million men under arms and of 14,000 military aircraft, in a state of immediate and constant readiness. So the world found it had put down one great aggression only to face another, and it faced it reluctantly.

In June of 1947, a world was in despair. The grim realities of a postwar aggression were confronting the peoples of western Europe. The hope of a just and lasting peace and the promise of a better day for all men had in the course of the few short months since the victory of the Allies over the foes of freedom, turned to ashes in the grip of freemen.

It is not necessary to dwell overlong on the condition which culminated in this world-wide despair. It is not necessary to stress the propaganda barrage of hate that flowed for 24 hours of each day across the lives and the lands of men and women whose hearts were filled with fear.

And not only the human equation appeared insoluble. The economies of western Europe, shattered and tottering in the immediate postwar era, seemed demolished almost beyond hope of repair. With industry paralyzed and ordinary commercial transactions banned by internal turmoil and international problems in nonconvertibility, it seemed indeed that the augers for a world Communist state were not to be denied.

Thinking men in all nations realized that such a drifting course of total inaction in the face of widespread suffering on every hand, could but inevitably strengthen the claims of the Communist aggressors that freemen were incapable of working together for the common good, or of finding and clearing the channels of cooperative effort so necessary if the Old World was to overcome the difficulties of different languages, different cultures, yes, if you please, of a dozen varying concepts of government.

But there was still a hope to be taken by men brave enough to tackle a desperate job, and there were men who were not affrighted by the complexities of the task before them. Secretary Marshall laid the first brand to a new beacon of hope, when he outlined, in a Harvard speech in June of 1947, the several things which must be done to meet the threat of total collapse of the economy of a world in turmoil.

The requisites were few, and in every case, demanded a measure of sacrifice on the part of the participating nations.

None knew better than the men who met in Paris to draft the initial bill of particulars, how vast was the task confronting them. Our bill in terms of dollars was a tremendous one, but the real job of resistance to the insidious spread of Communist philosophy had to be done by the nations of western Europe.

As you will recall, Mr. Chairman, the Soviet reaction to the announcement of the Paris agreement was a most violent one. The enemies of the program, and there are many of them, embarked upon a course designed to sabotage the ECA program with every weapon of propaganda and subversion known to human mind. Armed force and industrial uprisings were called upon in many lands to prevent the implementation of a program, the success of which could only add courage and strength to those who were resisting political infiltration, social revolution, and the threat of military force.

How well the job was done needs no elaboration here. The Red tide, which lapped at the parliamentary foundations of every nation in western Europe has receded. In every land where free elections still obtain, the Communists and their allies have lost strength in popular representative bodies. Given a standard of hope around which to rally, free labor, industry, capital, religion, and all of the spiritual forces which sustain men in trouble have combined to cast out fear and to work together for the salvation of the freedom of man.

Europe has today turned its back upon the twisting and tortuous path which leads backward to the pyramids, and has chosen instead to work out human and national destinies through a tremendous effort in self-help and mutual cooperation. Men are still the masters of government in western Europe, and the fact that they are is testimony not only to their courage, but to the enlightened self-interest of this Nation in providing the dollars which were and are so necessary to relieve suffering, regulate currencies, and rehabilitate the traditional industrial self-sufficiency of the recipient nations.

There will be those who will say that the cost of such a program as this cannot be borne by our own economy without serious threat, but to those I would only say that 6 months of war—in-avoidable if the red tide submerges freedom in every land except our own—would cost a frightful sum out of all proportion in human lives to the project which we are here considering. Here is a program no less vital to the national security, the national welfare, and the national interest of the United States than is the maintenance of fleets and armies and air forces. To extinguish the beacon of hope when it has only commenced to flame, is to plunge our world and our times into a terror that can only result in disaster.

I know and respect the value of a dollar. In common with the gentleman from Pennsylvania [Mr. RICH], I am frequently moved to ask, "Where do we get the money?" A year ago I said that I considered this measure to be the best insurance we could take out against an-

other and devastating war. Nothing has transpired in the first year of operation to alter my opinion in any respect.

I do not say, nor would my words be worthy of any consideration if I did say, that this program has been perfect in its every expression. It has suffered from the same faults peculiar to any new legislative expression. Nor would I contend, Mr. Chairman, that the implementation of the program has been without imperfection. But what I do say is that the ECA program has succeeded in the first year of operation far beyond the hopes of those who framed the basic law or administered it in the field.

It is possible that this Committee will wish to work its own will in some degree upon the measure reported by the Committee on Foreign Affairs. Certainly, that is right and proper, and should be done. There are few points which will be discussed, few amendments which will be considered which have not already had a full measure of discussion and consideration, but, again, it is the duty of this body to consider carefully the handiwork of any and all of its lesser agencies.

But I would urge this body not to lend validity to the claims of international communism that in our pursuit of the program that we seek to dump our own unwanted goods abroad or seek to impress a dollar imperialism upon the other nations of the earth. Such claims have to this time fallen of their own weight, for where is the imperialistic design that seeks to strengthen proposed victims? The snake lends no measure of its venom to the bird, nor the lion its strength to the sheep. Nor have we, as a nation, sought unfair advantage of those we have attempted to help.

For my part I am happy to have played a minor part in the drafting of the original legislation which worked so well in practice that few amendments were considered necessary by the committee last year. I regret, together with other members of the minority on the committee, that no action with respect to China has been considered in this bill, but that fact in no way influences my determination to seek prompt action on the legislation we are now considering.

We are winning the fight, Mr. Chairman, and this is no time to resort to defensive measures nor to retreat 1 foot over the ground we have won. We have the initiative today—we and those who stand shoulder to shoulder with us in this crucial hour. Let us press on, not so much counting our dollars as we move forward to the goal of freedom from fear but counting rather the cost which may have to be met if we fail.

The eyes of the world are upon this body, Mr. Chairman. They are eyes in which hope has replaced terror and eyes which once again may look to God and each other with faith in each and in ultimate justice.

Mr. KEE. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. McGRATH].

Mr. McGRATH. Mr. Chairman, we were asked a few minutes ago what this ECA had done for Italy. The gentleman from New York [Mr. MARCANTONIO] posed that question, and I think we should an-



swer him today and say that this plan defeated communism in Italy. When we had an election there some months ago, the people of that country, mindful of its glorious history and its contributions to the world, stood up and before their God and before their fellowman they decided to go along the road of democracy. We can thank this plan and this program for that great victory against the godlessness of Russian philosophy.

I cannot in the 3 minutes allotted to me by the distinguished chairman of the committee answer all of the questions that have been raised. But well do I recall that election when in New York, under the leadership of the great Italian-American Generoso Pope, how he organized Italian relief. We raised funds in my county alone amounting to over \$18,000 for the people who were suffering there.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. McGRATH. Not at this time. And in other parts of the country we did the same thing. Letters poured in with the message, "We are suffering," "We need clothing," "We need food." But after the Marshall plan came into being those letters ceased, and the ones which did come into our country and which still come in today are letters of hope, because the people of Italy have faith—faith in America, and because they follow the leadership of our Government and the guidance of Pope Pius XII in asking them to make a choice between communism and democracy. They have made a great contribution in years gone by in the arts, in the sciences, and in culture. The world will ever be indebted to those glorious sons and daughters of Rome and Naples, and every other part of Italy. But no greater contribution has been made by the people of that land than the result of the election. That was a great contribution to the forces of democracy.

In 3 minutes I cannot answer the details that have been given by my distinguished colleague from New York. At the proper time I hope we can talk on those figures that were cited. The answer is that there would have been a greater degree of success had not the Communists done everything they could by strikes and by attempts to sabotage our every effort, by their campaign to destroy and to bring Italy into the power of the Communist Party.

I now yield to the gentleman from Connecticut.

Mr. LODGE. I wish to say to the gentleman that I agree entirely with his statement. It may very well be that those who oppose the Marshall plan in Italy oppose it because it has succeeded and because it is preventing the Communists from taking over.

Mr. McGRATH. I thank the gentleman.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. KEE. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. CHRISTOPHER].

Mr. CHRISTOPHER. Mr. Chairman, I wish to use these 2 minutes to refer to statements made by the gentleman from Illinois regarding the \$11,000,000,000 of

lend-lease that was extended to Russia. I do not stand before this House holding any brief for Russia, but I still believe in giving everybody his due, even the Devil.

That \$11,000,000,000 bought food, ammunition, guns, and airplanes that enabled Russia to nail down 32 German armored divisions in western Russia so tight that they could not get away to oppose our landing on the Normandy beachhead. Those \$11,000,000,000 of lend lease that went to Russia are part of the most justifiable expenditure that we made during the war; for if those 32 German armored divisions could have gotten loose and arrived at the proper time on those Normandy beachheads, we either would have failed to land on those Normandy beaches or we would have had 2,000,000 more white crosses there with an American soldier boy under each one of them. Thank God for the \$11,000,000,000 that went to Russia in lend-lease. If it was a mistake I have still to find it out.

Now, in what little time I have left I want to refer to the statement of one of the gentlemen from New York regarding the poverty that exists at the present time in Italy and I want every one in this House to get this: Italy has only a small fraction of good agricultural soil left in that country for each one of her inhabitants. Therefore, at some time in the foreseeable future those folks are going to be hungry unless they import food. I want the Members of this House also to remember that when the agricultural bills come to the floor for consideration. Let us take care that we do not get our 3½ acres apiece down to four-tenths of an acre and get to starving like the people of those countries are starving.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. KEE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 3748) to amend the Economic Cooperation Act of 1948, had come to no resolution thereon.

#### EXTENSION OF REMARKS

Mr. BLAND asked and was given permission to revise and extend the remarks he made in Committee this afternoon, and to include therein a bill, H. R. 1340, the report thereon, and also the Magnuson amendment to a Senate bill.

Mr. MARTIN of Massachusetts asked and was given permission to extend his remarks in the RECORD and include an article on the repeal of the excise taxes appearing in the Saginaw (Mich.) News.

Mr. MARCANTONIO asked and was given permission to revise and extend the remarks he made on a rule earlier in the day.

Mr. McGRATH asked and was given permission to extend his remarks in the RECORD in two instances.

Mr. IRVING asked and was given permission to extend his remarks in the Ap-

pendix of the RECORD and include two letters and a telegram.

Mr. DOYLE asked and was given permission to extend his remarks in the Appendix of the RECORD and include appropriate material.

Mr. McKINNON asked and was given permission to extend his remarks in the Appendix of the RECORD and include a few articles.

Mr. JAVITS asked and was given permission to revise and extend the remarks he made in the Committee of the Whole today.

Mr. JAVITS asked and was given permission to extend his remarks in the Appendix of the RECORD and include certain printed material.

Mr. BOLTON of Maryland asked and was given permission to extend his remarks in the RECORD.

Mrs. BOLTON of Ohio asked and was given permission to revise and extend her remarks.

#### HOOR OF MEETING ON MONDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock on Monday next. I might observe that there is about three-fourths of an hour remaining for general debate on the ECA bill, after which we will proceed under the 5-minute rule. I make that statement so that all Members may govern themselves accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HAYS of Ohio, for April 9, 1949, on account of official business.

Mr. CHESNEY, for April 9, 1949, on account of official business.

Mr. TAURIELLO, for April 9, 1949, on account of official business.

To Mr. GORSKI of New York, for April 9, 1949, on account of official business.

To Mr. McGUIRE, for April 9, 1949, on account of official business.

To Mr. WAGNER, for April 9, 1949, on account of official business.

#### ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 21 minutes p. m.) the House, under its previous order, adjourned until Monday, April 11, 1949, at 11 o'clock a. m.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MAHON: Committee on Appropriations. H. R. 4146. A bill making appropriations for the National Security Council, the National Security Resources Board, and for military functions administered by the National Military Establishment for the fiscal year ending June 30, 1950, and for other purposes; without amendment (Rept. No. 417). Referred to the Committee of the Whole House on the State of the Union.



Mr. SPENCE: Committee on Banking and Currency. H. R. 2682. A bill to amend the Commodity Credit Corporation Charter Act, the Strategic and Critical Materials Stock Piling Act, and for other purposes; with amendments (Rept. No. 418). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of New York: Committee on Ways and Means. H. R. 3932. A bill to exempt artificial limbs from duty if imported for personal use and not for sale; with amendments (Rept. No. 419). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H. R. 3825. A bill to amend the Federal Crop Insurance Act; with amendments (Rept. No. 420). Referred to the Committee of the Whole House on the State of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MAHON:

H. R. 4146. A bill making appropriations for the National Security Council, the National Security Resources Board, and for military functions administered by the National Military Establishment for the fiscal year ending June 30, 1950, and for other purposes; to the Committee on Appropriations.

By Mr. BOLLING:

H. R. 4147. A bill to provide for the general welfare by enabling the several States to make more adequate provisions for the health of school children through the development of school health services for the prevention, diagnosis, and treatment of physical and mental defects and conditions; to the Committee on Interstate and Foreign Commerce.

By Mr. HARRIS:

H. R. 4148. A bill to provide for the appointment of a deputy disbursing officer and assistant disbursing officers for the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. JOHNSON:

H. R. 4149. A bill to prohibit the transportation of certain highly combustible fabrics in interstate commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. LARCADE:

H. R. 4150. A bill to amend the Emergency Price Control Act of 1942, as amended, relating to actions for civil liabilities for violation of the Emergency Price Control Act; to the Committee on Banking and Currency.

By Mr. MARSALIS:

H. R. 4151. A bill to grant the consent of the United States to the Arkansas River Compact; to the Committee on Public Lands.

By Mr. MURDOCK:

H. R. 4152. A bill to approve repayment contracts negotiated with the Bitter Root irrigation district, the Shasta View irrigation district, the Okanogan irrigation district, the Willwood irrigation district, the Uncompahgre Valley Water Users' Association, and the Kittitas reclamation district, to authorize their execution, and for other purposes; to the Committee on Public Lands.

By Mr. TALLE:

H. R. 4153. A bill to amend subchapter A of chapter 10 of the Internal Revenue Code, relating to the tax on admissions; to the Committee on Ways and Means.

By Mr. WELCH of California:

H. R. 4154. A bill to authorize investigations by the Bureau of Reclamation to the end of providing for the fullest utilization of the Nation's water resources; to the Committee on Public Lands.

By Mr. GORSKI of Illinois:

H. R. 4155. A bill to provide for the extension of patents whenever the use of the same has been prevented by war or other causes and providing for the extension of patents for persons who serve in the military or naval forces of the United States during a war; to the Committee on the Judiciary.

By Mr. ALLEN of Louisiana:

H. R. 4156. A bill disclaiming and reconveying any interest of the United States to the mineral rights in the lands comprising the Pearson Artillery Range, Louisiana; to the Committee on Armed Services.

By Mr. O'BRIEN of Michigan:

H. R. 4157. A bill to provide for the general welfare by enabling the several States to make more adequate provision for the health of school children through the development of school health services for the prevention, diagnosis, and treatment of physical and mental defects and conditions; to the Committee on Interstate and Foreign Commerce.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. KEATING:

H. R. 4158. A bill for the relief of Concetta Caricchio; to the Committee on the Judiciary.

By Mr. MANSFIELD:

H. R. 4159. A bill for the relief of E. E. Drury & Sons, Troy, Mont.; to the Committee on the Judiciary.

H. R. 4160. A bill for the relief of Kalispell Pole Co., Kalispell, Mont.; to the Committee on the Judiciary.

By Mr. PHILLIPS of California:

H. R. 4161. A bill for the relief of Robert Marshall and Mrs. Myrtle I. Marshall; to the Committee on the Judiciary.

H. R. 4162. A bill for the relief of Otis Pippin and Imogene Pippin; to the Committee on the Judiciary.

H. R. 4163. A bill for the relief of Mr. and Mrs. C. S. Walker; to the Committee on the Judiciary.

H. R. 4164. A bill for the relief of Norman Otis Pippin; to the Committee on the Judiciary.

By Mr. SASSCER:

H. R. 4165. A bill for the relief of Katherine H. Clagett; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

537. By Mr. BARING: Senate Joint Resolution 5, State of Nevada, approved by Governor Pittman on March 29, 1949; to the Committee on Banking and Currency.

538. By Mr. IRVING: Memorial of the House of Representatives of the State of Missouri, urging the immediate construction of the Turtle Creek Reservoir for control of the Big Blue River near Manhattan, Kans., as necessary for the stoppage of flood hazards on the Missouri River in the State of Missouri; to the Committee on Public Works.

539. By the SPEAKER: Petition of Mrs. Wallace Johnson and others, Oneonta, N. Y., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

540. Also, petition of T. S. Kinney and others, Orlando, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

541. Also, petition of F. A. Hart and others, Wauchula, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

542. Also, petition of Ella Dewitt and others, New Smyrna Beach, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

543. Also, petition of Virgilio Pino and others, Tampa, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

544. Also, petition of Mrs. Ruth Burns and others, West Palm Beach, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

545. Also, petition of Mrs. Fannie R. Shearer and others, West Palm Beach, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.

546. Also, petition of E. H. Thomas and others, Tice, Fla., requesting passage of H. R. 2135 and 2136, known as the Townsend plan; to the Committee on Ways and Means.



fication and the punishment of war criminals, in which the American Jewish Congress expressed its grave concern over the emergence of anti-Semitic and pro-Fascist movements and trends in Germany and over the suspension of the trials of war criminals and the commutation of the sentences of many of those found guilty;

Notes that since the date there has been fresh and additional evidence of the failure of the denazification program as reflected in the continued growth of these anti-Semitic and nationalist trends;

Expresses its grave alarm over the threat to world peace which these developments constitute;

Therefore calls on the Senate of the United States to conduct a public investigation into the implementation of the denazification program and the intensification of anti-Semitic and antidemocratic trends in the American zone of Germany and that an opportunity be given to recognize public organizations to present their evidence and recommendations;

Urges the World Jewish Congress to take appropriate action toward the organization of similar investigations in other zones of Germany;

Directs the officers of the American Jewish Congress to organize a campaign of public information and action to acquaint American public opinion with the situation.

## Amendment of Economic Cooperation Act of 1948

### EXTENSION OF REMARKS

OF

### HON. LEONARD IRVING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Saturday, April 9, 1949

Mr. IRVING. Mr. Speaker, the amendment I intend to submit at the proper time appears to me to be so advisable because of purely simple and sound reasons that I was somewhat amazed when I heard the Committee on Foreign Affairs of this House had complied with the requests of the ECA Administrator, Mr. Hoffman, and the Secretary of Agriculture, Mr. Brannan, that the provision for milling 25 percent of the grains shipped abroad be stricken from the act.

The amendment to H. R. 3748, a bill to amend the Economic Cooperation Act of 1948 is as follows:

Strike the following words after "SEC. 7." on lines 5 and 6 of page 7: "(a) Section 112 (c) of such act is hereby repealed."

The Committee on Foreign Affairs of the Senate has recognized the need for continuance of this provision for the benefit of not only American trade and workers but because it actually felt there were just reasons why its retention would help the entire program. The action of our own committee, taken in face of conflicting testimony given it, indicates that the committee members themselves were somewhat undecided as to what was the right thing to do. The questions asked by the committee members of the witnesses and the weakness of its own committee report clearly indicate lack of full

consideration and indecision about the matter.

While some administration spokesmen contended that to ship wheat entirely instead of 75 percent wheat and 25 percent flour would cost the Government \$8,000,000 more, there was direct testimony from one of the leading wheat millers in the country, who spoke for his industry, to the effect that the Government would actually save money by shipping 25 percent of the wheat in the form of flour. In addition, he pointed out that the millfeeds, a byproduct of the flour milling, were seriously needed in the United States by farmers who today have on their places the largest numbers of livestock in the country's history.

There are indications, substantiated by facts, that by milling at least 25 percent of the wheat into flour in this country, our own economy will be benefited along with the extensions of benefits to the countries now receiving Marshall-plan aid. In the first place, substantial proofs have been presented that the Government would actually save money by milling the flour here. Furthermore, the costs of shipping would be less as would be the costs of handling in the Marshall plan countries where wheat would have to be unloaded, moved to flour mills away from port areas, and then still have to be transported to the actual consumers. With transportation facilities in those countries already taxed to capacity because of the job of reconstruction, we should not add this additional burden particularly when our own Government could save money without impairment of the basic premise of this act—to assist in the economic recovery of those nations friendly to the United States.

It appears to me that there is such a tremendous propaganda value to having flour delivered in bags marked as coming from the United States that this argument alone should outbalance any argument against shipping flour. Wheat would lose its identity whereas the bagged flour, with clear-cut markings on each bag, would not.

The Communists, ever seeking propaganda footholds, would, without question, seize upon this omission as a means for charging that the wheat being shipped to mills was coming from countries behind the iron curtain or elsewhere than from the United States, the real benefactor. It would be an effective propaganda, too, because who would know otherwise.

Pamphlets and radio talks to counteract such an untrue propaganda barrage could never be as effective as the sight of an American bag of flour, labeled as coming from the United States. Remember this operation will not be like the Friendship Train which everybody in Europe knew came from the United States because of the goodness of the American people.

Ladies and gentlemen, I implore you to sincerely consider my position in this matter because I truly feel that the best interests of our country will be served by retention of the present provisions of the present legislation.

## Long Live Free Greece

### EXTENSION OF REMARKS

OF

### HON. CHRISTOPHER C. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Saturday, April 9, 1949

Mr. McGRATH. Mr. Speaker, in the March 25 issue of the New York Journal-American there appeared a very interesting editorial entitled "Long Live Free Greece." This editorial was written in commemoration of the one hundred and twenty-eighth anniversary of Greek independence and is as follows:

LONG LIVE FREE GREECE

(By Harry H. Schlacht)

Today marks the one hundred and twenty-eighth anniversary of Greek independence.

Today marks the day when Bishop Germanos proclaimed freedom at Patras. Today marks the day when the Greek flag of liberation was unfurled.

What liberty-loving heart does not throb, what liberty-loving bosom does not swell, at the thought of Greek independence?

We hail her unconquerable soul which has ever been the proud possession of the Greek people. We salute with joy "not the glory that was Greece" but the glory that is Greece.

The history of Hellas is the history of the world.

No tyrant has ever been able to crush her. No tyrant ever will.

The torch of democracy was first lighted in Athens.

The Greek people have demonstrated in the most terrible of all wars that they still possess the flame which made their ancestors transcendent examples of what the human spirit can achieve.

They have emerged triumphant through every test of fire and sword. They showed the world that as they had taught other peoples how to live, so would they demonstrate their willingness to die while defending their liberty. No prophet is needed to predict that the people of Greece will continue to exemplify the noblest attributes of man.

Greece stands resolute as the pillar of civilization.

Her past is unrivaled in intellectual richness. Her past is assayed with the meaning of truth, justice, and beauty. Her past is studded with every form of human achievement. Her past is kindled with the eternal love of liberty.

Liberty is an Hellenic quality.

The historical annals reveal that the spirit of democracy found its full fruition and development in ancient Greece.

Its grandeur in every domain of human endeavor has never been excelled. Its poised brow, like that of her Olympian god, was ranked high above the contending forces that surged below. Its spirit of freedom, its love of music and arts, all of the finer impulses of the heart and mind, flourished and blossomed with such rich fertility during the golden age of Pericles that they have never been surpassed in history.

Greece has been a brilliant light throughout the centuries, casting its illuminating rays upon the nations of the world.

Her gallant leaders, true to the traditions of Thermopylae, Marathon, and Salamis, chose the path of honor in the last world conflict.

Despots have attempted to subdue and crush her valiant spirit with hunger, exposure, and death. But her unshakable will to live as a free nation has remained ever



constant and steadfast through all her tribulations.

Nor have the Greeks ever surrendered or compromised their lifelong convictions and ideals.

For they have manifested, in blood and suffering, the invincible spirit of their martyred heroes who fought and died for liberty.

From the lamps of Acropolis, from the tragedies of Euripides, from the songs of Maenander, from the poems of Palamis, from the thought of Aristotle, from the science of Archimedes, the light of liberty will never be extinguished.

Spring has come to the golden land of Hellas, spring with all its national freshness and exuberance.

The warm breezes play gently over her pastoral Arcadia. The red poppies of Attica bloom beneath gray-green olive trees. The branches in the Thessalonian orchards are now heavy with buds. The season brings the joy of Greek music, songs, and folk dances.

On her face is the smile of liberation. It is radiant with freedom. It is softened by sorrow. It is sweetened by sacrifice.

Greece will rise again to greater heights of splendor. She will live again in the fullness of her ancient glory and valor. For the luster of her historic fame can never be dimmed.

O, Greece, for you—your long and glorious line of statesmen, philosophers, scholars, poets, and artists must be singing a heavenly chorus of hallelujahs.

Here's to the land of Hellas: One nation, one language, one history, one greatness. May your country ever be worthy champions of justice and liberty.

Greece lives again.

Zeto 'e Helles—Long live free Greece.

## Proposed Postal Rates a Threat to Weekly Newspapers

### EXTENSION OF REMARKS

OF

### HON. RUSSELL V. MACK

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 7, 1949

Mr. MACK of Washington. Mr. Speaker, the weekly press of America, since the very beginning of the Republic, has been our greatest defender of individual freedom and democracy.

Our Nation today has more than 10,500 of these weekly newspapers. Nearly all of these weekly newspapers are individually owned. Nearly all of them are individually edited. The editorial opinions these weekly newspapers express are almost as divergent as the number of the 10,500 men and women who edit them. The very expression of such a divergence of opinion is not only healthy and desirable, but also necessary, in a country where laws are the product of open debate and discussion and not the dictatorial edicts of one man or a small clique of men.

It is an adage, as true as it is old, that he who would destroy liberty first controls, muzzles, or suspends a free press.

#### WEEKLY PRESS IN DANGER

There are now pending in the House and Senate of the United States bills which, if enacted in their present form, would greatly weaken most of the 10,500 weekly newspapers of this country and bring financial difficulties to many of them.

The bills to which I refer are those which would increase the second-class postage mailing rates on weekly newspapers by 600 percent this year and 900 percent next year.

Under these bills, which I understand are sponsored by the Post Office Department, the present postal rates on weekly newspapers delivered by mail to citizens in the towns of publication would be increased from the present rate of 1 cent a pound to 4 cents. This is a fourfold increase, an increase of 400 percent.

But this is not all. If a weekly newspaper devotes as much as 50 percent of its columns to advertising, the rates, under the proposed bills, would be 50 percent higher than 4 cents, or be 6 cents a pound.

Few weekly newspapers, due to present-day high wages, high cost of materials, and high taxes, can survive unless more than 50 percent of their columns are filled with advertising. This means, therefore, to all intents and purposes, that the postage rates on weekly newspapers, which now are 1 cent a pound for home-town delivery, will be raised, if these bills are enacted, to at least 6 cents a pound. Furthermore these bills would raise these rates another 50 percent next year.

The administration has complained very bitterly about some manufacturers and producers having raised prices too much. I can think of no business, however, which has imposed a 600- to 900-percent increase in its prices, such as the post office now desires to do on second-class mail.

If the electric companies were to increase their rates to users by 600 percent, to six times what these rates now are, I imagine most people would discontinue using electric lights and go back to the candle, the oil lamp, or some other way of providing light for their homes. Is not very much the same thing likely to happen with newspapers if the Post Office Department, as it seems to desire, imposed a sixfold—600 percent—increase in postal rates?

#### NOT GOOD BUSINESS

Suppose this 600-percent increase in postal rates on weekly newspapers is imposed, what will the weekly newspaper publishers do?

Many of them certainly will put on carrier boys to make town deliveries. That will be cheaper than paying the post office the new and much higher postal rate.

If the newspaper in a little town of 3,000 to 5,000 does that, will the post office move into any smaller building? Will it use fewer mail carriers? Will it burn less lights or consume less heat? I do not think so. The expense of operating the small post office will be just as heavy as it is now. The increased rates will merely have driven away some of its customers and lost it some of the revenue it is now receiving. That will not help balance the post-office budget.

#### CUMBERSOME, EXPENSIVE ACCOUNTING

The Post Office Department, at my request, has supplied me with a report which shows that the United States post-office service last year handled 6,286,890,-

360 pieces of second-class mail, and that this mail weighed 2,107,309,398 pounds, or an average of 5.36 ounces to the piece."

Note these figures. They are not round figures. They are not estimates. They are exact figures, down to the very last decimal. If these figures are correct they could have been obtained in only one way, by a piece-by-piece count of that mail and by a sack-by-sack weighing of it. Think of the enormous number of workers that were required to count more than 6,000,000,000 pieces of mail. Think of the enormous number of man-hours of work required to weigh more than 2,000,000,000 pounds of mail. Why, 2,000,000,000 pounds is 1,000,000 tons. It would require a train of 25,000 railroad mail cars to hold that much mail. If there was some simpler and less expensive way of figuring the quantities and cost of handling such mail, the cost of handling it might be much less than it is.

The Post Office Department says its average cost of handling a second-class piece of mail is 3.22 cents per piece. After post-office accountants have gone to all of the expense of figuring in detail this cost, can anyone say the figure is correct? I doubt it.

In most small towns the cost of maintaining the post office with lights, heat, and janitor service would be just the same whether these newspapers were handled in the post office or not. There would be just as many carriers.

On the rural routes the carrier would drive in the same car over the same number of miles whether he carried the newspapers or not. He might have to make a few extra stops because of the newspaper mail. What does it cost to carry these newspapers? It is almost impossible to say.

#### CONCLUSION

I am not saying there should be no increase in second-class postal rates. I am saying that the proposal to raise these rates by 600 percent this year and 900 percent next year to the weekly newspapers is unrealistic and unreasonable. If punitive rates of this kind are imposed, many of the Nation's 10,500 weekly newspapers will be driven out of business.

A free people must be an informed people and the weekly newspapers help to keep them informed.

The Government itself needs these weekly newspapers. During the war years these newspapers donated many millions of dollars' of free advertising space to such Government campaigns as war bond sales, the planting of victory gardens, and the collection of scrap metal and waste paper. These campaigns never would have been the success they were had it not been for the free advertising space donated to the Government by the weekly newspapers of the Nation.

High labor costs, high taxes, and higher costs for materials, all have made it increasingly difficult for the average small weekly newspaper to keep its income sufficiently high to meet its increased costs.

The costs of labor and materials for weekly papers have risen sharply, but rarely as much as 200 percent. The



Sam. The consumer, on the other hand, gets the lower price. Where, then, does Uncle Sam get the money to pay the farmer and to subsidize the consumer? Why, from the so-called bottomless Federal Treasury. This money comes from taxes.

So the "new" program proves to be nothing but another way of milking the taxpayer for the benefit of the Fair Deal politicians. They will have a good reason to raise taxes, to increase Federal spending, to increase the number of Federal employees, and to keep themselves in power forever and ever, amen.

If the people are going to fall for rackets like this one, I do not see why they do not demand that the Federal Government pay all their grocery bill instead of just part of it. And, instead of having the farmer collect a part of his money from Uncle Sam, why not have him collect all of it from an all-wise, all-powerful Federal bureaucracy? It would be far more logical and efficient to adopt socialism in toto rather than to follow a slow, gradual course of strangling our free economic society.

I have put my references to this "new" program in quotation marks for a good reason. There is nothing new about it in the least. It was practiced during World War II in this country. We called it a program of consumer subsidies then and that is what it is now. The British put it into effect during the war and kept it going until they switched over entirely to a socialized economy. It is the first step—and a long step—toward a collectivized economy. The farmers fought the consumer subsidy a few years ago tooth and nail. I wonder if, in the intervening years, they have been drugged and beguiled by the New Dealers and the Fair Dealers into taking this bitter pill under another name.

The farmers and consumers should know that when the Federal Government gets into this racket, it will raise the ultimate cost of food by raising taxes for all. This will be necessary because when the Federal Government handles money, it always sticks on, through necessity, a huge service charge. A gigantic new bureaucracy, staffed by thousands of persons and costing millions of dollars annually, will be required to administer this flamboyant program. Not a single one of the accountants, administrators, clerks, typists, checkers, sleuths, investigators, or information men to be employed in this new agency would add one iota of production to our farm program, or one new idea to lower the cost of distribution. He or she would simply be an extra knot on the log of Government bureaucracy, adding to the burden of the log but contributing nothing in return.

Mr. Speaker, I call on my Republican colleagues to help counter this bold, pernicious, bald-faced attempt to buy millions of votes with public money by calling this proposal what it is in every speech, every letter, and every statement issued during the coming months. We may not be able to defeat this program, but we can awaken a few more Americans to the perilous courses on which the Fair Deal has launched our ship of state.

## Purchase Under ECA Act of Grains Milled in the United States

### EXTENSION OF REMARKS OF

**HON. LEONARD IRVING**

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Saturday, April 9, 1949*

Mr. IRVING. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following letter and statement:

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, D. C., February 23, 1949.

MY DEAR COLLEAGUES: The attached statement and telegram from the American Federation of Grain Millers describe the necessity for continuation of the provision of the ECA Act that 25 percent of the grains purchased for shipment abroad must be milled in the United States.

It appears unwise to me to seek to help others without regard to the interests of our own people.

Sincerely yours,

LEONARD IRVING.

#### STATEMENT OF AMERICAN FEDERATION OF GRAIN MILLERS

The American Federation of Grain Millers represents approximately 50,000 members in the flour milling industry throughout the United States.

Your attention is called to the problem of the Foreign Relief Act which requires 25 percent of the wheat going to Europe to be ground into flour before leaving this country. We understand that a move is on foot to change the act so as to allow all the wheat to leave this country without being processed. This would add to the misery of those employed in the flour milling industry throughout the United States. They are already working short hours and their take-home pay has been greatly reduced through a decrease in the demand for flour.

We ask your fullest cooperation in helping to retain the act as it was which required 25 percent of the wheat to be ground in the United States. We cannot be too insistent in reminding you that it is a serious problem with us and we will greatly appreciate your cooperation in retaining the 25 percent as it now is.

Thanking you for your cooperation, we remain,

Respectfully yours,

J. A. LEVERIDGE,  
General Vice President.

KANSAS CITY, MO., February 21, 1949.  
Congressman LEONARD IRVING:

Supplementing Mr. Leveridge's letter to you since October 1948, 22 mills have been shut down, representing a capital investment of \$15,000,000 and 1,200 of our people have been permanently laid off. We have 6,500 people temporarily laid off because of slack business in the mills that are still operating, but at a reduced capacity. We have 21,000 members who have had their workweek reduced from a 6-day week to a 4 and 4½-day week because of slack business. Should this trend continue it will be only a matter of months until approximately 40 percent of the milling capacity in this country will be shut down. Last week the mills here in Kansas City reduced 67 percent of capacity, which is the lowest percent of capacity run since 1940. Three mills within 200 miles of Kansas City have been permanently shut down in last 30 days. If we fail to retain the present provision of

the law which required 25-percent grind of wheat into flour, several thousand more of our members will be laid off. We authorize printing of this for distribution.

R. H. McCLAIN,  
Vice President, American Federation  
of Grain Millers International Union.

## Socialism—American Variety

### EXTENSION OF REMARKS OF

**HON. RALPH W. GWINN**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Saturday, April 9, 1949*

Mr. GWINN. Mr. Speaker, what ails America?

Why do more and more of our citizens feel unable to take care of themselves? Why should we feel helpless and inadequate in the midst of the greatest production of income we have ever known? While acting as good Samaritans abroad, have we caught a mortal malady ourselves? Is it possible that we are losing American freedom, too? To avoid the awful consequences of wishful thinking on these life-or-death questions, we must answer them from the recorded facts.

#### WHAT OUR GOVERNMENT TAKES FROM US

We know that our American Government has, in recent years, changed its character. It has become an overwhelming and omnipresent machine of controls and compulsions. It manages our money, credit, farming, rents and housing, foreign trade, social security, production, and education. This Federal Government management and control of us costs us about \$50,000,000,000 a year out of our total income of about \$200,000,000,000.

The Federal, State, and local governments combined take one-third of everything we produce. That means that, as a people, we work for ourselves only 2 out of every 3 days. With a 40-hour work-week, we have less than 27 hours, or about 3⅓ days per week to produce our food, clothing, and shelter, and to maintain our health and education. It cannot be done. So, as a consequence, the people cry out in increasing millions for the Government to do for them what they are incapable of doing for themselves in 3⅓ days' work per week. The only cure that Government proposes to see is that of extending Government management, increasing taxes, and thus reduce even further the number of days in which the people can work for themselves in the management of themselves, their property, and their happiness. Such methods can only lead to scarcity and general poverty, as in Russia.

#### WHEN IS A COUNTRY SOCIALIST?

Many enlightened scholars have expressed doubt as to whether any government can take more than 1 day in 10 from the people, or 10 percent of the nation's income, and still leave a people able to take care of themselves. Above that level, Socialist management becomes inevitable. We must remember that as recently as 1930, London and



Paris managed only 21 percent of their national economy; Berlin managed 22 percent and brought on national socialism 3 years later. Moscow, after 13 years of socialism, managed only 29 percent of the Russian economy. Can we be excused, if we fail to take to heart these facts and govern ourselves accordingly?

The present impact of this concentration of power in our Government is crushing the people now. Do you realize that we pay out more to Washington annually than we do to all of our 6,000,000 farmers for the food we eat? We pay in taxes  $2\frac{1}{2}$  times more to Washington to manage us than we pay in net income to all American corporations for all of their manufacturing, transporting, and other services to us.

#### NUMBER OF AMERICANS MANAGED BY GOVERNMENT

Government already owns one-fourth of all the land in the continental United States. It has also become the biggest employer in the world. It now has more than 2,000,000 civilian employees. They receive a cold half billion dollars per month, and they with their wives, parents, relatives, and dependents are naturally interested in seeing the pay-roll receipts continued by keeping one and the same party in power. Since by conservative estimate each Government employee guides or controls at least four votes, our citizens fight for freedom against a monstrous Central Government having 8,000,000 voters with a direct monetary interest in keeping one party continually entrenched in power.

This is not the whole story. Many, many more million citizens have become dependent upon payments, benefits, subsidies, and handouts. Already one out of every six adult Americans receives checks regularly from Washington. A United Press dispatch sets the figure at 15,830,899. If each check went to a different family, it would mean that 42.7 percent of our families now balance their budgets with money from Washington. Each year our tax burdens increase. Each year others join the ever-increasing ranks of the 15,830,899 who are directly dependent on Washington's management of their lives in whole or part.

#### THE FIRST MARXIST CONCEPT ADOPTED

The measures Marx outlined in the manifesto include abolition of private property, a heavy progressive income tax, centralization of credit in the hands of the central government, extension of Government ownership and production, and national control of the education of all children. Socialists the world over have acted in strict accordance with this 1848 dictum of Marx that "Political power is merely the organized power of one class for oppressing another." Who can deny that we have followed and are now following these very precepts here in America?

The first and most important of these Marxist precepts came with your constitutional amendment of 1913, giving the Federal Government the right to tax individual incomes. Few persons then thought that it would become a transmission belt for the heavy progressive or graduated income tax, prescribed by Marx. Congress debated then in terms

of a 1 or 2 percent tax at most. A 10-percent tax was considered preposterous. Yet we have had taxes which exceeded 90 percent and Washington today commonly takes more than three-quarters of the earnings of some of our most inventive and creative citizens. All of us are now liquidated to the extent of  $33\frac{1}{3}$  percent of all of our annual income in taxes which are added to the price of everything we buy from houses to bread. For example, gasoline enters into every item of living costs. Without excise taxes, gasoline would sell, generally, for 14 cents a gallon; without income taxes, for much less than 14 cents. Taxes make living costs so high, especially to the low income group, that they cannot manage for themselves. Think of it, free Americans clamor for the socialist state, begging it for shelter, food, health and education. We too have our cynical Goebels who knows that if you tax and tax, spend and spend, you can vote and vote the people into socialism anywhere in the world. They can be fooled into making little resistance to taxes if you begin by feeding them the delusion that the rich pay them. It is always the people that pays and carries the burdens.

#### THE SECOND MARXIST CONCEPT

Washington took the second Marxist step in a big stride when it destroyed, or reduced by 41 percent, all of our national monetary values in 1933. It went off the gold standard. By that act it robbed everyone of 41 percent of his or her savings up to that time. It started to enrich others by printing paper money and issuing it in exchange for nothing of value. All of our people's savings were liquidated just as all socialist governments in Europe liquidated the property of their people. Thus 41 percent of the peoples' capacity to take care of themselves was destroyed by the Government forcibly taking away 41 percent of the value of their money and locking up all gold in the vaults at Fort Knox. Several millions of us became at once absolutely dependent on Washington.

#### THE THIRD MARXIST CONCEPT

This became manifest first of all among the old people when Washington adopted the third Marxist pattern some years later. It compelled the people to pay to the Government their future savings for old age and survivor's pensions. There are now already 2,471,000 people receiving old age or survivor's social-security benefits. They have actually become the wards of Washington. And with 45,000,000 others who are, in this year of 1949, being compelled to pay the Government most of their savings in taxes must depend on Government for the management of all or a goodly part of their economic life.

Over a period of 12 or 14 years the unsuspecting citizens have paid their good dollars to Washington. The Government promised to reinvest for the security of all. It would be a Fair Deal. Instead of conserving and investing the people's savings, however, the Federal Government has spent and wasted nearly every dime of it on socialist experiments. It has dropped IOU's in the till—like any other embezzler—to take the place of the billions spent. The general taxpay-

ers are further defrauded and liquidated by being compelled now to pay taxes to make good the Government's embezzlement. The original savings funds are gone, and, therefore, constitute no security to the old people.

Besides all this the old people, once promised security, are getting paid in the Government-inflated dollars worth only 50 percent of the good dollars paid in. The old and the sick are being exploited. They are desolate, hungry, and on the relief rolls, robbed and liquidated among the first even in America as was the case in every socialist state abroad.

So 41 percent of the people's savings up to 1934 have been liquidated. The old people's savings have been wasted. The savings of everybody else since 1934 have been cut in half by inflation and on top of this criminal mismanagement everybody is forced to pay out a third of his income in taxes.

#### MORAL CONFIDENCE GONE—MARXISM CONTINUED

In such a demoralized state of law and public morals private lenders will not give loans and private citizens will hesitate to borrow. So the Government walks into the vacuum created by it and starts doing business. By the end of 1947, Washington had made \$10,109,000,000 in loans, one-fourth of all the loans our 15,000 private banks made. Washington furnished 70 percent of all the money that has gone into new housing since the war, because private lenders have come to have so little faith in the integrity of our Government that they refused to lend for private building. They could not invest with confidence in the future, not knowing what the Government would do on rent control or Government housing. This is what happens when, to use the exact words of Marx and Lenin, "centralization of credit in the hands of the state" takes place.

Private trade and investment in every socialist nation are at a standstill for the same reason that free investment in housing and new business enterprises is stopped here. A moral collapse of the Government, causing the individual to lose faith in what his Government will do, breeds modern socialism everywhere. Since a Socialist government breeds and lives without any moral base, what is right and wrong is simply determined by an army of arbitrary commissars whose fanaticism is hardly subject to review. We are experiencing that situation now in agriculture, in export licenses, loans by government, awarding of contracts to favorites, administration of rents to benefit tenants, allocation of space in Government houses to those who are faithful to the party, and so forth. Individual management and responsibility are drying up everywhere. They must of necessity cease. There is no 50-50, no, not even a 10-90 arrangement possible between socialism and freedom. One or the other must perish utterly. One is wrong and destroys confidence. The other is right and inspires confidence, invention, and production. One is compulsion, the other freedom.

#### SOCIALISM DEFINED

It is possible that most Americans have never stopped to define socialism. If we











## THE LATE FRANKLIN D. ROOSEVELT

Mr. SABATH. Mr. Speaker, it will be 4 years tomorrow that America and the world lost one of the greatest American citizens, a man recognized the world over as an outstanding humanitarian, one who had the interests of the masses in his heart and in his mind. I am satisfied, Mr. Speaker, that he gave up his life for the cause of humanity. I know that when history is written, he will, even as he is today, be recognized as a distinguished American, and it will be recorded that he rendered to our country and to the world prodigious services. He will go down in history with Washington, Jefferson, Jackson, Lincoln, and Wilson, as the greatest interpreter of the cause of the common man, for he actually gave up his life for the cause of the people, for his country, and for the peace and democracy of the world. His indefatigable and successful efforts on behalf of the plain homespun American and the underprivileged, and for the preservation of our democracy, and the democracies of the world, shall endear him to all mankind. Beyond doubt he was the most beloved and most mourned man not only in our country but the world over. Here, indeed, is the man of the ages.

## PERMISSION TO ADDRESS THE HOUSE

Mr. JAVITS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

## CIVILIAN ADMINISTRATION OF OCCUPIED GERMANY

Mr. JAVITS. Mr. Speaker, the whole democratic world will approve the announcement made on Friday on the part of the United States and France and Great Britain that there should be civilian administration in western Germany. I wish to emphasize that those of us who have been deeply concerned about the manifestations of nazism in the western zones of Germany during the administration of the military governments there, want to be sure that there is not only a civilian government for western Germany which this announcement contemplates, but that there is also a civilian administration which will utilize to the full and cooperate with democratic and anti-Nazi elements in those zones on the part of the occupying powers. In the matter of the nomination of trustees for the Ruhr iron and steel industries; in the matter of the comings and goings and of striking out the names of those suspected of having Nazi affiliations who sought to participate in the German industrial fair in New York City; in remarks attributed to officials of military government like those attributed to the director of the administration of whole province of Wurtemberg Baden showing a lack of concern for the recurrence of Nazi influence in German public affairs (New York Herald Tribune, February 26, 1949); we have deep concern that our people who are handling the situation

in Germany are too prone to themselves forget that the Germans have on three occasions been the greatest aggressive force the world has ever known, too prone to let circumstances develop under which they could start their aggressive belligerency and their outrages against human rights again.

It will be recalled the names of 12 Germans were recently submitted by the Bi-Zonal Economic Administration—which is an indigenous German agency—to the Western Allied Military Governors as managerial trustees of the Ruhr iron and steel works. The report of the New York Times, February 26, 1949 states the following with respect to this list:

Most notable among German selections were Heinrich Dinkelbach, former financial director of the Vereinigte Stahlwerke and sponsor and financial contributor to the Nazi SS, and Herman J. Abs, former Deutsch Bank director who was denounced in a special Military Government report a year ago as a participant in the exploitation of Nazi-occupied countries.

It will be recalled also that the democratic world was shocked recently by evidences of the revival of the Nazi spirit shown in such movements as the League for German Revival of which it is stated that leading former Nazi leaders are the guiding spirits.

We welcome this change just announced by the three occupying powers and have a right to expect that by this change the civilian administrations on both sides both for the occupying powers and for the Germans of the western zones, will at long last deal only with the democratic elements who are there, and who have been shamefully neglected, and not the Nazi elements and Nazi affiliates in western Germany.

## EXTENSION OF REMARKS

Mr. MARTIN of Massachusetts asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article.

Mr. JAVITS asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances, and in each to include extraneous matter.

Mr. SMITH of Wisconsin. Mr. Speaker, I ask unanimous consent that in the remarks I expect to make in the Committee of the Whole today on the ECA bill I may include certain extraneous material.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. JACKSON of California asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the New York Times entitled "The Skipper of Guadalcanal."

## PERMISSION TO ADDRESS THE HOUSE

Mr. JACKSON of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

## UNITY IS NOT JUST A WORD

Mr. JACKSON of California. Mr. Speaker, a great tragedy has just been enacted in my home State of California. After many hours of heroic toil, workers yesterday reached the lifeless body of a little girl, 3-year-old Kathy Fiscus, of San Marino, who had climbed or fallen into an old and disused well pipe, and had slipped down the pipe for nearly 100 feet.

The tremendous effort to free the child was fruitless, and the youngster was yesterday found dead. The heartbreak of the parents of the youngster is shared by millions of Americans.

However, the tragedy proved that in an hour of human trouble we Americans become one, and that the great heart of America holds no place for hatred and rancor at such a time. We hear much of the "heartless corporation" which seeks only to grind labor beneath its heel, yet it was the expensive equipment of American industry that was rushed to the scene of the disaster in total disregard of the fact that the parents could never pay the \$500 per hour or more required for the operation of the giant rigs.

We hear that free American labor seeks only to sweat industry and business for every possible dollar it can, yet it is well to remember that honest and fearless American workmen were the men who worked until complete exhaustion overcame them in what proved to be a futile race with death. In an hour of darkness, the tools and the hands of America met for a moment in common cause over ground of common tragedy. In those short few hours there was proof on both sides that, given cause for cooperation, it is forthcoming.

How tragic it is that only in common sorrow and common need we have been able to break down the barriers that hamper our economic, spiritual, and moral growth!

"A little child shall lead them."

## EXTENSION OF REMARKS

Mr. KILBURN asked and was given permission to extend his remarks in the RECORD.

Mr. LEFEVRE asked and was given permission to extend his remarks in the RECORD and include an editorial appearing in the New York Herald Tribune.

Mr. WELCH of California asked and was given permission to extend his remarks in the RECORD and include an address by William E. Warne, Assistant Secretary of the Interior.

Mr. MICHENER asked and was given permission to include in the remarks he will make today excerpts from the United States News and other publications.

Mr. MILLER of California asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

Mr. O'BRIEN of Michigan asked and was given permission to extend his remarks in the RECORD.

Mr. YOUNG asked and was given permission to extend his remarks in the Appendix of the RECORD.

Mr. MULTER asked and was given permission to extend his remarks in the



Appendix of the RECORD in two instances and include extraneous matter.

#### CALL OF THE HOUSE

Mr. RICH. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 73]

Allen, La.	Fellows	Morton
Barrett, Pa.	Fernandez	Murphy
Beall	Gamble	Nixon
Buckley, N. Y.	Gilmer	Norton
Bulwinkle	Granahan	Passman
Carlyle	Hall	Powell
Carroll	Leonard W.	Reed, Ill.
Celler	Hart	Regan
Chudoff	Hope	St. George
Corbett	Jennings	Smith, Ohio
Cox	Kirwan	Thomas, N. J.
Davenport	Lane	Walsh
Dingell	Lodge	Whitaker
Dollinger	Lyle	White, Idaho
Douglas	Lynch	Withrow
Eberhart	Miller, Md.	Wolcott
Elston	Morrison	Wood

The SPEAKER. On this roll call 380 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

Mr. KEE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 3748) to amend the Economic Cooperation Act of 1948.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 3748, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

Mr. KEE. Mr. Chairman, I yield 12 minutes to the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Chairman, general debate on this bill is nearing the end. Generally speaking, Members on both sides of the aisle are to be congratulated on the nonpartisan spirit shown here. That is as it should be, for the ranks against communism in this country are not made up of Democrats and Republicans, as such; we are all just simply Americans who want to remain free.

It is eloquent tribute to the merits of the bill and augurs well for its overwhelming passage that even the minority party in the presentation of the minority report or minority views claims authorship of the European recovery plan.

The minority report of six pages carries six times, once for each page, the words, "We Republicans." In the committee report of 59 pages "We Democrats" cannot be found.

There should not be pride of authorship in a thing of this kind, but the record should be kept straight if the issue is raised.

The minority views, signed by all Members of the minority party except the gentleman from Pennsylvania [Mr. FULTON] and the gentleman from New York [Mr. JAVITS], and which throughout its pages shows the artistic hand of the very able gentleman from Ohio [Mr. VORYS] says:

This vast and far-reaching effort initiated in the Eightieth Congress.

As a matter of fact, this effort was initiated by a great American, General Marshall, Secretary of State in a Democratic administration. It was then recommended and proposed to the Eightieth Congress by President Truman, and be it said to the everlasting credit of that Republican Congress that it fell in line under the matchless leadership of two great Americans, Senator VANDENBERG and our own beloved and admired former chairman of the Foreign Affairs Committee, the gentleman from New Jersey, Dr. EATON, and enacted the proposal into law by a majority vote of both sides of the aisle.

If credit there be for ECA, there is credit enough for all. If the plan fails, we must all equally share the blame.

Mr. Chairman, the gentleman from Ohio [Mr. VORYS], in his speech and in the minority views, lamented the fact that this is not a package bill to carry all forms of foreign assistance as was the case last year.

The bill last year carried four titles in a package—European recovery, International Children's Fund, Greek-Turkish assistance, and aid to China. This was done mainly on the insistence of the gentleman from Ohio [Mr. VORYS]. It was a mistake and has been proven to be a mistake. This year in consideration of the European recovery plan we are sticking on our knitting. The other proposals must be considered separately on individual study and merit. The European recovery plan is unique in that it deals with, in the words of the gentleman from Ohio himself, those who have banded together "to help themselves, each other, and us."

Now, I must get along. I want to speak to the Members who, in good conscience and with the national interest uppermost in their minds, voted against the European recovery program when it came before the House a year ago.

I have no criticism of their motives. I believe that the opponents of this experiment were just as patriotic as those who defended this bill. At the same time, I believe that the things they feared then have failed to materialize.

The motives of the critics were sound. Their fears were baseless. If, with the same motives, they will not reexamine their fears of a year ago, we can get an almost unanimous vote on this measure to extend the European recovery program. What possible action could better strengthen the position of this country and more profoundly hearten our friends and collaborators among the nations than a unanimous vote here in support of the extension of the recovery program.

The issue is different now from what it was in 1948. We debated then whether this Nation should launch this great experiment in international cooperation

for economic recovery. Now the sole question is whether this Nation shall finish what it starts or shall be fickle in its undertakings. I believe no Member here wants us to appear in the latter guise. One proposition upon which we can all agree is that our country, once it has put its hand to the plow, should cut a straight furrow to the end.

Let us recall specifically the fears which dominated the thinking of many of the Members of this body a year ago, and let us see what has happened in the actual course of events.

First, there was the fear that this would be just another relief measure. "Operation rat hole" was the phrase we heard over and over again on this floor to describe this program. Lend-lease, UNRRA, residual aid, and interim aid were all reviewed. The assertion was that each of these measures had been sold to this House as a cure for the economic ailments of Europe, and that each had had a sequel in the form of a demand for more aid. The same was predicted for the Marshall plan.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield just for a question.

Mr. VORYS. The gentleman has made reference to the minority views. I wonder if the gentleman objects to these words on page 2:

We deeply appreciate the fine spirit that prevailed in our committee throughout our hearings.

Does the gentleman agree to that part of our report?

Mr. RICHARDS. I do not object to those words at all. They are kind words, but they are only salve for the statement in the first paragraph. Those words are an anticlimax. I am talking about the words "we Republicans" when it should have been "we Americans."

I have no apology to make for the predecessors of the Marshall program. We can never know their real value because we cannot know what would have happened to the world if those measures had not been passed. They did not bear out all our hopes, but they were not a total loss to us and to the world. They might have been better conceived and better carried out. But they helped to keep all of Europe from going irrevocably over the brink into another dark age. We do not have to be ashamed of all that we did in the period of 1945 to 1948 in helping other nations, even if we might have done them better.

The point I want to make here is that the European recovery program, launched as the Marshall plan and legislated into our laws by the Economic Cooperation Act, is a different sort of program from the ones that preceded it.

The Economic Cooperation Act was enacted in a Republican Congress, under the matchless leadership of two great Americans, Senator VANDENBERG, and our own beloved and admired former chairman of the Foreign Affairs Committee, the gentleman from New Jersey, Dr. EATON, and is today going to be continued under the leadership of another great American, the gentleman from West Vir-



ginia [Mr. KEEL, the present chairman of the Committee on Foreign Affairs.

The European recovery program is based on the idea that the recovery of Europe is a job for the European nations themselves. It recognizes that they will not be able to do that job unless they get together candidly and work together energetically in a unified program to balance their resources and their requirements. It recognizes also that for a short period the European cooperators by supplying things needed from the dollar area which are beyond the participants' capacity to pay in dollars. We will finance these things as gifts if necessary; we will lend them the money if their credit position justifies the loans.

All of that is spelled out in the act. The recovery effort is a European effort. Our aid is only subsidiary to that effort. Our aid is given on the understanding that the Europeans must justify it by their record of what they are doing for themselves, and so the program is subject to annual review.

That is the way the program is turning out. It is not another rat-hole operation—not just a relief effort for a bunch of mendicant nations. It is a recovery plan based on self-help supported with temporary American assistance to close the gap between the needs and the capabilities of the participants—and with that assistance gaged and calculated to stimulate the other nations on their upward climb along the slope of recovery.

Our participants have not let us down. The hearings tell the whole story. The report of the Committee on Foreign Affairs on this bill summarizes it. Let me quote just a few lines from that report:

After mature study, the committee is confident that the facts support the conclusions that production is rising significantly; that the participating nations have progressed substantially toward stabilization and have laid the groundwork for still further accomplishments in this regard during the coming year; and that the participants have made a start toward developing mutual trade as a principal avenue to the solution of their common economic problems.

What are the particulars? I quote again:

The total output of factories and mines in the participating countries during the calendar year 1948 was 14 percent above that of 1947, and about equal to prewar. Excluding western Germany, steel output is currently at a rate exceeding the prewar high of 1937 and 25 percent above that of 1947. The coal shortage has eased; although tonnage is the bizon and the United Kingdom remained below that of prewar, production in all other important fields in western Europe increased almost to prewar levels.

And here is another quotation:

The investment record justifies the conclusion that economic improvement in Europe is not transitory but permanent, the record demonstrates also that American assistance has renewed the confidence of western Europe in its own future. Gross investment in all countries for which estimates are available is expected to total roughly the equivalent of \$30,000,000,000 in the fiscal year 1948-49—six to seven times the dollars provided by the Economic Cooperation Act. This means that gross investment would approximate 20 percent of the gross national prod-

uct. This is about equivalent in proportion to the investment rate in the United States in the four highest years in the period from 1921 to 1939—namely, 1923, 1925, 1926, and 1929. It is approximately three times the rate of investment of 1932 in the United States, the lowest year of the period referred to.

That means that the European participants are forging ahead—and doing it not simply on the basis of the wealth they are getting from us but from the wealth they are reinvesting because of their own renewed confidence in themselves.

What of stabilization? Let us look at some of the highspots:

Great Britain's achievements are notable in checking inflationary pressures and providing a budgetary surplus—the keystone to recovery in that kingdom. France has made an encouraging start toward combatting inflation, which has plagued the country's efforts toward recovery since the close of World War II. There was a serious set-back due to the Communist-inspired coal strike of last fall. The present Government has dealt courageously and effectively with this problem, however, in 1948 France levied the highest taxes in its history, and tax rates will be higher in 1949. The French Government has successfully floated an internal loan of 100,000,000,000 francs—roughly \$310,000,000—the first loan, not a forced loan, successfully floated in France since 1944. Italy has had notable success during 1948 in maintaining the stability of its economy, first achieved in the fall of 1947, after a long inflationary trend, through the courageous adoption of a rigorous deflationary program by the Italian Government.

And so the record goes. The stabilization record is good, but it is not perfect. The nations of Europe know that they have to do even better, and I cite to you this quotation from their own study of the matter.

Throughout this report, the need to bring under control the inflation existing in many of the participating countries has been stressed. It threatens the production and investment program; it generates a demand for imports that wastes resources, including American aid; it hampers the export drive; it makes impossible that reasonable equilibrium in western Europe which must precede greater liberalization of inter-European trade and payments. The things that have to be done during the next 3½ years need time. Yet many can hardly be begun at all until inflationary pressures are under control.

And now, what of the development of trade among the Europeans?

As a result of increasing output and stronger fiscal and trade policies, the volume of exports from the participating countries rose and their ability to pay for essential imports improved considerably during 1948. Over-all exports for the countries taken as a group, excluding western Germany, were up 20 percent above the 1947 level. For the United Kingdom exports in 1948 were one-quarter again higher than in 1947. In Italy exports in 1948 were up almost 50 percent from 1947 levels; in the Benelux countries about 30 percent. In this current fiscal year the earnings of the ERP countries on exports and "invisibles such

as income from the tourist trade" will probably pay for a little more than half of the imports they need from the outside world. In the calendar year 1947 these earnings paid for only 40 percent of imports from the outside.

As European production and exports have gone up the trade deficit of the participating countries with the United States had narrowed. During the first 11 months of 1948 imports from the United States declined by \$1,000,000,000, as compared with 1947, while exports to the United States increased by \$223,000,000.

Enough of the proof that this program is not just another relief project. It is a recovery program, and it is working.

In arriving at that I think I have disposed of another charge that we heard a year ago—the charge that the European nations would take our substance and then lay down on the job. They have set themselves in the direction we wanted them to take, and they have made progress. All the dissension and sabotage that the forces of Moscow have been able to produce have not diverted them from that course.

That leads to another fear that needs a new airing. We were told a year ago that this program would only serve to get these nations into shape to be picked off by the Communists. In fact that, even while we were considering the bill a year ago, the Czech democracy succumbed to the onslaught of communism may have had something to do with that fear.

Now look at the facts. Communism has lost ground in Italy and France. It has failed to gain elsewhere in Europe. Communism's best efforts to sabotage this program by traitorous strikes and other such interference has not halted progress. Free men are breathing more confidently in western Europe today than at any time in a decade. We have not prepared Europe for the kill in the way you fatten a turkey for Thanksgiving. Not Communist conquest but the North Atlantic Pact is a sequel to the launching of the European-recovery program. Our critics told us a year ago that Bolshevism would take over. Instead we have a firm undertaking among free nations to stand together and remain free.

The development of the North Atlantic Pact leads to another recollection of the fears of a year ago—the fear that our policy would result only in hatred for us, and would lead to war. I shall admit that this program has not assuaged hatred for us among our implacable foes. But who can contend today that hatred for us has increased in Europe? That fearful prediction of a year ago has a hollow sound when repeated now in the same week that the foreign ministers of the majority of the same countries as participate in this recovery program have gathered in this Capital to join their governments with Canada and the United States in a covenant of mutual defense.

Rather than go over the whole list of dire predictions, let me take up just one other. A year ago we heard again and again that this program would bankrupt



us—that it would put such a stress upon our economy and create such a problem of shortages that the American people would find the situation intolerable and would demand the cessation of this effort. This time we heard quite a different story in the committee hearings. The worries arise now from those producers who are experiencing the problems of surpluses and want the recovery program for Europe converted into a vehicle for bearing away the surplus commodities being produced in the United States. If Congress were to grant all of the requests that have been put before it in behalf of people who are worrying about surpluses, “the annual cost of the ECA program would be increased by some hundreds of millions of dollars per year. More importantly, European self-sufficiency by midyear of 1952 will become an unrealized goal.”

European recovery by midyear of 1952 is a feasible proposition and a sound prospect. It is a probable outcome of what we are attempting—and it will be realized if we and our friends in Europe just keep our minds on the goal and on our potential for reaching it.

I want to be just as realistic now as my committee was a year ago when it assured this House that all the fears expressed on this floor were fancies that would not come to pass.

In the first place, let us be realistic about the claims we make for the success of this program or the allegations of its failure. Both the critics and the friends of the program should approach cautiously the task of measuring results in the European recovery program. It is well to keep in mind that the data in hand show the performance only over a period of less than a year in a program envisaged to last 4 years. A lag between effort and result is inevitable. The processes of the program call for planning, authorization, procurement, and the introduction of the goods procured into the economy of Europe. In some instances it must be many months before the effect of money spent can be measured in terms of upswing in European production and productivity. Likewise, the effects of economic cooperation among the nations of Europe are matters to be evaluated properly only in a perspective of years. Friends of the program should keep in mind that some of the results achieved during the first year are actually residual effects of earlier aid programs or of earlier efforts by the Europeans themselves. They should remember that some of the most hopeful developments—for instance, the turning toward customs unions as exemplified in the Benelux arrangement—actually antedate the launching of this program. They should keep in mind, too, that nature itself has contributed a measure to European recovery in the past year; the bad weather of 1947 was succeeded by good weather in 1948.

Let us be realistic and conservative in estimating the needs and the degree of recovery achieved.

Defending the European recovery program requires a nice balance between pessimism and optimism, between warnings and encouragement. Many of the

voices that a year ago were urging that we reject this program because it had no chance of success are now crying out that we should abandon the program because the measure of its success is already so great. These voices like to cite a speech made about 6 weeks ago by Mr. Christopher Mayhew, Parliamentary Under Secretary of Foreign Affairs for the United Kingdom. Let us take a moment to see what Mr. Mayhew actually meant when he said that “Britain has now virtually completed its economic recovery.”

A careful reading of his speech in the light of the circumstances shows that Mr. Mayhew meant that during the last half of last year the United Kingdom's exports almost equalled its imports and that its foreign trade was in a sense balanced. Now, the plain fact of the matter is that Britain is exporting to the nondollar area about £300,000,000 worth of goods and services above what Britain imports from the nondollar area. If this surplus could be converted into dollars, Britain would actually be in a balanced trade position. The rub is that Britain cannot convert this surplus into dollars, and it is dollars, and dollars alone, that can be used to pay for the things that Britain must have in order to make the grade of recovery as conceived in the Marshall plan. Britain needs and gets from the dollar area more than it can pay for in dollars. At the same time, the nondollar area is getting more from Britain than it can pay for in sterling. A large part of the aid we are sending to Britain is actually being passed on by Britain to other countries that are fighting their way up the slope of recovery. Through the operation of the intra-European payments plan, the other participants in this program get \$480,000,000 worth of what Britain passes along. In other words, Britain operates a little Marshall plan of her own and is doing a large share of the work not only for her own recovery but also for the recovery of her neighbors.

Britain has recovered moral independence. But Britain has not recovered its independence of the dollar. The need for extraordinary assistance granted by this Government goes on and will probably go on, but in diminishing volume, for the duration of this program.

Finally, let me bring out one more point on which there must be realism both among the critics and among the champions of this program. Too much should not be claimed for it; too much should not be expected of it. The European recovery program does not have the answer for every economic problem besetting Europe. There will be plenty of opportunity for statesmanship, hard thinking, and courageous effort after this program has expired.

Anyone who believes the European recovery program is supposed to have all the answers should read the interim report of the Organization for European Economic Cooperation. It is completely honest document. It never attempts to delude us or the participating nations with beguiling prospects that are not supported by facts. It tells in full detail the economic straits of the Marshall-plan countries. It makes no attempt to soften the contours of the road ahead.

No one's false optimism will survive a careful reading of this document. It leads to one conclusion: The road to recovery is hard and may take longer than the most hopeful prophets pretend it will take. It leaves no support for the assumption that Europe's plight is a short-term circumstance traceable only to World War II. It recognizes that this plight is the result of a deep-seated malady traceable to a long-term change in the world's trade pattern.

The report dispels the happy belief that Europe's problems can be solved in terms of production alone, for Europe's production will be contingent upon the supply of raw materials, and that in turn involves the larger and much more complex problem of the world's trade pattern.

Finally, the report leaves one without the hopeful illusion that Europe, some time in mid-1952, will pass in a moment from the status of a patient to the state of complete health. A long and difficult convalescence will still lie ahead.

Let us not fool ourselves about that. Rather, let us look at this word “recovery” in all its meanings and see just what one applies to this program.

First, there is recovery in the simple sense of restoring production capabilities depleted by war. Europe is already achieving success in that phase—and more success lies ahead in the development of this program.

Next, there is recovery in the sense of getting free from the requirement of extraordinary outside aid. That means the effort to close the dollar gap. It is achieved by austerity in the domestic economies, exploitation of every opportunity to develop trade outside the dollar area, and the most careful channeling of dollar expenditures.

Then, after the dollar gap is closed—in this program we hope that will be in mid-1952—there is recovery in the sense of having reattained a self-sustaining basis. Then the nations participating in this effort can turn to careful use of their credit abroad, and to development primarily through attracting private enterprise from abroad to participate in their economies on a wider scale.

Finally, if all goes well, will come the more abundant day when they can achieve recovery in the sense of a renewed abundance—the day when austerity will be behind them and the opportunity for enriched living will again be open to all who want to put out the effort to achieve it.

I recite all that simply to make it plain that the Marshall plan envisages recovery only in the narrow sense of enabling the nations participating and this Nation also to be free of the great problem of the dollar gap between their resources and their needs.

The European recovery program is one step in a long road. It is the approach to convalescence. It is not a formula for fully restored health.

It does not solve the problems. It transforms them into a manageable posture. But grave decisions and hard work lie even beyond mid-1952.

I do not want to oversell this program to you. I want to be perfectly honest about stating what it does not do.



But let me tell you one thing it will do. It will insure that the basic, hard decisions that lie ahead will be made in this Capital and in the capitals of our friends. They will not be made in Moscow, or Warsaw, Bucharest, Prague, and the like.

The European recovery program will leave the free nations of western Europe and of this continent masters of their own fate, capable of managing their own problems. As a formula for freedom it is worth going through with a hundred times over.

In closing may I add this word of warning. There are other programs for foreign assistance still to come before this Congress. Each should be weighed on its merits carefully and exhaustively as has been done in this one. American dollars simply cannot go around the world. The supply is not inexhaustible. A halt must be called sometime somewhere. Sympathy and charity are laudable traits, for which the American people are renowned. But we cannot further strain the economy of the United States by granting dollars to any nation in this world unless that nation shows an effort to help itself, help other nations, cooperate with us and, last but not least, the will to resist the encroachment of communism.

The call for American dollars comes from around the entire globe, but if we scatter what resources we have everywhere we may be successful nowhere. That is a maxim of war, whether hot or cold.

Mr. Churchill said that he did not become the king's minister to preside over the liquidation of the British Empire. I am sure you will agree, gentlemen, that we did not come to Congress to preside over the bankruptcy of our country.

The CHAIRMAN. The time of the gentleman has expired.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that the gentleman from Kentucky [Mr. MORTON] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MORTON. Mr. Chairman, I strongly favor the enactment of the legislation now before us. During the Eightieth Congress I made my position clear on the European recovery program, and it has in no way changed. I believe that from the over-all standpoint the program has been eminently successful in working toward our ultimate goal. The economic recovery of Europe is necessary if we are to get our friends across the sea on their own feet and off the back of the American taxpayer. I further believe that during its first year the program has gone a long way toward containing communism and discouraging aggression on the part of the 13 men who now dictate the policies for all the millions behind the iron curtain.

I know that efforts will be made to reduce the authorization contained in this legislation. Further efforts will be made to protect certain special interests in our own country. I feel that the authoriza-

tion requested by the administration should be granted. If any cuts are to be made, let them be made by the Appropriations Committee. This great committee is eminently qualified to effect any economies that might be justified and practical.

I further believe that we should proceed with great care in any attempt to favor a domestic group or industry in connection with the ECA program. This is not a program to directly aid American industry, commerce, or agriculture. It is a program to aid them all indirectly in building prosperity throughout the world, in resisting communistic advances, and in achieving the security of world peace.

Let us deal with this legislation in a clear and convincing manner so that there can be no doubt in anyone's mind across the seas as to the intent of the American Congress and the American people. I hope, Mr. Chairman, that this legislation will be adopted promptly and decisively.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that the gentleman from Michigan [Mr. HOFFMAN] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

#### MY COUNTRY'S FUTURE

Mr. HOFFMAN of Michigan. Mr. Chairman, the bill before us providing funds for the 15 months' continuation of the Marshall plan calls for an appropriation of \$5,550,000,000.

The signing of the Atlantic Pact and its approval by the United States Senate will bring another bill calling for an appropriation of approximately \$2,000,000,000.

Undoubtedly, the two measures are sponsored in the main by individuals who are of the opinion that the two measures, properly financed, tend toward the preservation of peace.

My vote will be cast against both appropriations because it is my sincere conviction that the Marshall plan has put us into a position which renders our involvement in war more probable.

The Atlantic Pact will almost certainly involve us in war. Not only are we to arm western Europe but, even before the pact is approved by the Senate, we are being asked to send armed forces.

Shortly, there will come before the Congress from the armed services a request for an appropriation of \$15,908,166,800. I do not know—and I doubt if any Member of Congress or, for that matter, anyone in the administration, in the armed services, actually knows—the amount of money which is needful to adequately prepare us for national defense or—if that be the alternative—for an aggressive war.

Believing that our national policy means war in the not-too-distant future, my vote shall be cast in support of every request made by the armed services. With the future national security of my country at stake, there is no alternative.

When the establishment of the United Nations was before the Congress, we were

told by world-renowned statesmen that it was a great adventure; that it was a move looking toward the preservation of the peace of the world.

When lend-lease was before the Congress, the same statesmen advised us that it was a great speculation; that, by means of it and the expenditure of sums appropriated to make it effective, war-torn countries would be rehabilitated, a barrier against communism erected.

The Marshall plan, we were advised by international statesmen who assumed to have knowledge of international affairs, would enable Britain and western Europe to contain communism within the borders of Russia and its satellite countries.

None of these measures nor our contribution of more than \$23,783,000,000 has stopped either Stalin or communism. The internationalists' answer to that fact is: "Who knows what would have happened, how much worse the situation would have been had we not made the effort, given away the money?" My reply is: "Yes, who knows?" Certainly not those who conceived and put into operation the various plans, for their predictions remain unfulfilled and there are no facts upon which they can base the conclusion that but for their efforts the situation would have been worse.

Since 1914, this Nation has disregarded Washington's advice to avoid entanglements with foreign nations, repudiated the policy of isolationism which it followed prior to that time.

And what has been the result of our policy of meddling in the affairs of other nations, of attempting to tell the people of other lands under what form of government they shall live?

The First World War was fought to end war. That purpose it did not accomplish.

The Second World War was fought not only to end war but to carry the four freedoms throughout the world.

Shortly after we, our allies and our enemies, ceased fighting, there were four active wars in progress.

Today, world war III is in the making.

Today we are told that Russia and her satellite nations contemplate the domination of the world, the destruction of our form of government—that the security of our Nation is in danger.

While World War I and World War II were in the making and while they were being fought, many were frightened into the belief that, unless we participated in both of those wars and they were won, we would be overcome; the slaves, in the first instance, of the Kaiser, in the second, of a Hitler.

Hence, our men and our resources were the deciding factors in both wars. In the last war we created the situation which, while destroying Hitler and nazism, made Stalin and communism a world power.

The same old fear which drove us into two world wars, neither of which gave us anything, is now being used to ready us for a war with a nation and a philosophy—Russia and communism, which have attained their present position of power because, and only because, of the aid we gave.



We saved Stalin and Russia from Hitler and nazism.

**TODAY STALIN AND COMMUNISM THREATEN US**

The argument now is that, Russia and communism having overrun eastern Europe and the greater part of China, having agents in South America and in this country, we, if we are to continue as a nation, must form a partnership, a coalition, with all those nations outside the sphere of Red influence, and pledge our resources and the lives of our fighting men and women in any war in which any of those nations may become involved.

To put it briefly and bluntly, the argument is that, inasmuch as Russia and her satellites are apparently united under one governmental head, the rest of the world, if it would avoid being conquered, must join together in opposition to the Russian alliance.

We are going back, as it were, to the age-old balance-of-power arrangement, the theory being that if the world powers be somewhat nearly equally balanced, neither group will chance an aggressive war.

That theory is as old as history and never has it prevented war over an extended period of time.

There are at least two reasons which to me indicate that the Atlantic Pact is inadvisable; that it is more likely to encourage rather than discourage war; make war, rather than peace, probable.

History tells us that the man who lets ambition rule him; that the nation which seeks domination over the rest of the world, is sure to fail and, in the end, meet disaster.

No one has yet conquered the world. No nation has yet ruled the world. There is no reason to believe that the causes which brought about the disintegration of the empires of old seeking domination of the world no longer operate.

The history of Europe indicates that, if Stalin controlled Europe from the East to the sea on the West, ultimately the diverse nature of the people, their conflicting views and ways of life, would result in a disintegration of his empire or federation—whichever you prefer to call it—and that ultimately, whatever form of government he might temporarily throw together would disintegrate.

Just a few days ago, from the well of the House a statement was made, referring to these United States of America as an empire. When once we seek to dominate the world, we become an aggressor—a position we profess to abhor, and experience justifies the prediction that we will fail.

Empires come and empires go. The most recent example being the British Empire, the nucleus of which exists only because the fighting men and the resources of a Republic (not a democracy) have enabled it to live.

Churchill, the "Price of Beggars," by his persuasiveness, eloquence, and because of our stupidity and generosity, caused us twice to save his England from destruction.

Will we permit her in this, the third world war, to drag us down with her?

Churchill's last visit was undoubtedly for the purpose of lending support to the

proposed Atlantic Pact, under which we form a partnership with 11 or more nations, all of which are bankrupt, none of which is disposed to making a worthwhile effort to fight Stalin and communism—a partnership which, if we enter and do as we will be asked to do, will destroy our prosperity and freedom.

No man in his senses would join in a partnership or organization, agreeing to fight the battles of each and every member of that organization, when none of them nor all of them together could make a worthwhile contribution toward the joint enterprise.

Most people recognize the basic fact that the strongest possible barrier which could be erected against Russia and communism would be a rehabilitated, organized, industrious Germany. Yet the two nations most directly concerned—England and France—ever since the fighting ended, because of their jealousy and their greed, have blocked every effort we have made to recreate a nation of German people. Only within the last few weeks have they even conceded that they will discontinue some of their destructive efforts to build up their own industries, permit Germany to take measures necessary to become self-sustaining.

We are now being told, first, that we must rearm western Europe under the Atlantic Pact, then shortly will come the demand that our men and our munitions of war must establish a battle line in eastern Europe.

Few have forgotten that it was Churchill who told us, "Give us the tools and we will do the job." Then we were called to send a million men overseas.

The same old promise is here again. But mark this prediction—under the Atlantic Pact, wherever go our dollars or our arms, there will follow our men, and women, because they, too, have been inducted into the armed services.

By the Atlantic Pact, not only are we agreeing to enter a third world war, but, through it, the United Nations and the Marshall plan, we are stripping ourselves of the resources which are necessary if we are to successfully defend ourselves, preserve ourselves a Nation.

Even some of the most outspoken and extreme internationalists have at times admitted that there was somewhere a limit to our ability to give and aid, though always they have failed to define that limit or to act as though it existed.

What, then, is the answer to the world situation?

The answer is that, inasmuch as Churchill—and he should know—when the fighting was over proclaimed this the strongest, the most powerful Nation in all the world, we should conserve our resources; then, to the utmost of our ability, increase our capacity to produce; to go forward on every scientific front, looking toward the improvement of our fighting equipment; build here a Nation so strong, so powerful, that Stalin with all his allies would not dare to make an aggressive move against us because he would be forced to realize that such an effort could only end in failure.

Let us get away from the thought, ever that of the ambitious man, of an Alexander—a Napoleon—a Hitler, or a

Stalin—that we are called to care for and determine the thought of the whole world—an impossible task, one sure to fail.

Any other course, the course now contemplated, the policy which we have been following, means, in my humble opinion, not peace for us or for our Nation in the future, but a world empire, first and for a time perhaps successfully extending itself throughout the world, but ultimately, because of that very expansion and the refusal of the peoples of the world to live under any one government, falling apart, disintegrating.

On every occasion my vote will be cast for national defense, for the strengthening of our country, for the armament of our Nation, even though it means an additional tax burden, even though it means a certain greater degree of domination by the Armed Services, because the opposite policy means not only all that, but, ultimately, destruction.

The policy we are following imposes upon the taxpayer a most grievous burden; condemns the future youth of our country to serve and fight on foreign soil, though our welfare is not at stake.

Mr. VORYS. Mr. Chairman, I yield such time as he may desire to my good friend, the gentleman from Illinois [Mr. CHIPERFIELD].

Mr. CHIPERFIELD. Mr. Chairman, first of all, I wish to pay my compliments to the distinguished chairman of our committee, the distinguished gentleman from West Virginia, Judge KEE. The courtesy, fairness, and consideration he has given to the minority I am sure is greatly appreciated by all those on our side.

In passing, I cannot refrain from saying the same fine spirit has prevailed in our committee toward the minority by all the majority members; and it is remarkable how the seven new members on the Democratic side have familiarized themselves with the complexities of this bill when they did not have the benefit of personal attendance at the extensive hearings held last year.

Mr. Chairman, whether or not it was a wise policy for our Government to engage in a \$17,000,000,000 program to rehabilitate western Europe and stop communism is now a moot question. Our policy is established to carry on this program until 1952. The fact is we are morally bound to carry it out, of course, with the right of review periodically by the Congress. We cannot stop in the middle of a fight.

From the evidence produced before our committee I believe the program has a good chance of working economically. I am not nearly so sure it will work politically. And there is always present the great risk that all our efforts will be lost if Russia decides to go to war. But it seems to me this is a calculated risk we must take. If we were to stop this aid now, we might well lose all we have put into the program without attaining our original objectives.

I disagree with several provisions of this measure. I strongly believe the amount authorized should be greatly reduced. For example, as a result of the recent international wheat agreement,



in all probability the cost of wheat will be from \$82,000,000 to \$124,000,000 less than estimated by ECA. Why should we authorize more than is required for this item?

Contained in the total amount authorized by this bill there is an item of \$169,000,000 for tobacco. When we at home are making great sacrifices to carry on this program, why is it necessary to spend such a huge sum for this purpose?

Also there should be a considerable saving on other commodities because of the deflationary price trend.

We have tried with indifferent success to determine just how much in commodities has actually been shipped under last year's program. As near as we could determine the figure is \$3,800,000,000 up to April 1, 1949. This leaves a balance available from last year's appropriation of \$1,100,000,000, sufficient to fill the pipe line for 2½ to 3 months. This would carry on the program without interruption until July 1. It therefore seems to me it is not necessary to authorize the full amount of \$1,150,000,000 requested as interim aid for that period. We should strive in every possible way to cut this program wherever it is justified and as soon as possible remove this terrific burden from the backs of our taxpayers.

In the minority views accompanying this bill we stated:

A careful and detailed review of the amount needed, in the light of conditions then existing, must be made by the Appropriations Committee.

I have no doubt the Appropriations Committee will screen the amounts requested very carefully. But I have not forgotten the hue and cry that went up when the Appropriations Committee last year brought in a bill containing deductions of the amount previously authorized. We were told we had made at least a moral commitment of the full amount previously authorized and could not properly make a reduction in the appropriation. Now is the time to make a reduction in the authorization bill and not wait until the appropriation bill is brought before us.

At the very time we are giving this aid we must remember there are in existence a large number of trade agreements between the recipient countries and Russia and her satellites. These are undoubtedly directly and indirectly building up the war potential of Russia and her satellites, just as are the huge reparations from Germany and other payments from Italy.

During the coming year it is my sincere hope all these matters will be given the most careful scrutiny and investigation. If it is determined these trade agreements and other policies are not to the best interest of the signers of the Atlantic Pact and for our own security, then they should be discontinued or revised so as to prevent practices which will be damaging to our mutual security.

In committee I offered an amendment requiring a certain percentage of our corn shipments under this program to be in the form of corn products. I supported a similar amendment that a certain percentage of our wheat shipments

should be in the form of flour. The evidence before our committee disclosed this could be done without any increase in cost to the ECA and with possible savings in shipping and manpower. It certainly would have been a great help to the farmers of this country when we take into consideration the break in farm prices due, at least in part, to our large surpluses. But, nevertheless, the committee refused to adopt these amendments, although it is my understanding they were placed in the Senate bill. I hope this House will include them, as was done last year.

As I indicated the other day when the China-aid bill was on the floor, I stated I did not believe it was a wise policy to bring in piecemeal fashion bills affecting our foreign policy. On the contrary, we should have a global approach as far as possible and consider all related measures at the same time. We should not be asked to consider the ECA program without taking into consideration what is necessary to be done in other areas of the world, such as China. We ought to have an over-all picture before us of the total cost of our entire foreign-aid program.

There are few, if any, on the floor of this House who could even estimate the cost of the rearmament program to the western powers who signed the Atlantic Pact, to say nothing of the cost to maintain such military defenses over a period of 20 years, as agreed to in the pact. Unless we have such an over-all picture, we have no way of determining whether these programs will undermine and weaken our economy at home.

In spite of the lack of coordination of our foreign programs, and in spite of the lack of knowledge as to how they will affect us here at home, I believe it is the fervent hope of us all that our foreign policy will stop Stalin by peaceful means and not bring on the very attack it is designed to prevent.

Mr. VORYS. Mr. Chairman, the closing paragraph in our minority views says:

For politics to end at the water's edge, there must be a bipartisan participation in the formulation of policies, bipartisan agreement in the measures adopted, and bipartisan sharing of credit for the success of such policies.

I note that my good friend from South Carolina shows a grudging willingness to share with us Republicans a little of the credit for the forward march of this great program. I also note that, in addition to bipartisan support, we have tripartisan support for this program, from Republicans, Democrats, and Dixiecrats, and that only one party represented in this Congress is opposed.

Mr. RICH. Mr. Chairman, will the gentleman yield for a question?

Mr. VORYS. I yield.

Mr. RICH. What party is it that is against this legislation?

Mr. VORYS. The American Labor Party is officially against it, and the other parties are in support of the general principles through the expressions of their national conventions. Of course, individual members of all parties have the right and the duty to express

their views and convictions by their voice and vote.

Mr. Chairman, I now yield the balance of the time remaining on this side to one of the great elder statesmen of this age, a man of broad vision, deep spiritual insight, salty common sense and good humor, our beloved ranking minority member, the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Chairman, I take this position today with a sense of grave responsibility, and I want to say to the Members of this House that probably in the history of this great body there never has devolved upon its membership a graver responsibility, nor have its Members of all parties been clothed with such dignity as at this present moment.

I congratulate you young Members. You stand with foot uplifted at the threshold of your life; you are entering upon probably the most trying yet the most marvelous period of human history, and I pray God that every one of you and the people whom you represent may have the astuteness of mental vision, and the moral greatness to face the world that now challenges our resources of mind and character and our economies to the utmost.

This legislation now before the House, in my judgment, is probably as important and far-reaching as any that Congress has ever passed on. I want to say that in my own personal judgment the ECA has been a most remarkable success under the extraordinary leadership of Mr. Hoffman. It has kindled new hope in the hearts of the European peoples who are our ancestors; it has stirred to new life their economies; production has increased; the standard of living has risen, and they have rebuilt in some considerable portions, their shattered economy and their shattered ideas and ideals.

And now I want, if I may, to use my time in unfolding before you as I see it the real situation that confronts us here today. We will have amendments and we ought to have them. You and I here are charged with the responsibility of protecting our own national economy and seeing to it that this legislation is handled in a wise, a discreet, and a successful way. But after we have introduced all our amendments from the economic point of view, unless we know what we are doing and why we are doing it, at this moment we are very feeble indeed in our position.

Mr. Chairman, way back in prehistoric times, when I was young, I made the acquaintance of the greatest leader the world has ever known or ever will know, the Man of Nazareth. I found that he had based His life and His service to mankind upon a strange and new philosophy, a universal philosophy. It was prophesied in the ancient Scriptures of the Jews that He would not fail nor be discouraged until He had set justice in the earth; and when He sent His disciples out carrying His message He told them to go into all the world and preach that Gospel to every creature. So, in Jesus of Nazareth I found my first teacher and my first leader to lay the foundations in my own mind and heart of a universal philosophy of human experience and hu-



man progress. I feel more profoundly today the truth of that great philosophy than I ever did in the days of my youth.

Now, Mr. Chairman, that we have viewed the background, I want to unfold in a few words what I see at this moment as the real task that we are undertaking to meet in this legislation.

I am interested, of course, in all the little tweedledees and tweedledums, about Republicans and Democrats, and what not—which do not amount to anything. But, at a moment like this, when I hear folks in and out of Congress discussing from that limited point of view these great issues, I am reminded of the old friend down on the banks of the Bay of Fundy, where we have terrible fogs. He was shingling in the fog one day, and he shingled right out in the fog for half a day and never knew the difference until he fell down and broke his neck.

Mr. Chairman, in the long journey of man from the jungle to this age of cathedrals, homes, schools, congresses, freedoms, and struggles for freedom, he has created and destroyed a number of civilizations. Today we stand face to face with the birth of the greatest civilization the world has ever known. This is that "one divine, far-off event" toward which the whole creation has been moving. For the first time in human history we are to have a civilization that is universal, that is clothed with the dignity of the individual—black, white, or gray, whatever he may be—that is clothed with the destiny not of one nation or of one continent but of all nations and of all continents.

I want to call your attention to the greatness of this moment in your history and in mine. What is going on that you are taking a part in? First of all, this economic problem that we have undertaken to solve in Europe has created a new unity among the European peoples. It has developed the notion of federation and cooperation among them that hitherto they have not known. It has brought those nations across the sea to our shores and brought us with them into a new unity and a new understanding.

I said before our committee one day, when we were talking to our dear friend, Sol Bloom, that the world is convulsed today by three great revolutions going on at the same time. The first is the desperate conflict between communism and Christianity, between slavery and freedom that is in every land and must be solved sooner or later by the triumph of one or the other. Another revolution is the new awakening of self-respect and passion for freedom among the nations of the world that hitherto have been under colonial control by western powers. And the third is the universal determination on the part of the masses of men in every country to better their economic condition, which so far has been responsible very largely for the glacial advance of the socialistic idea and ideals in all countries.

This is a time of tremendous confusion and tremendous difficulty, but, Mr. Chairman, the facts stand out so plainly that he who runs may read. We are at the threshold of a new world civilization, which by our ECA legislation and by our thought of world service and world leadership we have initiated. We are the

leaders. We must accept that responsibility whether we will or not, and we will have to pay the price of that acceptance.

Today Washington is the political capital of the world. Today the United States is the recognized leader of the men and women everywhere on earth who desire to be free and who recognize the greatness and dignity of the individual. Today mankind is on the march. Sooner or later, with the leadership of this great Nation and with your leadership here, giving to you men and women the great responsibility and dignity of legislating in their behalf, men are on the march to a new age; an age in which individuals and races will be in contact with each other all the time; in which nations will have to unite upon common human problems, working in a world for common results everywhere.

This is a supreme hour in human history; great in every respect in its outlook, in its universality, in its heights and depths, and I congratulate especially you young Members that you stand at the beginning of this great age and, before the snows of winter settle upon you, as they have upon me, that you will have served the world and served your Nation as no other generation and no other Congress has ever had the privilege of doing.

Now, I close as I began, with one testimony. I believe the greatest event in our human history was the life of Jesus of Nazareth. I believe that there is no hope for mankind to solve its new worldwide problems, of life and death, unless we have a new spiritual awakening among all men; unless there is a new vision of the one God of all men, the Father of us all; unless there is a new sense of moral obligation that rests upon moral standards and can be accepted by all men. I say, even if this were the last word I ever spoke in this House, that the hope of the world today, as it was 2,000 years ago, centers about the man who hung upon the cross and rose from the grave triumphant. I beseech you men and women as you approach these great problems to approach them from the point of view of economic wisdom and judgment as you will; approach them from the standpoint of political statesmanship as you will; but remember this, a man is his soul and nothing else is the man; a race is its soul and nothing else; and in the future as in the past these great issues will be determined by the spiritual, the moral, and intellectual resources of men working together for a common world purpose, in a common world unity, and under the inspiration of a common thought that all men are brothers and that their destiny is one.

(Mr. RICHARDS asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Chairman, I yield to the gentleman from Maryland [Mr. FALLON].

Mr. FALLON. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. FALLON. Mr. Chairman, I feel very strongly that our American shipping is entitled to at least 50 percent, or perhaps more, of all goods shipped under the Marshall plan or any other foreign-aid plan made available under programs financed by our Government. We should enact legislation now that clearly states that a minimum of 50 percent of all goods shipped be shipped in American vessels at market rates for American vessels, with no exceptions unless the Maritime Commission certifies absolutely that American ships were not available at American rates.

It has been brought to my attention that only 23 percent of ECA petroleum cargoes has been carried by United States flag tankers and that a great portion of the total tanker cargoes has been transported by foreign tankers. I protest very strongly against such discriminatory treatment of the United States ships. To me there is no logic for this manifest unfairness. It is inconceivable that our American companies, transporting our commerce, should be displaced in favor of the merchant marine of foreign nations, some of which are not even recipients of our foreign economic-recovery program and which have grown to major size because of their lax laws and below-standard requirements. This, indeed, affects the security and economy of our Nation. The cutting of rates by foreign ships can be accomplished due to the lower standard of living of the workers of foreign countries as compared to the higher standard of living in our country. We should take immediate steps to increase the number of United States flag tankers which are so necessary for our national defense on the high seas.

Another important matter to be considered, and I quote from the report of the Committee on Merchant Marine and Fisheries:

It appears that American-owned marine insurance companies are being deprived of a large amount of insurance business, which but for the policy of the Economic Cooperation Administration would be available for the strengthening of this very important element of the American merchant marine. The Congress has several times in the past forcefully stated its position with regard to fostering the growth of the American marine insurance market. It is the consensus of your committee that the Economic Cooperation Administration and all other administrative agencies of the Government should keep cognizant of the policy heretofore expressed by Congress on this subject.

Several weeks ago, the chairman of the Senate Committee on Commerce, pointed out the inconsistency of spending billions of dollars annually for national defense while at the same time, because of an opinion from the general consul of the ECA, we are opposing and weakening one of the important elements of national defense, the American merchant marine.

The American merchant marine approaches a most critical period. At present there is a serious unemployment situation and unless we pass this amendment today, clarifying and strengthening the intent of Congress, as expressed in the Foreign Assistance Act of 1948, this downward trend will continue as a result



of the progressive restoration and expansion of foreign merchant fleets—at the expense of our people—and there will be further untold hardships among workers in the maritime industry, as well as a loss of jobs of more than 10,000 skilled American seamen.

No thoughtful person can be blind to the gravities of the international situation today. This is not the time to gamble with the future or take any chances of crippling our merchant fleet. It is ever necessary to have this fleet quickly available—the importance of which has been sharply demonstrated in two world wars. World War II caught us with a woeful lack of ships and if we persist in giving our business to foreign companies, our own shipping must subsequently suffer. To continue this policy is not in the interest of the United States, nor of our shipping industry, nor of the thousands of seamen and workers who are engaged in the maritime industry.

Gentlemen, the strengthening and preservation of our merchant marine is of the utmost importance if the American people would continue to live and direct the peace of the world, as we are presently doing through the Marshall plan.

Our American merchant marine serves a twofold purpose; in peace, for shipping—in war, for fighting, if we must.

Mr. KEE. Mr. Chairman, I ask unanimous consent that the gentleman from Pennsylvania [Mr. MORGAN] be permitted to extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. MORGAN. Mr. Chairman, with the passage of the Foreign Assistance Act in April 1948, the United States embarked on a joint enterprise for the economic recovery of Europe. This was highly essential to stop the rapid spread of communism in western Europe and bring new hope to over 270,000,000 people. The condition was made, however, that the 19 European countries participating in the program should work together to bring western Europe into economic balance by 1952. Whether this will come about, only time can tell; but now that the program is over 1 year old, we have definite assurances that the free nations of Europe are on the way to partial recovery.

The ink was barely dry on the European Recovery Act, as passed by this Congress in 1948, when there were some immediate results. The Communists lost the elections in Italy, and now 1 year later it is an established fact that the Communists have lost ground in every European nation where there is a free vote.

In the recent elections in France and Italy, the greatest Communist strongholds in western Europe, the Reds have just taken a terrific defeat at the polls. This is the direct result of the ECA program, and the improvement is to such an extent that Communist capture of power by ballot is practically impossible.

Despite these great gains, the European recovery job has just begun. This, Mr. Chairman, is the reason we are here

today asking for the passage of H. R. 3748, which is a bill to amend the Economic Cooperation Act of 1948, to extend the European recovery program for an additional 15 months. This bill authorized an appropriation of \$1,100,000,000 for the period from April 3 to June 30, 1949, and \$4,280,000,000 for the fiscal year 1950. The committee held extensive hearings and heard many witnesses, both for and against this measure. But after 26 days the bill was reported from the committee by a unanimous vote. H. R. 3748 was amended in several places on the recommendations of members of the committee, the Administrator of ECA, and the State Department. The outstanding changes recommended were the language to encourage the unification and federation of Europe, the rewriting of the guaranty provision, the small-business amendment, Italian emigrant amendment, and modifying the wording defining the transportation costs. These additions should alleviate some of the difficulties previously encountered in the administration of this program, and they have all been discussed in detail by previous speakers.

I think the bill should pass this Congress for the full amount. The European recovery job has paid handsome dividends so far. We must hold the gains already made. Europe is moving ahead. It is our duty to help them. We are striving for peace, and those who are now seeking to reduce the Marshall-plan funds should reread the hearings, reports, and debates of last year's ECA program and then compare them with the progress made to date, and it would convince anybody that we made a good, sound investment. Communist conspiracy has been aimed at the world. We have been successful in turning the tide. The effort is great and we must not slacken in this great task.

Mr. KEE. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. IRVING].

(Mr. IRVING asked and was given permission to revise and extend his remarks.)

Mr. IRVING. Mr. Chairman and Members of the House, it puts a new Member in a rather peculiar position to follow such a powerful speaker as the one who just left the well of the House. It was a very fine speech. I had what I considered to be a fine prepared statement for presentation Saturday and expected to be called, but after listening to the very forceful arguments expressed here Saturday I was just a bit happy that I was not called. My statement lacked the fire of the very splendid speeches that were delivered here then, so I forsook the pleasure of talking to you at that time.

Mr. Chairman, I realize the importance of this measure, and I also believe it would be to our national interest to support an amendment which I will offer to this bill. I want to say that I am heartily in favor of the great program that we are debating today, and I concur heartily, in the main, with all of the speeches that have been delivered here in support of the general program. I did not appreciate one speech which was made in op-

position to this bill. It is my purpose here to call your attention to an amendment which I propose to submit later. If you will refer to the CONGRESSIONAL RECORD for Saturday, April 9, pages A2241 and A2245, you will find a statement that I had prepared in connection with this important matter. Elsewhere in the Appendix there appeared some other materials in support of my position. I know that this amendment which I am going to offer, which reinstates the 25 percent milling program or feature of the original act will have a tremendous impact upon the economy of our own country. I am sure that I will receive the support from many agricultural and farming communities, and from many other communities where the milling of wheat and the manufacture of flour are done. I know that we have had some speeches in reference to this matter in the past. The gentleman from New Jersey [Mr. EATON] mentioned the fact that we have a great deal of unity here, and I noticed that fact myself Saturday. It was like eating ice cream after eating sour pickles for 3 months. We were very harmonious here Saturday, and we are starting out that way today. It is a relief to a new Member who is not used to the gaff, let me say, to use that slang expression.

Mr. GORSKI of New York. Mr. Chairman, will the gentleman yield?

Mr. IRVING. I yield to the gentleman from New York.

Mr. GORSKI of New York. May I add my sentiments to those expressed by the gentleman from Missouri. Coming from a district which is composed largely of a milling industry, Buffalo, N. Y., I have a large number of letters from management as well as labor in support of the amendment that will be introduced by the gentleman from Missouri [Mr. IRVING]. I want to say here that we in the city of Buffalo feel that if the bill is passed as it is drafted at the present time, it will eliminate jobs and put probably several thousand people out of employment. For that reason I want to state here that I am in support of the amendment offered by the gentleman from Missouri.

Mr. IRVING. I fully appreciate the gentleman's remarks. I am quite certain I shall have support for the amendment from Iowa, Kansas, Minnesota, Missouri, and many of the other States that are interested in the manufacture of flour.

Mr. KEE. Mr. Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. GORDON].

Mr. GORDON. Mr. Chairman, when we enacted the Economic Cooperation Act a year ago many of us were interested, particularly in the informational aspects of our assistance to Europe. America was willing to help Europe. But it wished also that that help be recognized and acknowledged.

We wrote no special requirements into the act. One does not make acknowledgement and thanks a precondition for giving assistance to a friend. We trusted human nature in Europe to respond to the great effort which the United States was going to make in behalf of freedom and humanity. We rested on the as-



surance that if we ourselves made the information available in Europe, Europe would need no special obligation to get the word spread about that the United States was once again coming to the side of its sister nations across the Atlantic.

In the 3 weeks of hearings held by the Committee on Foreign Affairs, we gave a good deal of attention to the results achieved along this line. All that we heard was encouraging.

We found that ECA has followed the practice of requiring the labeling with the ECA emblem of all goods and containers of goods procured with ECA funds—subject to exceptions, of course, for types of bulk commodities for which such a requirement is impractical.

We found that the office of the ECA Special Representative in Europe has established an alert, vigorous information program. This leads out to all the missions of the ECA participating countries—except for the minor countries or those participants receiving no direct aid. Each has an active, competent information staff which works closely with the information establishment of our embassy.

News about the Marshall plan is still the principal item on each day's presentation over our information network in Europe. It is still big news in the press of Europe. In the democratic press it is news—and in the Communist press as well. I suppose we should be just as glad for the denunciations of Marshall plan aid in the Communist papers as we are for praise of Marshall plan aid in the democratic press of Europe.

In summary, we can be sure that Europe is being adequately informed of Marshall plan assistance.

What I want to ask is this question: Do we in America know well enough and appreciate fully what Europe is doing under the Marshall plan? There is a public relations duty for us as well as for the recipients of our assistance.

The most wonderful thing about the program to me is not simply that we have staked a few billion dollars on the production potential of Europe—and that our confidence has been justified. It is not the measurable, concrete story that is told in the indexes of the output of Europe's factories and mines, or the rate of investment, or the volume of traffic.

What impresses me most is that when we started this program we made a bet on human nature, and we are winning on that bet. Let us forget the notion that the Marshall plan is an undertaking in charity.

Its major premise is the self-respect of Europe. We are told that a continent, like a human being, can keep its self-respect only when it is living from the product of its own labor. Secretary of State Marshall realized that when he first proposed this magnificent plan in his speech at Harvard, now almost 2 years ago.

The Marshall concept was that Europe, if given a chance to develop its way back to a self-sustaining basis, would respond. He believed in that hope strongly enough—and we believed in its strongly

enough—to pledge ourselves to underwrite the deficit for the time being if the Europeans would make the attempt.

Let us keep constantly in mind that this is a recovery program. It is a program to help Europe recover a self-sustaining basis through the recovery of production, the enlargement of its trade, and the stabilization of its economy. It is a program also to permit Europe to recover its sense of the tradition of freedom, to help Europe regain its moral independence. Let us remember, in the consideration of the bill and of the appropriations to follow, that the great value of this program is that it provides enough to give Europe more than relief. It gives Europe a margin for recovery. It is this element in the program that has brought a response in spirit and a diligence in effort among the Europeans far beyond the measure of any of the preceding programs to assist the war-depleted countries.

Wherever men were free in Europe, they responded to the Marshall proposal. Wherever their governments have passed under the cloud of dictatorship, they have stayed away in envious aloofness.

The free men of Europe went to work. The flow of assistance in the Marshall plan gave an extra stimulus—but it has by no means been the sole source of energy and substance in the rehabilitation of Europe. The main source has been the men and women of Europe, responding to a new hope, meeting the challenge of an opportunity for a renewed self-respect.

We should honor them for it. We should congratulate ourselves, not for our charity, but rather for our insight in seeing that, despite the terrible ordeal of war and despair, the human values were left in Europe as a foundation on which to build.

Let us say a word of praise now for the British, who have so nobly sacrificed in their austerity plan to restore a self-sustaining basis in their economy.

Let us say a word of praise also for the French, who appear so surely to be finding the upward way after the years of dismay, defeat, occupation—and then the ordeal of battle in the liberation.

Let us say a word of praise for the Italians, who did not lose the instinct of freedom even in two decades of dictatorship, and who now again are walking in the complete friendly fellowship of the Atlantic world.

We might go on like this, naming each of the peoples with whom we are honored to be associated in this great experiment in hope and freedom.

Let us remember that the revival of trade between east and west Europe is a fundamental concept in the success of the Marshall plan. Europe's best hope is in the restoration of her unity—and that restoration will come to pass when the grip of dictatorship over the eastern countries finally ceases.

In the Marshall plan we have made recovery and the revitalizing of democracy a factor of hope, not alone for western Europe but for eastern Europe as well. These peoples of eastern Europe, many of whom in the last 10 years have fought with such heroism for freedom

and self-respect, have not forgotten all that they fought for then.

Let me quote a few words from British Foreign Secretary Bevin in his interview at the National Press Club here a week ago:

Do please remember that there are millions of people \* \* \* in all countries who are only looking for the day when the curtain will be rent and the light can go through again.

The Marshall plan gives hope to them as well as to the peoples of western Europe.

(Mr. GORDON asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Chairman, I yield 7 minutes to the gentleman from Missouri [Mr. CARNAHAN].

(Mr. CARNAHAN asked and was given permission to revise and extend his remarks.)

Mr. CARNAHAN. Mr. Chairman, today the Committee on Foreign Affairs presents to the House H. R. 3748. This bill amends and extends title I of Public Law 473, Eightieth Congress. After weeks of extensive study and careful work on this bill, it has been unanimously reported out of the committee.

I am sure that most of you will agree with me that a problem of such magnitude as European recovery cannot be translated into a law that will entirely satisfy any Member of the House. We rightfully approach this problem as we approach any problem, from 435 individual viewpoints, none of which are exactly alike. I sincerely hope that action on this very vital and dynamic issue will be approached with open minds, seasoned with cool and deliberate judgment, adjusted with fairness, and resolved with wisdom.

#### NEED FOR DEBATE

I am sure none of us want to deny or restrict fair and honest debate for, after all, public discussion is one of the major foundation stones of democracy. Our discussion here today should and will help in making the best possible decision. Congressional action is and should be merely an official expression of public desire. Congressional action is an expression of the recognized needs of our time. In our deliberation here today let us keep in mind that it is much better to debate an issue without settling it than it is to settle an issue without debating it. I would have no part in unduly restricting debate and constructive criticism. Yet I hope that opposition to our nonpartisan foreign policy will not sink to the levels of thoughtless sniping. There will be the argument that we just cannot afford to spend so much money. The answer to this argument is that we cannot afford the consequences of not spending it. There will be the argument that the plan would not work. The answer to this is that the plan is working. There will be the argument that we are rebuilding our competitors for world business. The answer is that we are rebuilding our customers for an expanded world trade. There are those who will say that we are merely pouring American dollars down European rat holes. The answer to that



argument is that you cannot pour American dollars down any kind of a hole in any foreign country and make them stay there. American dollars or American dollar credit must come home or they lose their value. American dollars represent American goods and American services. American dollars must ultimately be spent in America for either American goods or American services. Every dollar going to any foreign country, either through loans or grants, or any other method, remains a dollar and will eventually buy only American goods or American services.

#### GENUINE WORLD CONCERN

There is today a greater and more widespread genuine interest in our foreign policy than ever before in the history of the Nation. Many reasons for this interest are quite obvious:

First. Two world wars in one generation.

Second. National spending for national defense.

Third. The cost of repairing the destruction of the world.

Fourth. The impossibility of isolation from world-wide movements.

Fifth. The sobering responsibility that democratic world leadership is out.

These reasons could be extended by any of you to great lengths.

#### DEMOCRACY IS IN DANGER

We would be fools indeed if we overlooked the basic fact that democracy and all it means to the free peoples of the world is very definitely challenged today. There are those who believe and are determined that democracy with its doctrine of individual dignity and freedom must be banished from the earth. The plain facts of life are obvious. The world is divided into conflicting camps. We find ourselves engaged in an old technique with a new name—"a cold war." Neither the struggle nor the issues over which we divide are new. The conflict is world-wide. Two world wars were merely two rounds in the bout. The conflict is between two opposite concepts of government. A compromise just is not in the cards. In my humble opinion, the conflict is a mortal struggle. The final outcome awaits a knock-out blow.

#### NATIONAL DEFENSE ESSENTIAL

The world situation today demands adequate national defense. Congress has and will continue to recognize and meet this need. We must continue to consolidate and expand the military strength necessary to protect and preserve our pattern of life. We accept as inevitable enormous expenditures to remain free. While I am not at all critical of our essential national-defense program, I must point out that national defense from the military point of view alone is a negative approach to security. In our attempt to survive we cannot and should not continue to depend entirely upon military strength to crush those who would destroy us. Such a course will eventually exhaust our strength at the expense of enduring security. What I am trying to say is this: "Would it not be wise, while

remaining strong, to share our pattern of abundance and devotion to freedom with all who will accept it?" It is my contention that it is cheaper, more pleasant and safer to make friends than to defeat enemies.

#### ECA IS THE FRIENDSHIP ROUTE TO STRENGTH

The European recovery program is just what its title suggests—a European recovery program. We should judge it and support it as a European recovery program. If we attempt to make ECA merely an American business venture or an outlet for surplus supplies, or a European relief program, we will most surely miss the bulls-eye. We must make ECA first, last, and in between, a recovery program. ECA must be made a recovery program dealing primarily with living, breathing, thinking, and appreciating average human beings. ECA is a recovery program designed to rebuild a war-wrecked economy. Out of the ruins a self-sustaining economy can be built—an economy in which the people may find some incentive to live. ECA, while insignificant in cost in comparison to the cost of war, may well mean the difference between the perpetuation or the end of democratic freedom. ECA is the friendly route to security and peace.

#### ECA, THE TECHNIQUE OF PEACE

Democracy and freedom must grow and expand by its efforts to maintain and promote peaceful relationships. War never solves any problem. By war, with its heavy toll, we force to submission those who would destroy us. It is marvelous how we will work with other nations to effectively prosecute the expensive, wasteful, and destructive tactics of war. We offer no objections to tangling alliances when an enemy is on our backs. Then we welcome and encourage the closest possible cooperation. We willingly submit, and rightfully so, to strenuous self-denial and exacting regulations to further a war effort. We gladly combine every possible interest and strain our economy almost to the breaking point to defeat an enemy on the field of battle. We and our democratic friends have thus won two world wars. We have learned the techniques of war. We win our shooting wars, but as yet, we have to master the techniques of peace. How long are we going to continue winning wars and throwing away peace? It is very disturbing that we bend every effort to defeat an enemy and refuse to give the necessary thought and attention to building the patterns of peace. Will we ever take the tumble that it would be much cheaper, far more pleasant, and certainly much safer to build for peace than to fight for existence through war. It should be a sobering thought that the entire expense of ECA, even if extended several years, might finance world war III for perhaps only a few hours. When are we going to realize the simple fact of life, that freedom cannot live on the battlefield? Freedom must live by practice of the techniques of peace. ECA is a major part of an inexpensive, happy, abundant, and powerful technique of peace.

#### ECA VERY TECHNICAL

A program so extensive and so dynamic as the European recovery program must necessarily be set up by legislation which is complex. It could not be written otherwise. It is a new technique in human relationships. The machinery to properly administer ECA is a worthy challenge. The thought, the concern, and the friendship written into the Foreign Assistance Act of 1948 is the marvel of a new age. The first year of its operation is an accomplishment of which we can be justly proud. This concerted effort to rebuild and expand confidence, hope, and friendship through operation peace has made a deep and permanent impression on a war-torn and weary world. Complicated though it is and although it would require hours, yes weeks, of study to really know the details, yet its results are quite obvious. Democratic nations are withstanding the onslaught of those determined on destruction, our own economy is reaching new heights, confidence and hope are again becoming realities in the hearts of men and Christian civilization is encouraged by the faint glow of a new dawn. Then let us not stumble or quarrel over the complexities of this new machine of friendship and peace; rather, let us marvel and rejoice at the smoothness, precision and sureness of its operation. We can very easily retard effective operation by unwarranted controversy. I sincerely hope that we will not obstruct the operation of this machine by magnifying unessential details. After all, it doesn't make too much difference whether the main wheel has 15 or 17 cogs so long as it turns in the direction of a free world.

#### OUR SOBERING OBLIGATION

Whether we like it or not, the obligation and responsibility of world leadership is ours. What we do, or perhaps what we fail to do, will tip the balance. The fact that we were the people who had the power, with the intelligence and will to use it, that won the last two wars is significant. We make to attempt and have no desire to scale down the contributions of our friends and allies to mutual victory. We know many of them suffered infinitely more than we did. Our irreparable loss of loved ones, together with the wrecked bodies of thousands of our veterans, is only a grim part of the widespread wreckage of civilization which only they who make up this hellish wreckage will ever know. As the leader in the shooting war we awake in victory to a greater leadership—not a leadership in destruction and hate, but a leadership in construction and love. We mastered the techniques of war and made the sacrifices and paid the bills necessary to implement those techniques. Shall we do less now? The task, the obligation, the challenge, is ours. The stakes are too high and the alternative is too grim to fail now. We have no choice but to master the techniques of peace and to make the sacrifices and to pay the bills necessary to implement those techniques. We, and our democratic allies, have won on the military battlefields of the world the privilege



and opportunity of leading and directing mankind in building a peaceful world based on friendship, abundance, and the dignity of a human being.

#### WE ARE THE ONLY HOPE

We are the wealthiest and most powerful nation in the world today. Yes, we are the wealthiest and most powerful nation of all time. In sincere appreciation to Almighty God, we, in the depths of humility, should be the most friendly and most generous nation of all time. Surely the mind and will of divine providence is behind it all. Here we are on the winning side of the world's greatest tragedy with our Government intact, our country free from the physical wreckage of war, and our economy at an all-time high. We are the only nation that can befriend a wrecked humanity. We, as a nation, do have the bread of physical life to share. We, as a nation, have the means of production to share. We, as a nation, have wealth to share with those who need. We, as a nation, have the spirit of the Carpenter of Galilee to share with those who will accept it. Does this unique position carry no obligation? Have we no conscience? Yes, there is an obligation. Yes; we do have a conscience. Just about a year ago a grateful people, through action of their Congress in the enactment of a foreign-aid program, very quietly and without fanfare extended a hand of friendship to a starving world. By passage of this bill now before us we will further implement and further establish the role we are destined to play. Let us proclaim to the world in language that cannot be misunderstood our intention to extend the hand of friendship, encourage the arts of peace, and defend the concepts of freedom.

Mr. KEE. Mr. Chairman, I yield the balance of the time to the gentleman from Alabama [Mr. BATTLE].

(Mr. BATTLE asked and was given permission to revise and extend his remarks.)

#### THE MARSHALL PLAN

Mr. BATTLE. Mr. Chairman, (a) it is with a deep feeling of humility that I stand before you today to talk about one of the most important subjects of our time, the recovery program for Europe, which represents a positive, constructive part of our foreign policy and a heroic sacrifice on the part of the American people which has been an effective instrument in the interest of world peace.

(b) The older I get the more countries I see, and the more I learn the prouder I become of the fact that I am an American citizen. In these troubled times we have a great responsibility.

(c) I am proud to be a Member of the United States Congress, the greatest deliberative body in the world.

(d) It is an inspiration to serve on the Foreign Affairs Committee, which has demonstrated a fine, wholesome, bipartisan spirit in fighting together for a friendly, fair, and firm approach to the peaceful solution of world economic and political problems.

(e) Our chairman, the gentleman from West Virginia, Judge KEE, is truly

one of God's noblemen, and the entire administrative and professional staff has given invaluable assistance in the preparation of this legislation.

#### II. WE MUST CONTINUOUSLY FIGHT FOR OUR FREEDOM

(a) Mr. Chairman, America has a great history, but since the beginning of the American Revolution, when we were first fighting to gain our freedom, we have always had to take calculated risks to protect it.

(b) In the American Revolution, George Washington took a calculated risk when he exposed Virginia to added dangers by moving her crack troops to defend other areas. Virginia needed those troops desperately, but George Washington was fighting for our entire country, and he won liberty for us all. It would have done no good for him to have saved Virginia and to have lost the country. Virginia could not have survived under such conditions.

(c) There is an obvious parallel today to the calculated risks taken by Washington, but on a much broader scale. In order to save American liberty again, it has become necessary to take the calculated risks of cracking our economy by helping the freedom-loving nations of Europe financially so they could become bulwarks of strength against dictatorship, atheism, and aggression.

(d) We could not stand by and see one country after another go the way of Czechoslovakia. Russia had already absorbed 15 sovereign nations.

(e) We could not take the even greater risk of waiting, because we could already see that the freedom-loving, God-fearing people of the world could easily become enslaved by the dictated to peoples of the world.

(f) To avoid this, then, the alternative to such a calculated economic risk was the great risk of a hot war and the sacrifice of American blood. By comparison, the cost of this program is small, indeed.

#### III. THE PROGRAM HAS BEEN SUCCESSFUL

(a) We have been fortunate to have highly efficient and capable representatives serving us in the European recovery program. Mr. Paul Hoffman and all of his assistants are to be highly commended for the fine job they have done.

(b) We should continue this program because it is working. The great amount of political and economic unity in Europe at this time could not have been achieved if it had not been for our help and assistance. Europe's economy is more highly integrated today than it has ever been before. The political unity of countries which have never been together is on the verge of consummation.

(c) In the political field the two most important developments since the war have been the establishment of the Brussels treaty system or the western European union as it is sometimes called and the recently announced decision to establish a council of Europe.

(d) Last week we witnessed the signing of the Atlantic Pact. We have just recently read about the three powers agreement in Germany. Previous speak-

ers have told you about the coordinated efforts to bring about reconstruction in Europe through the OEEC, the Benelux Treaty, the Scandinavian trade agreements and the intra-European payment plans. Considering the historic independence and even antagonistic attitude of the nations involved, this unity is truly a remarkable testimony of the success of the program.

(e) The Marshall plan has given Europe life and hope. In this part of the world it has stopped Russia, a former ally that never quit preparing for war, never demobilized, and never matched our efforts for peace. To the contrary, she has broken over 50 agreements to date which threatens the security of the entire world.

#### IV. WE MUST CONTINUE THE ERP

(a) The most important thing for us to realize is the fact that there is no such thing as isolationism any more. This fall I took a trip to Europe and visited 11 countries and returned to the United States all within 4½ weeks. We just recently read about the Air Force plane, *Lucky Lady II*, circling the globe in 94 hours. We are living in each others' back yards today whether we like it or not and we are truly our brother's keeper.

(b) We simply cannot survive on a little green spot in this world today surrounded by a sea of misery, despair, corruption, hunger, and aggression. Under these conditions even if communism were not running wild, it would be some other ism and we would be in danger just the same.

(c) We must continue this program. It is the greatest effort that any nation in the world has ever made to help the suffering people of other nations and it is the most enlightened risk that America has ever taken to protect our freedom.

The CHAIRMAN. The time of the gentleman has expired. All time has expired.

The Clerk will read.

The Clerk read as follows:

*Be it enacted, etc.,* That the fourth and fifth sentences of section 102 (a) of the Economic Cooperation Act of 1948 are hereby amended to read as follows: "Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through their joint organization to exert sustained common efforts to achieve speedily that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to encourage the unification and federation of Europe, and to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: *Provided*, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States."

Mr. JUDD. Mr. Chairman, I offer an amendment.



The Clerk read as follows:

Amendment offered by Mr. Judd: Page 2, line 3, before the word "unification", insert the word "economic"; and in line 4, before the word "federation" insert the word "political."

Mr. JUDD. Mr. Chairman, this amendment may seem unnecessary. Some believe that the words of the bill as they were worked out in our committee already carry the same meaning that this amendment will give to them unmistakably; but I feel that further development of economic unification and political federation in Europe are so fundamental, such basic requirements for the success of this program that we are not being fair either with our own people and are being even less fair with the people in Europe whom we are trying to help to recovery unless we make perfectly clear what we believe the ultimate goal must be.

This program was started last year with the plain condition in the law that we would help only those countries that would cooperate economically with each other and with us. The bill last year stated this, and the language is strengthened in the present bill declaring that it is the policy of the people of the United States to encourage these countries through their joint organization to exert sustained common efforts to achieve speedily that economic cooperation in Europe which is essential for lasting peace and prosperity. Thus we have already declared that we encourage them to achieve speedily that economic cooperation in Europe which we say flatly is essential for lasting peace and prosperity. Now, if it is proper for us to say that it is essential that there be economic cooperation in Europe, why should we not go ahead to say, if that is our view, that we want to encourage the economic unification and political federation of Europe.

Almost every witness before our committee, of whom we inquired about this matter, testified that Europe would not attain permanent recovery by 1952, so that these nations would be able to stand on their own feet unless they move rapidly in the direction of greater economic unification and political federation. Why do I thus separate the two? Because they are not the same. Look at our own country. In my State, Minnesota, we have great deposits of iron ore and one of the greatest sources of our State's wealth and high standard of living is our iron ore; but the iron ore would be of no benefit unless we were able to get it together with coking coal. Now, where is the kind of coal that is necessary to turn this ore into steel? It is in West Virginia, 1,000 miles away. Fortunately, under our system, the ore from Minnesota and coal from West Virginia can get together in Pittsburgh, Cleveland, Detroit, and Gary without going through customs barriers, changes in currency, and without waste, delay, and confusion at each.

The main reason our country is in a position to help the nations and people of Europe is not because we are smarter than they are; we are not, we are of the same stock. It is not because we have

greater resources under our control than they have; we do not. It is not primarily because we have been spared the physical destruction of two great wars, although that is part of the picture. The main reason is because our forefathers developed a system whereby we have 48 federated political units and at the same time we are one unified economic unit. How many of the 48 States could be prosperous if they insisted on being completely separate economic units? Probably most could exist, but many could not be even self-sustaining, and none could be prosperous. The source of our great prosperity has been our success in welding the States into a single economic unit.

Likewise, in Europe, if those countries are to get on their feet and become self-sustaining and strong, they must move steadily in the direction of becoming an economic unit, that is, in the direction of breaking down trade barriers of all sorts. They have already made real progress, for example, the Benelux customs union, and probably still more important, the recent treaty between France and Italy, and also the case of the three Scandinavian countries.

No one expects either economic unification or political federation to be achieved overnight; we are perfectly aware of the problems involved and the difficulties. I do not suggest that we impose this as a condition but make it rather as a recommendation. We do not say, "You must do this or we will cut off our aid," for the far-seeing leaders of those countries have to work them out by degrees. But we can help those leaders, and we should, by expressing to them frankly our sincere conviction that they should work in this direction, and encourage them to move as rapidly as possible toward further economic unification and political federation. Some of the strongest and the ablest men in Europe have told us off the record that they would welcome this amendment because it would strengthen their hands when they go to their people or their domestic interests or to their Parliament and urge them to accept and work for closer association and integration with their neighbors. That is pretty hard for them to do because their political opponents promptly get up and charge, "You are more interested in other countries than you are in your own country." But if they can say that the people of the United States have declared it is their policy to encourage such economic unification and political federation, their hand is greatly strengthened. They need this official expression of the conviction of the American people that in order for this great mutually beneficial effort to succeed, they must move as rapidly as possible toward "the economic unification and the political federation of Europe," that language makes it crystal clear what we think is necessary.

It is not imperialism, and kindness, when a doctor out of his experience tells his patient what he believes the patient must do in order to recover.

I hope this amendment will be accepted without serious opposition.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. KEE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Minnesota.

Mr. Chairman, the amendment proposed by the gentleman from Minnesota [Mr. Judd] was offered in committee, and it was examined by the members of the committee from every angle. In order to understand the meaning of the amendment, in order to understand what it will do, not only to this program, but what it will do in respect to the policy enunciated by our country in the original act, it is necessary for us to explain the objectives of this bill, not the political objectives, for we have none. It is our policy to pledge to the participating nations that we have no desire whatever to enforce or to inflict our political advice or requirements upon European countries.

The people of the United States have no desire whatever, no wish or no intention to interfere with the politics or the political objectives of any of these European countries. In all of our legislation with respect to this matter we avoid the use of the term "political" because each one of the countries is a separate sovereign country and all of them are entitled to their sovereignty. We have no disposition by this act or by any other act upon the part of this country to interfere with that sovereignty or to disturb their political equilibrium.

What did we declare in the original act to be our policy? Let me read:

It is declared to be the policy of the people of the United States to encourage these countries through a joint organization to exert sustained common efforts as set forth in the report of the Committee of European Economic Cooperation signed at Paris on September 22, 1947, which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation.

If that does not set forth in clear, explicit language a sufficient policy upon the part of this country, I do not see how the language could be made stronger. Yet, the gentleman wants to insert the words "political federation" and "economic unification." We have already declared we are in favor of federation and unification, but he wants to insert the word "political." I say we have no desire or no intention whatever of interfering with the politics of those countries or in anything political about their organization or their set-up.

Mr. Chairman, I hope the amendment will be defeated.

Mr. RICH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I feel rather reluctant to take the floor today and say anything about this legislation after the statement was made by the minority subchairman of the committee that all Democrats are for the bill, all the Republicans are for the bill and all the Dixiecrats are for the bill, leaving the inference at least that any one who opposes this bill in any way



whatever would be ostracized from his political party. Or in fact he might be considered as not being a good American—even an outlaw. If that be so I accept the challenge and assume the responsibility, but I am against this legislation and I want everybody to know it. I am a Republican and I expect to be a Republican until they kick me out, because I believe in America and Americanism and I am an American individual. But, when I read the first paragraph of the legislation, after it makes a statement about what the legislation is going to do, I note this:

*Provided, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States.*

I say that this legislation does impair the economic stability of the United States. That is the reason I am against the bill, and I say it puts us in such a position that we, as a country, are going to fail, go into bankruptcy, if we keep on doing the things we are doing under legislation such as you are now bringing before the Congress.

What have we done toward aiding and assisting those foreign countries? Let us just review them a little bit. We have given over \$64,000,000,000 to these countries under lend-lease; what did we get for that—you gave \$24,000,000,000 to foreign countries after the war effort up until VJ-day and the advent of the Marshall plan; last year you gave them about \$7,000,000,000 under this plan with an obligation implied of ten billion more. Now in this bill you are asking for \$5,653,000,000. Well, let us just see how the economic stability of the United States is going to stand that. Here is the Treasury statement of April 4, and it shows that we are in the red \$251,553,000,000. You have gone in the red this year—and June 30th will soon be here—\$2,566,290,756.24. Too bad, then the President of the United States comes in here in January and he says he wants to do this: He wants bigger old-age pensions, more pay for the idle, higher minimum pay, to pay all medical bills of the people of this country, pay for the sick, new taxes, build homes at less than cost. Federal aid for schools, electric power at less than cost, lower rents for tenants, bigger Government aid in the West, bigger price supports for farmers, bigger Government subsidies, higher wages, lower prices, and what not.

Now if you are going to get all of that for the people of the United States and then assume the responsibility of all the people of all the nations of the world, God help America, because this Congress is only wrecking our American economy. This Congress is going to wreck America, and I just defy anybody to say that it is not, for in 5 years from now, if you keep on going the way you are, Joe Stalin will have easy pickings over here in America, because you will be wrecked and you will not even be able to take care of your own people. I stand here fighting the things that this committee is trying to do. I stand here fighting for America. I stand here fighting because I believe in America, but I know well and true enough that you cannot do what you gentlemen

are trying to do. I think it is just simply outright silly, and that is my opinion of this legislation. You signed the Atlantic Pact last week. It will not be but a few weeks until this same committee will be in here and they will be wanting more than a billion dollars to arm all the countries that signed this pact, and you will be asked for a billion dollars for Greece and Turkey and all the other countries of the world to arm them. What are you doing? Destroying America?

The cold war now going on has cost us billions already, and for the following years the State Department wants for the cold war the following:

1948-----	\$4,498,000,000
1949-----	7,700,000,000
1950-----	11,601,000,000

Total----- 23,799,000,000

You talk peace and prepare for war. Not only do you spend annually over \$15,000,000,000 developing our own war machine, you build up a war machine in every country of Europe. Europe has had enough war, and they got us into two of them. This action will probably involve us in a third world war. It is terrible to contemplate. Talk peace, yet prepare for war—prepare all Europe for war. It will surely be a hot war when you get them all ready for war. It will cost us so much money that our taxpayers cannot stand the strain on our economy. To me this is just silly. Certainly it is not sound.

Every time you spend a billion dollars it costs every man, woman, and child in America \$7. Multiply that by 7, and this legislation costs each individual \$49 for this bill alone, or for a family of six almost \$300 each. How many families can stand it? Certainly none of them, if called upon to put up the money, would want to do it. This bill is unsound in principle. It might have the right motive—but people have a good motive—but the results will be most disastrous. That is my judgment of the legislation, and I am opposed to it.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BOGGS of Louisiana. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman and members of the Committee, in my humble judgment the Committee on Foreign Affairs of the House of Representatives is one of the finest bodies in our great House. I am reluctant to deviate from the great work which they have done in any respect. I consider myself one of the strongest supporters of the Marshall plan. I very deeply feel, however, the fundamental issue involved in this amendment.

Some of you will undoubtedly recall that I offered the same amendment about this same time last year. That amendment was debated here during the closing hours on the bill, and upon the basis of a very impassioned address made by the gentleman from Ohio [Mr. VORYS] who at that time was in charge of the legislation on the floor, the amendment was defeated.

Some time ago the gentleman from Ohio [Mr. VORYS] came to me—and I

think I am at liberty to say this, because I read it in the New York Times—and told me that he had made a mistake in opposing the amendment which was offered at that time.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. BOGGS of Louisiana. I yield to the gentleman from Ohio.

Mr. VORYS. I am a Methodist, and we of my faith believe in the mourners' bench. The gentleman attempted to put in the words "and unity" last year. I opposed him. I was wrong. In the committee I offered an amendment to put in the words "and unity," but the committee changed the words to "unification" and added the word "federation." I feel that I have shown my repentance in joining the gentleman in getting into the bill substantially the same words he offered last year. He was right.

Mr. BOGGS of Louisiana. I thank the gentleman very much. I appreciate his statement.

I think the committee has done a very constructive thing in endorsing in principle in the preamble to this bill the fundamental concept of federation in Europe. I have followed this debate as carefully as I can. I believe practically all of us are convinced that unless we have peoples who are free and allies who are willing to stand by us in this terrific struggle which is now in effect throughout the world our own Nation can have no hope of survival. I think, too, that it can be said without too much fear of contradiction that the Marshall plan in essence contemplates the combined resources of a free Europe working together toward the defeat of Communist aggression.

The language the committee has now incorporated in the proposed legislation, in which the idea of federation and unification is endorsed, is important and vital language because, in my humble opinion, without unification, without federation in Europe, without the free nations' working together economically and politically, this program cannot succeed.

The distinguished chairman of this committee has made the point that by the insertion of the word "political" we may somehow or another give the impression throughout free Europe that we are interfering with the sovereignty and the basic rights of the peoples of the 16 participating nations of Europe.

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. BOGGS of Louisiana. I yield to the gentleman from West Virginia.

Mr. KEE. Is not that exactly what the Communists are accusing us of doing in their fight against this program?

Mr. BOGGS of Louisiana. I am very glad the gentleman made that point because I intended to make the identical point. The Communists now all over Europe are saying that the Marshall plan is designed as a plan of American imperialism, whereby we will absorb the sovereignty of all those great independent nations of Europe.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. JUDD. Mr. Chairman, I ask unanimous consent that the gentleman from



Louisiana be permitted to proceed for three additional minutes.

The CHAIRMAN. Is there objection to request of the gentleman from Minnesota?

There was no objection.

Mr. BOGGS of Louisiana. Mr. Chairman, all over Europe today the charge is being made by the Communists that the Marshall plan interferes with the sovereignty of the free nations of Europe, so that by the addition of the word "political" we add nothing new to the Soviet charge. The free people know that these charges are not true.

By inserting this language we do this—and in my judgment, it is vitally important—we give encouragement to those forces working in Europe now for unification and federation. Believe me, those forces are vital and important. You know what they have already done. They met last May at The Hague. They met again in September at Interlaken in Switzerland, and I had the privilege of attending that meeting. Again, at the Interparliamentary Union meeting in Rome last fall the first welcoming words by the Italian Foreign Minister were that Europe must unite or perish.

All the amendment offered by the gentleman from Minnesota does is to say in the preamble that, as a matter of hope or as an expression of desire, without interfering with the workings locally of the governments of Europe, the United States of America hopes there can be economic and political cooperation throughout the 16 participating nations.

Certainly no Member of this body can deny that without political cooperation the Marshall plan cannot succeed. If the Marshall plan does not succeed, then we have wasted billions and billions of the American taxpayers' dollars, and we have run the risk of a third world war.

No matter that will come before this body could be of more importance. Without a federation in Europe, without that ancient dream of all political factions in Europe, which are devoted to free government, whether they be socialist or conservative, whether they be of the free left or free right, they have united on the fundamental concept that the combined economic resources of Europe must be worked out by political cooperation.

I understand this amendment simply puts the Congress on record as favoring, in principle, that vital concept. As a matter of fact, every important American leader, regardless of his political faith, and practically every segment of the American press, and all of our great organs of opinion, have endorsed this principle.

I hope the amendment will be adopted.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. VORYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am in a peculiar position with reference to this amendment. I think the words "economic and political" are inherent in the words "unification and federation" that we have already put in the bill. I would be most disappointed if, by a vote against these words, the House would appear to go on

record as being against such unification and federation. The meaning of those words, it seems to me, cannot be denied. If "unification and federation of Europe" does not mean "economic and political unification and federation," then what does it mean? The gentleman from Minnesota, it seems to me, has neglected that old adage, "If at first you do succeed, do not try again."

The gentleman from Minnesota got in the word "federation" in committee. I helped him and the gentlewoman from California helped him, and altogether we got this language in, which is a great step forward. Last Saturday, when few of you were here, I said this:

As events unfold and develop, it is becoming increasingly clear that without increased unification in Europe, economically and politically, the Marshall plan is "operation rat hole."

Here is what Paul Hoffman said—and you will find it in the hearings, as well as on page 11 of our report:

The material well-being of the people of Europe cannot be obtained if each country tries to work out its own salvation along separate nationalistic lines.

Mr. Chairman, I thoroughly agree with the sentiments given here by the gentleman from Louisiana, and the gentleman from Minnesota. I am deeply concerned, however, that this attempt to gild the lily by adding words which imply that unification and federation mean something else from what we all think they mean, will be misconstrued.

If this amendment is voted down it will be construed to indicate an intention on the part of the House which I do not think the House wishes to express. I am, therefore, perfectly willing to support the amendment, but if it is voted down, it should be made clear that it is because that expression is already inherent in the bill and not because we are opposed to unification and federation of Europe.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. GAVIN. Why does the gentleman think that it is against the will of the House and that it would not be an expression of our will?

Mr. VORYS. I am concerned that the words being offered here have the same meaning which is inherent and implicit in the words "unification and federation." If the amendment is voted down, it might be implied that the House does not mean what those words obviously mean.

Mr. GAVIN. The amendment offered by the gentleman from Minnesota [Mr. Judd] definitely expresses what he wants to bring about in effecting this economic cooperation and federation.

Mr. VORYS. That is right. My point is that whether this amendment is voted up or down, the meaning is implicit in the bill that we have reported from the committee. I do not know how I can make it any clearer.

Mr. BREHM. There is no harm in blessing the Ten Commandments, is there?

Mr. VORYS. I am perfectly willing to vote for the amendment, but my con-

cern is, and I saying it for the record, and for the conference, that if the vote goes against it, the House action is not thereby interpreted as attempting to strike out the ordinary meaning of the words "unification and federation," which the gentleman from Minnesota has been so helpful in placing in this bill at this time.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. McDONOUGH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I wish to bring out an angle that perhaps has not been brought out in connection with this amendment. If the amendment means what I think it means, I think it is a rather dangerous thing to encourage economic unification of Europe if that economic unification is in opposition to the economic development of the United States. I represent that section in California in which most of the motion pictures of the world are produced. If there is one industry in the United States that has been seriously affected by the curtailment of production of pictures in Great Britain, or the denial of the showing of American films in Great Britain, it is Hollywood. The Hollywood unemployment situation is back to what it was in 1937. This is no small industry; it runs into millions of dollars.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. Not at this point. Negotiations have been attempted to adjust the situation. Great Britain still maintains that she wants 45 percent of the showings of British pictures in Great Britain to the denial of American films. The American motion-picture industry cannot break even without 30 percent of the foreign market, and the market has been dried up to the point where unemployment in the motion-picture industry, as I said, is back to what it was in 1937. This is not a policy that is agreeable to the people of Great Britain; it is a policy that is even opposed in the House of Parliament. I have statements here that I will include in my remarks from various members of Parliament that show that this is a denial of the freedom of exchange of motion pictures that heretofore has existed between Great Britain and the United States, and is hurting the British film industry.

If we are going to say beyond what the bill already says by amending it to read "to encourage the economic unification of European countries," are we going to say that they should unite for the purpose of affecting our wool industry, our fishing industry? Both have already been seriously affected by the last appropriations that we made for ECA, and who knows what will be the next industry of the United States to be seriously affected?

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. McDONOUGH. Not at this time. I will yield later if I get some extra time.

The Motion Picture Producers Association at the present time is trying to negotiate with the State Department for the purpose of adjusting this difficulty in the showing of films in Great Britain. I voted against the British loan



in spite of appeals on the part of many, many heads of the motion-picture firms. They told me that some \$87,000,000 was in the Bank of England that was due them and that that loan would release the money. I told them at that time that the British loan would cost them more than \$87,000,000 in the long run.

It did not produce the money; as a matter of fact, there are millions of dollars now frozen in Great Britain, dollars that belong to the American motion-picture industry. It is being held in Great Britain.

I do not like this language, if it is going to mean that we are to encourage economic unification of Europe to the detriment of the economic development of the United States.

I now yield to the gentleman from Minnesota.

Mr. JUDD. How will the people of Europe, Great Britain, or any other country, be able to buy the products of the Hollywood motion-picture industry unless they have dollars with which to pay for them? And how can they get the dollars without the economic recovery which can come only through greater unification?

Mr. McDONOUGH. I do not yield further, Mr. Chairman. I have noted that when Great Britain establishes a policy of trade restrictions it is the signal for every other country in Europe to follow a like policy. When Great Britain establishes a policy, immediately all the countries in the sterling bloc take similar action.

Mr. JUDD. Is the gentleman willing to accept pounds sterling, or francs in payment for the products of the motion picture industry, or does he want to get dollars? And how without a coordinated development of their resources and an improvement of their economic situation are they going to be able to get the dollars the gentleman wants paid to his industries?

Mr. McDONOUGH. I am greatly concerned lest the pound sterling supplant the American dollar as the standard of exchange and whether we are not some of these days going to be asking for pounds sterling instead of American dollars.

Mr. JUDD. May I remind the gentleman that one of the three purposes of the original act as passed last year was: (3) facilitating and stimulating the growth of international trade of participating countries with one another and with other countries by appropriate measures including reduction of barriers which may hamper such trade.

Mr. McDONOUGH. But not to the detriment of the economic development of the United States, and that is what is happening.

Mr. JUDD. This is precisely what is needed to help the economic development of the United States.

Mr. BOGGS of Louisiana. Is the gentleman making a speech against the bill or against the amendment?

Mr. McDONOUGH. Against the amendment if it encourages their development to the point that it is against the economic interests of the United States.

The United States has always been a completely free market for motion pic-

tures, wherever made. There have been no limitations on imports and no restrictions on the exhibition of foreign films in this country.

As a medium of expression like the press, the radio, periodicals and books, the motion picture should have the widest opportunities for exchange among the peoples of the world.

An entirely contrary point of view prevails in many other areas of the world, notably in Great Britain, which has adopted various restrictive devices discriminating against American films.

This British policy has been stepped up constantly in intensity since the war.

In August 1947 the British Government imposed a 75 percent tax on the estimated earnings of foreign motion pictures. This was obviously aimed at American films which traditionally supplied about 80 percent of the British market. This confiscatory tax forced American motion picture companies to halt shipments of films to Britain because the tax meant they could do business in Great Britain only at a great loss.

The tax was a device imposed on top of a quota system whereby 20 percent of playing time in British theaters was reserved for British-made films. Even this 20 percent quota could not be fulfilled by the British film industry, because there were numerous defaults by British theaters.

The official reason advanced by the British for the 75-percent tax was the necessity to conserve its supply of dollars.

The American industry was, of course, aware of Britain's dollar problem. On many occasions, the American industry expressed its willingness publicly to work out with the British Government an arrangement which would accomplish two results:

First. To conserve dollars for Britain through a voluntary limitation of remittances by American companies.

Second. To assure Britain an adequate supply of films to keep its theaters open and operating in order to meet the entertainment needs of the British public.

With the 75-percent tax throwing the entire British motion-picture industry into an economic tailspin, the British Government invited representatives of the American industry to come to London in the winter of 1948 to discuss a film agreement to accomplish these two purposes.

Such an agreement was made in March of 1948. Under its terms, the 75-percent tax was abandoned, and the American industry agreed to limit its remittances from Great Britain to \$17,000,000 annually. This was a considerable sacrifice for the American industry, for it meant that approximately three-fourths of its earnings had to remain in Great Britain.

On both sides of the Atlantic the agreement was regarded as a mutually satisfactory accord.

Under its terms, the agreement was to become effective in June of 1948, and it was felt that a new era of mutual understanding and better relations was to begin.

This hope was short-lived. Hardly had the agreement gone into effect when

the British Government adopted another drastic restriction on American films.

The 20-percent quota was raised to 45 percent. This was done at the insistence of British producers, even though they had not been able to meet a quota less than half that figure.

What was the effect? It undermined confidence in the whole British film industry, brought protests from the exhibitors who relied on American pictures for their theaters, caused studios to be shut down, and threw thousands of people out of work.

In spite of the chaos in the British industry resulting from the 45-percent quota, the British Government's answer is to propose now to reduce the quota by only 5 percent. This is obviously a meaningless gesture and removes neither the cause of the British industry's crisis nor the discrimination against American films.

Following are the views and opinions of several members of the British House of Commons who do not agree with the restrictive policy of the Attlee government against American-made motion pictures.

During debate in the House of Commons on March 30, Tom O'Brien, member for West Nottingham, spoke against the excessive quota out of his long and intimate knowledge of motion picture conditions as general secretary of the largest British film trade union—the National Association of Theatrical and Kine Employees. He said:

In the field of entertainment there is one thing that even our friends, the Russians, have failed to do. They have succeeded in everything else, but they have failed to make their own people, and the people in countries they control, see films they do not like, even at the point of a gun. We cannot make people see films they do not want to see—no quota, whether high or low, will succeed in doing that. If we wish to have a successful British film industry, and to maintain and expand it, we must do it on quality. Quality does not mean extravagance, waste, and unnecessary costs. We must not aim at an arithmetical quota merely to satisfy ourselves that we have a 40 to 45 percent quota of films—which people do not want to see. We must satisfy ourselves: first, that the quota can be met and that what is made is good; second, that the pictures will commend themselves by their own merit; third, that finance is available to stand up to the quota.

I am not convinced, and a considerable section of informed opinion in the industry and country is not convinced, having regard to what has happened during the past year, that finance is available, or will become available, to meet a 40 percent quota. \* \* \*

It is my own view as well as that of other people that this 40 percent quota will create further unemployment. \* \* \*

We cannot keep our cinemas open for many years to come with British films alone even if every studio in this country were fully occupied and were producing first-class films. This is an accepted fact which the board of trade (government agency which recommended the quota) will not deny. Whether we like it or not, we have to have American films. \* \* \* We should apply our minds, as a long-term solution, to making arrangements or to trying to re-open the matter in some way to avoid a quota.

Oliver Lyttelton, member for Aldershot, mentioned the feeling prevalent among British exhibitors that their interests had been neglected in respect to the quota,



and spoke of their being "extremely perturbed about the quality of British films which are being produced under a quota which they think is unduly high." He said:

From what I gather myself about the industry, the effect of fixing the 45 percent quota has undoubtedly been to give some substance to the fears about the quality of British production which, I think, have been formed as a result of fixing too high a quota.

Mr. Lyttelton reviewed the agreement concluded in March 1948, between the American industry and the British Government by which the American industry voluntarily agreed for a temporary period, ending in June 1950, to limit drastically its dollar remittances as a means of assisting the British economy. He said:

A great mistake was made at that time, because immediately after the agreement had been concluded the quota was put at 45 percent without any previous consultation at all with the Americans. \* \* \* Whether rightly or wrongly—that question really does not arise—it infuriated American opinion; they thought they had not been treated on the square. \* \* \*

It is clear that the industry is in great jeopardy and the first step to take is to secure the cooperation of those (the Americans) who are as much hit as we are in trying to clear up the mess.

Sir Ian Fraser, member for Lonsdale, said:

Exhibitors in different parts of a considerable area of the northwest of England tell me they cannot fulfill a quota of 45 percent. They say they cannot fulfill a quota of 40 percent. Therefore, they visualize that they will have to commit, if not a felony, at any rate a misdemeanor or an offense, if the law says they are to do it. They tell me that they have tried to comply with the law. They have been willing to show good films, indifferent films, and bad films, and they have shown films over and over again, but they still cannot fulfill the law.

Neil Maclean, member for Govan Glasgow, said:

The particular quota which has been established and which now, according to the president of the board of trade, should be reduced in its percentage is, in my opinion, still too high.

As a matter of fact, the 40 percent which he is now suggesting is in defiance of the recommendations of the organization which he himself set up, the Cinematograph Films Council. That council recommended a 33½-percent quota. The president wishes to impose a 40-percent quota instead of the 45-percent quota that presently exists. In so doing, I consider that he is acting in defiance of the council that he set up and to which he looks for advice and guidance in what he is to do with regard to the cinema industry. They gave him advice which he now recognizes as partly correct by the reduction he is now proposing, but he will not go the full distance.

Edgar Granville, member for Eye, said:

I have said repeatedly when discussing this problem that any attempt to try and build up our film industry on parochial lines will fail, whether the quota be 40 percent or 45 percent. Films are international. I should have thought that the party opposite, with its international outlook on all matters of culture and recreation, would have been the first to admit that. At this late hour I appeal to the right honorable gentleman (president of board of trade) to get together with

the United States and any other interests and let us have an international agreement which will give the production side of the industry in this country the first real opportunity it has had for 20 years.

William Shepherd, member for Bucklow, said:

We have to consider, in discussing this question of a 40-percent quota, whether it will make for a reconciliation between the American interests and the British interests, because that is paramount at the present time. If we pursue a course which is antagonistic to our American friends, the industry in this country will never really get on its feet.

I suggest that this quota, although it is reduced from 45 percent to 40 percent, is perhaps not best calculated to achieve that end. I hope that the president of the board of trade will do all that he can in the next 2 or 3 months to try to get some agreement with our American friends.

What is happening now is damaging to the interests of both the American and the British industries.

Mr. Chairman, I am opposed to the amendment if it means to encourage the economic development of Europe to the detriment of our own economic progress and prosperity, especially when they are using our American dollars to stop our own industry and increase our unemployment.

The CHAIRMAN. The time of the gentleman from California has expired.

(Mr. McDONOUGH asked and was given permission to revise and extend his remarks.)

Mr. RIBICOFF. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, harmless as the amendment may sound, it has within it dangerous implications. It was presented to the Committee on Foreign Affairs and considered very carefully, and it was voted down by the considered judgment of the Committee on Foreign Affairs of this House on a nonpartisan basis. After all, it should be kept in mind that this so-called Marshall plan is the cornerstone of American foreign policy. Because our money is being spent in Europe does not mean that the European nations themselves have no pride.

I should like to read for the committee the statement of Mr. Harriman when the same subject was raised while he was before the committee. Mr. Harriman said with regard to inserting conditions similar to the one in the amendment:

I think you are treading in a very dangerous field. These are mature and sovereign nations with widely different types of organization, economic organizations and systems. I do not believe we could accomplish what ought to be accomplished if conditions are laid down in this field. Suggestions, advice? Yes. Discussions and argument? Yes; but not conditions.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. Yes; I yield to the gentleman from Louisiana.

Mr. BOGGS of Louisiana. That is not the amendment. This would not impose a condition. It is simply a suggestion or advice.

Mr. RIBICOFF. No; it is a type of advice where you seem to be telling Europe what to do. I may say to the gentleman from Louisiana that one of the main

propaganda points that the Communists make against the Marshall plan is upon the theory that Uncle Sam with his dollars is trying to tell all of Europe and all of the world to do. If we tell Europe when or how or why they should unite, we are treading on European sovereignty and playing right into the hands of the Communists. I want to point out to the gentleman that the European recovery plan itself is leading to the unification of Europe.

Let me point out also that we have Benelux, where Belgium, the Netherlands, and Luxemburg have already united. You have also seen formed recently a customs union between France and Italy. If there will be patience with the OEEC you will eventually accomplish what you desire in this direction. I think the Members of the House must realize that in a program like this we must be patient and not try to force upon the European nations our own conception of how they ought to govern themselves.

Mr. SMATHERS. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from Florida.

Mr. SMATHERS. May I ask the gentleman, does he agree with the gentleman from Ohio [Mr. Vorvys], that the words "unification" and "federation" imply political and economic?

Mr. RIBICOFF. Yes. I believe that is the ultimate object we are seeking.

Mr. SMATHERS. May I ask the further question then, what possible objection could the gentleman have to it?

Mr. RIBICOFF. Because by putting in "economic" and "political" we seem to be placing ourselves in the position of telling European nations what we expect them to do. May I say to the gentleman also that France, England and Belgium have as much pride in their nations as the gentleman from Florida and all of us in the United States have in our Nation. Unification, economic and political, will take time and should not be forced upon Europe because we of the United States are giving our dollars to help European recovery.

Mr. GAVIN. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from Pennsylvania.

Mr. GAVIN. Unless we definitely specify certain conditions, how long does the gentleman think the economy of this country can stand the \$5,000,000,000 appropriation every year?

Mr. RIBICOFF. All I can say to the gentleman is that this is a keystone in our American foreign policy and if we do not spend this money for European recovery it will cost us many more dollars in the future to stop communism by ourselves. We are asking these countries for assistance too and I think it should be kept in mind that we have a great fight going on between Russia and America. This fight is based upon the sinews of production. If Russia should be able to take over the European recovery so that all productive capacity of Europe is incorporated under the Russian system, it would be equivalent to the industrial economy of America. That is one of the basic reasons we are stop-



ping the Russian march to take over western Europe.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield to the gentleman from Pennsylvania.

Mr. RICH. Is it not a fact that we gave Russia \$11,000,000,000 not long ago in lease-lend with the idea of trying to help Russia? Now what are we trying to do? You will find out we are doing the very same thing here that we did to Russia a year ago.

Mr. RIBICOFF. In reply to the gentleman may I say that the distinguished gentleman from Missouri [Mr. CHRISTOPHER], handled that argument very well last Saturday when he said that if the \$11,000,000,000 were not given to Russia it would have meant the lives of many hundreds of thousands of additional American boys on the beachheads of Europe. I would suggest reading the RECORD of Saturday.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. YOUNG. Mr. Chairman, reserving the right to object, and I shall not object, I simply desire to call the attention of the Chairman to the fact I would like to be heard briefly on this matter.

Mr. LEMKE. Mr. Chairman, reserving the right to object, I wish to observe that the committee took all the time in general debate, and some of us would like at least 5 minutes to correct certain of the erroneous conclusions that were stated here on this floor.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. LEMKE. Mr. Chairman, I object.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not think the sky is going to fall whether or not this amendment is adopted. As a matter of fact, the committee very carefully considered this amendment. Members from both sides of the aisle were in favor of the purpose of the amendment, but the great majority of the committee came to the conclusion that it was not a wise thing to do. I think it was Apostle Paul who centuries ago said: "All things are lawful unto me, but all things are not expedient." Now, of course, we agree that it would be both lawful and wise that Europe politically unify itself, but whether it would be expedient for the Congress of the United States to say that Europe must or should do this thing is a different matter. It was not a question of whether the committee was in favor

or against the political unification of Europe. It was a question of whether or not we could better accomplish the purpose of political unification of Europe by leaving the word "political" in the bill, or taking it out.

We came to the conclusion that the best thing to do was to leave it out. As a matter of fact, Mr. Harriman warned us about it; Mr. Hoffman warned us about it. So far as I am concerned, I do not care what Russia thinks about what we write into this bill. The question that concerns me is whether we defeat our purpose by putting the words in there.

The gentleman from Minnesota and the gentleman from Louisiana have indicated that the amendment broadens the provisions of the bill as regards European unification. But as a matter of fact may I call to your attention that those words are not broadening. They may be construed as a limitation.

What does it say in the bill before us? "To encourage unification and federation of Europe." The amendment proposes to say not all kinds of unification; it just says economic unification, and when it comes to federation of Europe, everybody knows when we talk about federation we mean economic federation, political federation, and spiritual federation. But the amendment proposes only political federation. It not only is unwise from the standpoint of the declared purposes of this bill, but the committee overwhelmingly thought it would be unwise from the standpoint of the effect it would have upon Europe.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Louisiana.

Mr. BOGGS of Louisiana. I think the gentleman is making a very excellent statement. It is my understanding, however, that the legislation as presented to this body has the word "economic" in it, does it not?

Mr. RICHARDS. No; it does not.

Mr. BOGGS of Louisiana. Oh, yes.

Mr. RICHARDS. No; it does not.

Mr. VORYS. Not at this point.

Mr. RICHARDS. No; it does not.

Mr. JUDD. In line 1.

Mr. RICHARDS. Wait a minute. I am talking about the preamble of this bill. It says, "To encourage unification and federation of Europe." It does not say economic federation and it does not say political federation, but it means those things without saying them. The statement the gentleman is talking about, economic federation, is in another place in the bill.

Mr. BOGGS of Louisiana. On page 2, at the top of the page, I read: "To achieve speedily that economic federation of Europe."

Mr. RICHARDS. Oh, that is correct. That is all through the bill, but I am talking about section 1 which the amendment seeks to modify.

Mr. BOGGS of Louisiana. I think the gentleman is making a very fine statement, and it was proposed last year, that if we struck out the word "economic" it would not be necessary to insert the word "political," but it is my

conviction that if you insert "economic" then you ought to insert "political."

Mr. RICHARDS. I just want to say to the gentleman from Louisiana that the words that the gentleman from Minnesota proposes to put in here will not accomplish the purpose he wants. He says that he wants to broaden and clarify the purposes of this act.

Mr. BOGGS of Louisiana. That is correct.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I am amazed at the debate here. It seems to me that the words "unification" and "federation" are the greater.

Mr. RICHARDS. That is right.

Mr. McCORMACK. Certainly the greater always includes the lesser, and putting the words "economic" and "political" in there are the lesser.

Mr. RICHARDS. Exactly.

Mr. McCORMACK. Furthermore, I am very fearful that the words "economic" and "political" are going to be words of limitation. There are many factors that will bring about unification and federation other than economic and political; many factors outside of that enter into it. It seems to me that the intent of the Congress and the intent of the committee is being limited by the use of these words, because it says "economic and political" and eliminates all other factors that are essential outside of economic and political. The state of mind and many things enter into bringing about unification and federation. It seems to me that these are words of limitation, and for that reason it would be unwise for the Committee to adopt the amendment.

Mr. RICHARDS. The majority leader is undoubtedly correct. They are words of limitation. I think it would be unwise to put them in here.

Mr. Chairman, I hope this amendment will be voted down.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I am in favor of this amendment. I wish someone would take some of my time, briefly, to tell me what can enter into these negotiations that is not either economic or political. I think the majority leader has referred to a state of mind that might exist. Show me a state of mind in Europe today that is not based on either economics or politics.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I will yield if the gentleman wants to answer that question.

Mr. VORYS. I merely want the RECORD to show that no one attempted to answer the gentleman's question.

Mr. CRAWFORD. I do not think there is any answer to the question except that these matters are all simply economic or political.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?



Mr. CRAWFORD. I yield to the gentleman from New York.

Mr. COUDERT. Will the gentleman recall that the only time Europe was ever united was under the church in the Middle Ages?

Mr. CRAWFORD. I think that is correct. I do not know of any church that is not based on either economics or politics, along with the spiritual theories it advocates. If you know of any that is not based on that, tell me about it.

This proposition has been sold to the American people on the basis that the program would bring about the economic unification of Europe and straighten out some of the politics over there so that those governments could get along together.

I also think it is high time that those in charge of the policy of administering these appropriations should put some limitations on them. I have never been in favor of the burden being placed on our taxpayers and bond buyers. The bond buyers support the deficits and the taxpayers furnish the money to balance the budget.

I have never been in favor of those burdens being passed along to them because there has been such loose, extravagant use of the money and such unaccountability. I have never been satisfied with the results of the Marshall plan or the Truman doctrine appropriations because I have never felt that the administration of those funds had very much respect for the burden imposed on the people who were paying the taxes and buying the bonds.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Pennsylvania.

Mr. RICH. In the last sentence of the first paragraph it is stated that no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States. Does the gentleman believe this legislation in any way, with the other legislation that has been granted to help these countries, will impair the economic stability of the United States?

Mr. CRAWFORD. I think it has impaired the economic stability of the United States, but this yardstick comes up: Has it impaired it as much as it would if you did not have the plan? That is what we are up against and there is no satisfactory answer to that question. Suppose you do away with this plan, liquidate the Marshall plan, the Truman doctrine, and all that goes with it, and kiss it good-bye and quit, what would be the economic consequences of such a program to the United States? Nobody can satisfactorily answer that. I know that just as well as you do. Here is a question, where you take a chance. You take a chance by going ahead with a program of this kind and let the consequences be what they may, and they may be very bad; or, you take the other road. I think the plans have impaired our economic stability, but the alternative might be worse. That is something you as a politician have to take a chance on, too, because if you vote against this the thing

may catch up with you and the people may wash you out. I have had to take that chance. I have not supported it up to date. I am not saying yet what I will do with this bill. The chances are I shall vote against it, because I am not satisfied with the administration or with the results.

Mr. RICH. If we have a debt of \$252,000,000,000 and those countries all told have a debt of less than \$150,000,000,000 are not they in just as good a position to help themselves as we are, financially, especially?

Mr. CRAWFORD. I think they might help themselves a lot more if we would just step out of the picture, but we are not going to step out. This Congress is going to approve this bill, and no doubt many other proposals in the future.

It will approve future appropriations under this program. There is no doubt of that in my mind. I would like to make this bill as palatable to our people as possible. Therefore, I support this amendment.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. JUDD. To come back to the amendment. In the beginning opponents said it should not be supported because to put in the word "political" would make it too broad, and now the majority leader objects to it because he says putting in the word limits the scope of the language. Why should we not say what we mean precisely?

Mr. CRAWFORD. Exactly. It is about time we say what we mean and back it up.

Mr. JUDD. We owe it to our own taxpayers, and we owe it to the people of Europe to say that it is the policy of the United States to encourage certain definite things, and thus avoid uncertainty resulting from vague and undefined words.

Mr. CRAWFORD. That is what I believe in, and why I support the gentleman's amendment.

The CHAIRMAN. The Chair recognizes the gentleman from North Dakota [Mr. LEMKE].

(Mr. LEMKE asked and was given permission to revise and extend his remarks.)

Mr. LEMKE. Mr. Chairman, are we inviting disaster—committing national suicide? How long can we play Santa Claus to the rest of the world before depleting our natural resources? How long can we, with less than 6½ percent of the world's population, and less than 7 percent of the world's area, continue to operate an international WPA? We have already depleted our natural resources from 11½ to less than 8½ percent of the world's raw material.

Because of our high standard of living, we, 145,000,000 people, are consuming our 8½ percent of the world's natural resources, about as rapidly as the other 2,250,000,000 people are consuming the other 91½ percent. Yet the traitorous internationalists—the greedy one worlders for a profit—continue to dish out to foreign, inefficient, and in many cases

corrupt nations, the wealth that belongs to future generations.

There is very little high-grade iron ore left in Minnesota—very little high-grade manganese and chromium left in the Nation. We need manganese to make steel and chromium to make stainless steel. Without steel there can be no national defense. We are rapidly depleting our petroleum and many other products necessary for our welfare.

Under the Marshall plan, at the taxpayers' expense, we sent so much aluminum to Great Britain, that she returned some and sold it to us at black market prices. The manufacturers did not draw on Great Britain for this aluminum, but upon her Marshall plan credit in the United States Treasury—a credit that Britain has no more intention of paying than the \$34,000,000,000 she owed us after World War II that we cancelled.

Under the Marshall plan the farmers were robbed of steel piping—well casing—for their homes and livestock. The veterans needed homes, and the builders were robbed of the piping needed to build such homes. Under this plan our manufacturers sold all available steel pipes to Holland and other foreign nations at \$110 a ton.

Again the manufacturers drew on Holland's and other nations' Marshall plan credit in the United States Treasury—on our taxpayers' money. Not a penny of this credit will ever be paid back. Then about a year ago Holland had so much United States steel piping that she offered to sell to an American distributor all the piping he needed at \$290 a ton f. o. b. Holland. Thus the Marshall plan created an international black market with a vengeance.

Unless this international insanity of destroying ourselves is stopped, we will not long survive as a great Nation. What is true of manganese, chromium, and steel pipes is true of thousands of other needed articles—articles produced by Americans and ignorantly and lavishly given to foreign nations.

The Marshall plan has been handled inefficiently, wastefully and in many spots corruptly. As a starter we appropriated \$15,000,000 for certain newspapers and periodicals for their help in putting over the Marshall plan on a supine Congress and a misled people. If that bribery is not a betrayal of our Nation, than I do not know what a betrayal is. I say without hesitation that the internationalists—the one worlders for a profit—are more dangerous than the Communists.

Men always deceive themselves by abandoning experience to follow blind leaders—blind bellwethers. How long will we follow and permit the do-gooders on the packed Foreign Relations Committee, in their blindness and zeal, to destroy our Nation? I have the highest respect for the members on that committee, but they are lost in the dismal swamp. They do not know where they are going or where they came from. If they ever hit it right, it will not be by the law of average, but by the law of accident.

Six years ago that committee told us that unless we surrendered our domestic



market, reciprocal-trade agreements, there would be a world war III. Later we were told to avoid war and rearmament, we would have to lavish billions upon other nations—among them Russia and her satellites. The waste and corruption connected with UNRRA has not yet been fully written. Then came Dumbarton Oakes, and they told us we had to have an international bank which in the end will fleece the American taxpayers out of another possible \$16,000,000,000 or \$17,000,000,000.

Then the committee told us that in order to avoid world war III, we would have to loan Britain \$4,400,000,000 and cancel the \$34,000,000,000 she owed us. Next we were told that unless we gave \$350,000,000 to arm and feed the decayed Greek Government's Army, the Communists would get us. Later it was billions more for the Greeks and other inefficient, and in some cases, corrupt nations.

The some \$60,000,000,000 that we have mostly squandered on foreign nations since World War II, and the billions more we are asked for have not and will not, in the end, produce peace, but war.

Now again we are lavishly entertaining the representatives of foreign nations—some "has beeners" and some "never wasers." These foreign representatives all flocked to Washington to sign the North Atlantic Pact, and before the ink was dry, they demanded that Uncle Sam give them billions in addition to the Marshall plan for armament. Each representative had one hand out in front of him and the other behind his back hoping to get one hand full of American goods and the other full of the taxpayer's dollars.

The forerunner, as usual, was Winston Churchill. He was wine and dined at the other end of Pennsylvania Avenue. He made a speech to gullible Bostonians. He calls annually just about the time that Uncle Sam finishes collecting taxes. He believes that the early bird gets the worm—gets the cash. On arrival he had his picture taken on the boat. Then he was wine and dined by the intellectual Tories who like to bask in the British atmosphere.

I do not blame these foreign lobbyists. I do blame our Government and the Committee on Foreign Relations for being gullible enough to be taken in by that kind of flattery—gush. In spite of the fact that we are some \$260,000,000,000 in the red, and with future obligations owe \$663,000,000,000, we are asked to operate an international WPA. In fact we are bankrupt twice over. The Federal Government, with future commitments, owes twice as much as the normal value of all our property. We owe about four times as much as all the rest of the world taken together.

We are now asked for billions more to continue the Marshall plan and billions more to arm half of the world against the other half. We are asked to commit national suicide by giving away our natural resources and depleting our Nation, and in the end when we are exhausted we may have world war III on our hands because of our stupidity.

The time has come for us to refuse to follow blind bell wethers. The time has

come to put an end to the stupidity of the do-gooders both in and out of Congress.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. YOUNG].

(Mr. YOUNG asked and was given permission to revise and extend his remarks.)

Mr. YOUNG. Mr. Chairman, at the outset I say that I am enthusiastically supporting this authorization. Regarding the pending amendment, reading this bill I note it refers to "sustained, common efforts to achieve economic cooperation, and to encourage the unification and federation of Europe," it appears to me that the amendment offered by the gentleman from Minnesota is a meritorious one.

It appears to me, Mr. Chairman, that this amendment offered by the gentleman from Minnesota should be adopted. I find myself in accord with the gentleman from Louisiana. This amendment, it seems to me, makes for clarification. The purpose of this entire measure is to preserve peace, and may I say to the gentleman from Pennsylvania, my neighbor to the east, that I am here as a representative at large of all the people of the State of Ohio in this Congress, and that I speak with the voice of 7,000,000 of my constituents, Republicans and Democrats alike, who are for America foremost and first; and I agree with the gentleman from Louisiana that there should never be another world war. Two world wars—and it happened that I had the honor to serve in both of them—two world wars in which we were forced to participate were two world wars too many.

This amendment does not express any limitation, but rather is a broadening statement of the great humanitarian purposes of our Government.

Mr. Chairman, this authorization should be passed overwhelmingly. We intervene in Europe not for the purpose of domination but to prevent domination by the Soviet Union. We intervene, not to impose our system of government but to allow other peoples to choose their own system. We intervene to protect freedom. We intervene to achieve world peace. We intervene to protect the integrity of nations like Italy, Greece, and Turkey—to safeguard our own national security and with it the peace of the world.

It is of the utmost importance that we continue economic aid and an information program—that we confine and contain the Red threat of Communist aggression.

It is an unfortunate choice confronting our people. It means we must pull in our belts. It means we must spend a huge amount of our resources but if we count our pennies now we shall have to count our war dead later.

Dictatorship once again threatens us. The ECA program, or Marshall plan, has succeeded, to this good hour, in rolling back the tide of Red fascism or communism—it matters not by which name you term it—and were we to stop now, before the nations of western Europe are able to proceed on their own, it is probable that the few remaining

citadels of freedom in the Old World would be unable to prevent themselves from becoming black holes of oppression behind the Soviet's iron curtain.

World War II left us the most powerful nation on earth, politically and economically supreme. With that power goes a responsibility we must not ignore.

In Italy, to cite an example of which I have personal knowledge from 27 months' services overseas in the armed forces, the Axis armies in their retreat adopted a well-planned scheme of demolition, the like of which the world has never seen. As the Fifth Army went forward from Salerno to the Brenner Pass, the Germans and Fascists, in their retreat throughout the length and breadth of Italy, destroyed what the shells and the bombs of the armies did not demolish. Italy and other nations of western Europe were shattered and famine stricken. They would have been easy prey to communism, had it not been for the Marshall plan and the great and unselfish aid this Nation has given. As a result of the program, for which I today urge renewed support, Greece, Italy, and Turkey stand firm against Communist Russia. Who is there to say that any of these nations would have a government of their own choosing if we had not aided them 18 months or more ago?

Mr. Chairman, this program upon which we vote is a program for peace. We who support this will help write into history not of wars, but of peaceful people, their life, liberty, and pursuit of happiness.

Ours is the greatest and richest industrial nation on earth. We learned the hard way in bitterness and despair back in 1931 and 1932 that isolationism and depression go hand in hand—that building a wall around this Nation bankrupts agriculture and paralyzes transportation and trade. We have learned that international trade is not a one-way road.

By this great program we support today we voice again our realization that only a prosperous world can be a peaceful world and that by building up the industry and trade of foreign nations, we enlarge our own industry and trade.

The bipartisan foreign policy of the Truman administration has met with success even beyond our fondest hopes and dreams. It would be unthinkable that in this, the second year of the European recovery program, we should stop in our tracks or retreat. Our answer must be to vote up this authorization.

In Europe, through the application of the Truman doctrine, or the Marshall plan, we have stopped the march of communism and we are seeking to bring permanent peace to a torn and war-weary world. Who is there who can say that but for our aid the Soviet Union would not have imposed an extension of the iron curtain across an area dominating a natural resource of tremendous importance in peace and in war—the Mediterranean Sea.

The American people may well have a feeling of confidence and satisfaction that they have, in Washington, a President and a Congress, preparedness-



mindful, courageous and firm in dealing with the Soviet Union.

The alliance of the free nations of Europe and this Nation, as is evidenced by the North Atlantic treaty and by the entire ECA program, attests that a strong unconquerable America is determined to achieve a just and lasting peace in a democratic world. If the Soviet Union should assail us this year or in the years to come as an aggressor nation in the Hitler pattern, an overwhelming force will be alert and prepared to hurl back the aggressor. We who support this authorization attest our belief that free peoples everywhere have a right to enjoy peace and security in a free world.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

The question is on the amendment offered by the gentleman from Minnesota.

The question was taken; and on a division (demanded by Mr. Judd) there were—ayes 72, noes 133.

So the amendment was rejected.

Mr. JAVITS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JAVITS: On page 2, line 11, after the word "states" strike out the period, insert a semicolon and the following: "Provided further, That assistance under this title shall not be made available to any participating country which fails to comply with the decisions or accept the recommendations of the General Assembly and the Security Council of the United Nations on measures to maintain or restore international peace or security or to bring about compliance with the provisions of the Charter until such time as the President finds that such compliance or acceptance has been effected."

Mr. JAVITS. Mr. Chairman, this amendment as is by now well known is intended to deal with the problem of the failure of the Government of the Netherlands to comply with the United Nations Security Council's resolution of December 1948, respecting Indonesia, ordering a cease fire and the release of the high officials of the Indonesian Republican Government held as prisoners. The issues are grave and could well affect the views of millions of people of Asia and the East Indies with respect to the devotion of the United States to freedom and self-determination for them.

Mr. Chairman, let me say at the outset that any effort to discredit this amendment by an argument as to the character of the people in the Government of the Republic of Indonesia I think is footless, and on two grounds: First, we already have a complete record since December 1948, that both the President of the United States, and no greater authority exists in our Government on foreign affairs, and the Secretary of State of the United States have protested to the Dutch Government against these very activities with respect to their failure to comply with the resolution of the United Nations Security Council; and, second, we are not being asked to make an independent finding of fact in connection with the administration of this amendment. We are asked only to take the solemn determination of the Security Council of the United Nations, of which

the United States is a member, and in connection with which determination the United States has the absolute right to veto, so that if the United States does not agree with the resolution of the United Nations Security Council it could veto that resolution.

The argument will also be made with respect to this resolution that it is unnecessary because if the United Nations should impose sanctions, then the United States by virtue of its adherence to the United Nations Charter itself, must carry out those sanctions and no amendment to this law is necessary to bring that about. Certainly no amendment to this law is necessary to bring about the carrying out by the United States of sanctions imposed by the United Nations, but such sanctions cannot be imposed unless the Security Council votes, not a resolution like the one we are discussing here with respect to Indonesia, but specifically votes economic or other sanctions. Before it can vote those sanctions any great power, and that includes the Soviet Union, can veto, so that if the resolution for sanctions is vetoed in the United Nations Security Council there is nothing that the United States has to carry out under the terms of the Charter.

The Dutch, who are going to get under this particular legislation some \$355,000,000, are not obeying the United Nations Security Council and we are told that the United States has not the power to do anything about it under circumstances where it is proposed to actually deliver this vast sum of aid to the Netherlands Government.

It is a fact that the United States as a measure of protest has already cut off aid to the Netherlands East Indies. But what has that done? What has been done is to deprive the East Indians themselves of the benefit of some assistance under the European recovery program; in addition some two-thirds of our aid had already proceeded to Indonesia before it was actually cut off by order of the Administrator following the resolution of the United Nations Security Council.

There is also a possibility that this kind of amendment and this particular situation will not apply alone to the Netherlands, but may apply to other nations. There are other great colonial powers in the European recovery program: Belgium, Great Britain, and France, to be specific. All the peoples of Asia are thinking now in terms of their own freedom, and their own independence. The ERP is a great program for economic recovery—to do what? To promote freedom, and all I am asking in this amendment is that as a declaration of policy we will say that we intend to see that freedom is promoted now, not by following our own views or the views of somebody else, but by following the organized opinion of the world, the organized conscience of the world in the United Nations.

Now, Mr. Chairman, the other body has already considered this question and came up with an amendment which was but a declaration of what is already an obligation of the United States.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. JAVITS. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. The other body has already passed an amendment to the European recovery program purporting to do something about the situation. What they have done is to say that where the United Nations Security Council has ordered sanctions to be imposed, the United States will withhold its aid unless the particular nation affected performs what the United Nations wants it to perform. Well, that is already a proper obligation of the United States under the United Nations Charter. We are creating no new obligation if we do nothing but pass the amendment of the other body.

In addition I would like to point out that I have not offered an amendment requiring that the Administrator or the President forthwith cease aid to the Netherlands if it continues its refusal to comply with the United Nations Security Council's resolution. On the contrary, I have written it into the statement of policy to give our top executive authority on foreign affairs—the President—with complete flexibility with respect to when and how that policy is to be carried out. But, I certainly think it is fundamental if the European recovery program is to succeed in this fight for freedom, that this provision be put in the law as part of the fundamental policy of the program.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. DOLLINGER. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DOLLINGER. Mr. Chairman, I am heartily in favor of the continuation of ECA aid, for this investment in the rehabilitation and care of the people of war-torn countries is our most potent weapon in the present struggle between democracy and communism and in our efforts to preserve peace.

However, we know that the Congress, in voting for the Marshall plan, had no intention of allowing the funds granted or lent thereunder to be used in any program of aggression by any nation receiving such aid. In my opinion, the present Indonesian situation presents a flagrant defiance of the United Nations and its Security Council. Further, although there have been strong denunciations of the Dutch because of their offensive against the Indonesians—they continue in their aggression and their refusal to adhere to the order issued by the Security Council.

We must, therefore, protect ourselves against further misuse of grants under the Marshall plan. The people of the United States have indicated their will-



ingness to make sacrifices for the nations which would benefit under the Marshall plan—but, primarily, those sacrifices are meant to preserve peace. We cannot afford to give aid to those who defy the orders and decisions of the United Nations or its Security Council, now or in the future. The prestige of these bodies must be maintained unless we are to have another futile and useless organization like the League of Nations.

Firmly convinced that we must take drastic action, I introduced H. R. 1643 on January 18, 1949, which provided:

That no money under this act, shall be granted, lent, or used to or for any country which violates any provision of the Charter of the United Nations or directly or indirectly engages in acts of aggression, so long as such acts continue, as determined by proclamation of the President of the United States of America or by the United Nations.

This bill was introduced with the thought in mind of withholding aid from Great Britain and Holland, who were both aggressors at the time. Since then, Great Britain has been compelled to desist, but Holland persists in continuing with its program of aggression. In the light of these events, I am pleased to support this amendment which proposes to shut off American aid to any nation singled out for punishment by United Nations sanctions for violations of the UN Charter. This provision will protect us in the future, and will assure us that United States funds will not be used to further an aggressor's cause.

This country has no wish to assist any aggressor nation in a destructive undeclared war on any other activities which undermine the peace. It is only by signifying our firm intention in this regard now, and legislating accordingly, that we can hope to maintain the efficacy of the United Nations, upon which we must rely to keep order in our troubled world.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. CHATHAM. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there is evidently a great deal of misinformation on the Dutch-Indonesian troubles. I have studied this matter for some weeks, and I am convinced that it would be a mistake to enact an amendment to withdraw aid from the Netherlands because of the so-called police action of December 1948 and the continuing disorders in parts of Indonesia.

I have before me a report issued February 2, 1949, by Dr. Harry D. Gideonse, now president of Brooklyn College in New York. He is known as an expert on Netherlands affairs and says at the beginning of his report:

Our American policy—and I am talking about American policy toward Indonesia, and only insofar as it is relevant about the policies of the Netherlands or other powers—is an incredible mixture of ignorance, of false starts, of noble intentions, and of ideological hypocrisy.

Dr. Gideonse then traces the Dutch colonial policy and concludes that these

people of Holland have been easily the most progressive colonial power. It is well established, he says, that the Dutch have been progressive in the sense that the government of the dependent territory is conducted in a way to permit and promote a growing participation in that government by the folks who are themselves the natives of the dependent country. Unlike some other folks, he says, the Netherlands have not only preached this, they have practiced it. He cites the incident of the Rosenwald Foundation—that when the Rosenwald Foundation got interested in the problem of the educating of the American Negro of the United States, they chose to bring in as their leading expert a gentleman who had the standing of being the leading administrator of education in Dutch Indonesia. That choice was quite a compliment to the education achievement of the Dutch colonial administration.

Dr. Gideonse, in his report, states that the present Government of the Netherlands is a coalition between the large Catholic Party and the large Socialist Party. The more conservative groups are not represented on the right, and the Communists are not represented on the left. Policy in Indonesia at present is supported by Parliament and by the Dutch people. I have in my records here copies of correspondence between Mr. Philip Murray, president of the CIO, and Mr. A. Vermuelan, secretary of the Netherlands Federation of Trade-Unions. Mr. Vermuelan writes Mr. Murray, under date of January 24, 1949, that the federation of trade-unions rejoiced when the Linggadjatti and Renville agreements were signed because they looked upon these agreements as a realization of the ideals expressed in the charter of their federation. He says it became more and more a matter of great concern to the federation when developments during 1948 showed that chances of achieving a definite agreement with the Republican government of Indonesia decreased steadily. He states that there can be no difference of opinion as to whether the fact that the Republic did not carry out the agreements into which it had entered and that no further arrangements could be made, must be attributed to unwillingness or to impotence, or to both, on the part of the government of Indonesia. Mr. Vermuelan states that it is an established fact that communistic influence within the Republic was growing and that this influence made it increasingly difficult to reach an agreement with the Netherlands, and, finally, to the inability to the Republican government to control its armed forces in irregular formations. Mr. Vermuelan further states it is the considered opinion of the federation of trade-unions that the military action of the Netherlands Government should be justified by the measures which will be taken in the next few weeks and that it is the intention of the Netherlands Government to direct its efforts toward a peaceable settlement, as evidenced by the speech of its representative in the Security Council.

Mr. Murray, in replying to Mr. Vermuelan under date of January 31, says

the CIO accepts his assurances that the present action of the government is motivated by the desire to maintain law and order in all Indonesia, and acknowledges that the Netherlands Government has never taken an exception to the final government arrangements of Indonesia in the United States compromise plan.

It is perfectly plain that Russia would like to draw Indonesia into her orbit, the sooner the better. The best method to this effect is to try to conquer Indonesia by her fifth columns. Should the U. S. S. R. succeed, they will then have deprived the western democracies of one of the treasure houses of the world—a treasure house vital to us in peace or war. If Indonesia should be conquered by Communist fifth columns, the balance of power in the world-wide struggle might tip to the Russian side.

The Moscow Communists, under the leadership of Alimin, Musso, and Sjari-fudin, have been one element in the government of the so-called Republic. The latter was appointed Minister of War by President Soekarno and he signed the Renville agreement. He later admitted that he had always been a Communist and was executed by another element in the Republic. Now here is the record of two of the other leaders, President Soekarno and Premier Hatta:

#### WASHINGTON PICKS SOME QUEER PROTÉGÉS TO FIGHT IMPERIALISM IN INDONESIA

For weeks on end, our UN delegates have tried to outbid and outorate Russia in proclaiming the State Department's affection for Indonesia's nationalists. Pressure groups from all over have issued impassioned resolutions hailing Indonesian leaders as democratic underdogs personified and symbols of the world-wide struggle against tyranny.

Nobody, of course, can be that pure, and the Indonesian nationalist leaders certainly aren't. Just who are they, this former President Achmed Soekarno and Premier Mohammed Hatta, and what is it that makes them the idols of weepy sentimentalists from Palembang to Union Square?

Both have played along with communists, on and off, ever since they appeared on the political scene. That, we realize, is still considered a highly respectable practice by some people who call themselves progressives. But Soekarno and Hatta also weren't reluctant when it came to collaborating with the Japanese effort to take over Asia. Here, briefly, is the story:

When the Japanese arrived in the Netherlands East Indies, they quickly recognized Soekarno and Hatta as their friends and brought them to the main island, Java. Soekarno, in his enthusiasm over Tokyo's first big victories, bet on the Japs to win. He told his followers on March 1, 1943: "Ever since the Japanese army constituted a government in these lands, we Indonesians have done everything in our power to work with them, and we have exerted ourselves to attain that great goal placed before us by Dai Nippon: The greater east Asia coprosperity sphere."

Hatta celebrated the Japanese Emperor's birthday a few weeks later with these words: "We are integrated in the prosecution of the war of greater east Asia, and it is in complete accord and cooperation that we work within this community of destiny." Making sure of pleasing his Tokyo bosses, he added: "We are ready to participate fully in the fight for the destruction of the United States and of England, and for this reason we stand in complete confidence and with all our strength behind the army of Dai Nippon, so that it may achieve victory."



Both Soekarno and Hatta were leaders in a number of Japanese-sponsored organizations set up to recruit Indonesians into Nippon's army and to spur war production. Among these groups were the Poetera organization, the Hookoo-Kai and the Java Central Advisory Council. Soekarno and Hatta traveled up and down the country, making speeches, writing appeals, and generally trying to get popular support for Tokyo's "co-prosperity" notions. In 1945 they organized, on their own initiative, a so-called New Life Movement, designed to rally the Indonesian people against the expected Allied invasion.

Just after the atom bomb was dropped on Hiroshima, Soekarno and Hatta were summoned by the Japanese to Saigon, Indochina. There they were told by the Japanese commander in chief for southeast Asia, Field Marshal Terauchi, that orders from Tokyo called for immediate proclamation of an Indonesian Republic. Soekarno was properly and extravagantly grateful. He acknowledged independence as "a favor of His Majesty, Tenno Heika, sprouting forth from his unlimited wisdom" and expressed his "eternal thanks." It should be noted, of course, that from the Indonesian point of view independence was welcome under any sponsorship, but that does not mean that we should regard former collaborators with Japan as models of political perfection.

The Indonesian Republic was born at the Batavia house of Rear Admiral Maeda, head of Japanese naval intelligence, on the morning of August 17, 1945. Soekarno signed the proclamation of independence that made him President and Hatta Vice President. Rear Admiral Maeda looked on; he had just planted a gigantic time bomb. Today Soekarno and Hatta are the subjects of Washington's concern. In its anxiety to get on the band wagon of "antimperialism," the State Department has taken on some curious protégés.

The American-sponsored resolution of the Security Council has demanded that the Netherlands Government set free the Republican leaders and negotiate with them. It might well be that the Dutch Government would be compelled to allow them to enter the Federal Government of the United States of Indonesia. These Communists, these Japanese quislings could then work legally toward the Soviet Government of Indonesia. Do you blame the Dutch for resisting them, for trying to clear them out of the so-called Republic? What would we do in similar circumstances? You know what we would do, I know what we would do—we'd be harder than the Dutch have ever been.

Pressure groups from all over have hailed Indonesian leaders as democratic underdogs and symbols of republican principles. The leaders of the Republic that signed the Renville Agreement on January 17, 1948, were former Japanese collaborators and were among the people who hailed the Japanese as the founders of the great prosperity order of East Asia. The three main leaders who signed the Renville Agreement for the Republic, it is believed, have been executed during the last few months by more moderate elements of the Republic.

Returning to Dr. Gideonse's report, he states that before the Dutch military action of December 18 last, there were on average 50 Indonesian officials a week killed by guerrilla action. That was done deliberately to frighten the Indonesians from participating in the government

administration of the Dutch area. The whole military action of the Dutch, Dr. Gideonse reports, the first one a year and a half ago, and this one now, has cost less than 100 casualties and this last one, counting the Indonesian casualties on both sides, less than 250. When you remember that the total population is 75,000,000 and that there were 50 killed a week among Indonesian officials up until the police action, these figures take on a new meaning.

The Marshall plan is not designed to help the Dutch alone. The Marshall plan is designed for the reconstruction and restoration of western Europe, and the Dutch have been in the forefront in cooperating with this plan. They suffered the loss of one-third of their national wealth through the occupation of the Germans; their living standards reached an unbelievably low point—at one time they were living on 400 calories a day, and when a communistic-inspired Japanese-quisling-trained group of people backed an uprising in Indonesia, it was immediately shouted that democratic principles are being violated. We don't always know what we are talking about. There is one last point. It is that if ECA aid is to be an instrument of political coercion, that would be against the basic concept of ECA. If this principle was established, the United States would be placed in the position of reviewing the activities of all the recipient nations with a view to determine whether such activities measured up to criteria satisfactory to United States foreign policy. Under this principle, the continuation of ECA aid to any nation could be construed as signifying endorsement by our Government of all the policies pursued by that nation and would place us in an impossible position.

I hope you will defeat the amendment.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. CHATHAM. I yield to the gentleman from New York.

Mr. JAVITS. Will the gentleman agree that the President, the Secretary of State, and the United Nations Security Council, all three, have vigorously condemned the Dutch for their failure to comply with the resolution of the United Nations Security Council passed in December 1948?

Mr. CHATHAM. I believe that is generally known.

Mr. SMATHERS. Mr. Chairman, will the gentleman yield?

Mr. CHATHAM. I yield to the gentleman from Florida.

Mr. SMATHERS. Is it not a fact there are already in the law provisions which require the Administrator of the ECA to comport with the foreign policy as established by this Congress, by the Secretary of State, and by the President? In other words, does not the gentleman feel that the situation is already covered by existing law?

Mr. CHATHAM. The gentleman from Florida is exactly right. Section 118 of the act instructs the Administrator to terminate aid to a country whenever "because of changing conditions assistance is no longer consistent with the national interest of the United States."

#### THE CHICAGO COUNCIL ON FOREIGN RELATIONS PRESENTS AMERICAN POLICY IN INDONESIA

(By Harry D. Gideonse)

Chairman CYRUS H. ADAMS III. Few people are better qualified to inform us than Dr. Harry D. Gideonse. To many in this room, he is well known from the years between 1930 and 1938 when he was in the Department of Economics at the University of Chicago and he has addressed this council on several occasions. To the radio audience, his voice will be remembered from his participation in the University of Chicago Round Table, the Invitation to Learning, and other similar programs.

Born in Rotterdam in the Netherlands, he came to this country at the age of 3. He received his bachelor and master degrees at Columbia. He has received other degrees from the University of Geneva in Switzerland, from Brooklyn Law School, St. Lawrence University, and Western Reserve University. He has had a distinguished teaching career at Barnard, Columbia, Rutgers, University of Chicago, and is now president of Brooklyn College in New York.

To list just a few of his activities, he is an author, an editor, a director of the Woodrow Wilson Foundation, chairman of the board of Freedom House, and since 1946 has been a member of the United States National Commission for UNESCO.

Primarily an educator in the field of economics, he has always been keenly interested in foreign affairs. Although he has lived in the United States since the age of 3, he has never lost interest in Netherland affairs and has continually kept in close touch with that country.

He will speak to us today on American Policy in Indonesia.

Dr. HARRY D. GIDEONSE. Thank you, Mr. Chairman.

Members of the council and old friends, it is fun to be back here, fun to see old friends and to speak from this familiar pulpit. It is not fun to talk on a subject that is as full of confusion, and I think misunderstanding in the United States, not to speak of a few other places, as Indonesia. But the Chicago Council has a rather peculiar record as far as its choice of topics for me is concerned. I recall one time when you invited me back in 1939, when we had just seen the beginning of the Second World War, and the Chicago Council put on a program to which you had invited a gentleman who had often been Senator Borah's brain truster, who was to argue that it was not our war and could not by any stretch of the imagination be our war, and then his opponent was to argue that perhaps this was our war, and we should pay some attention to our interest in its outcome. That was my role, and it was not an easy one, although perhaps, as time went on, it became a somewhat understandable performance.

Then in 1943 you brought me on a comparable sort of an assignment. At that time, as some of you may still recall, American public opinion—and particularly the liberal and democratic wings—had become greatly concerned about the fact that Mr. Roosevelt was doing such strangely reactionary things when he wasn't giving full recognition to General DeGaulle. You may remember how all the liberals and all the democratic elements were critical of Mr. Roosevelt because he somehow could not see the four-freedom light with regard to General DeGaulle. It was my function to come in and give you a speech in which, without any connection at all with the State Department, I could speak somewhat more freely than the gentlemen in the Department who were under the sealed-lips tradition of responsibility. I explained how it could be argued that General DeGaulle was not so far away from Marshall Petain and Vichy in his attitudes on social, economic, and political questions, again a



position which was then very difficult to take and for which perhaps some people have today a little more understanding.

Now, if you look at Indonesia, it is perhaps the toughest assignment of them all. I do not remember a question on which American public opinion has seemed, from the Chicago Tribune on the right straight through the fellow travelers on the left, as united in its determination to believe things that aren't so; and as united in its determination to refuse to listen to the other side, and I compliment the Chicago council for one of the rare opportunities to speak a piece in public on what are some of my reasons for making that very severe statement.

I am going to argue here, and I am putting you on warning, that our American policy—and I am talking about American policy toward Indonesia, and only insofar as it is relevant about the policy of the Netherlands or other powers—is an incredible mixture of ignorance, of false starts, of noble intentions, and of ideological hypocrisy. It is quite an order and now let's proceed.

To understand the position you must first of all remember that the Netherlands for now well on two generations have been regarded as, I think, easily the most progressive colonial power. They have quite a record that way. Any college library will show it. It is well established, I think, in the literature on colonial administration that the Dutch have been progressive, progressive in the sense that the government of the dependent territory is conducted in a way to permit and promote a growing participation in that government by the folks who are themselves the natives of the dependent country. Unlike some other folks, the Netherlands have not only preached this, they have practiced it. This is not recognized merely in the Netherlands. It is even recognized by groups like our own Chicago Rosenwald fund. I say that because I don't think that anyone would argue that the Rosenwald fund was a reactionary or an imperialistic group. When the Rosenwald Foundation got interested in the problems of the education of the American Negro in the United States, they chose to bring in as their leading expert a gentleman who had the standing of being the leading administrator of education in the Dutch East Indies. That choice was quite a compliment to the educational achievement of the Dutch in their colonial administration. The material written by the gentleman can be consulted in any American college library. And the choice was not made by anyone engaged in power politics at Lake Success or in the Netherlands. It was the choice of the Rosenwald fund, a free independent group of American citizens interested in the education of the American Negro. You couldn't have a more objective testimony to what that group thought of the educational policies practiced in the Netherlands East Indies.

Let us look at it historically, and let me cite a few facts. I do not wish to overburden you, but to remind you of some facts that show that education to native self-government was not some afterthought of the Dutch, not something that the Netherlands discovered during the Second World War when they temporarily lost control to the Japanese. The notion of participation of the natives in colonial government in the Dutch East Indies is very old. The notion of separating the budget of the Netherlands and the Netherlands East Indies is more than 70 years old. The notion of a colonial policy, the primary purpose of which would be the development within the Dutch East Indies of native Indonesian ability to share in and ultimately to take over the control themselves, goes back to the year 1901.

A Cabinet was put into office in the Dutch Parliament in 1901 to implement that policy. There is a very long record of policies de-

signed to give the native civilization of the Dutch East Indies self-control culturally, something the West has not always understood, because it interfered with the imports into the Dutch East Indies of western culture, western religion and western technology. But the Dutch all along followed what you might call an anthropological policy in the Dutch East Indies. In other words, the great variety of racial, and religious groups in the islands were to be preserved in the integrity of their own culture. For example, they were legally to be judged in courts in which their own customary law was to be the standard—not Dutch law, not western law, but so-called Adat law. Adat is simply the word for native custom. We would say common law, and when the natives did not have the scholarly resources to codify such law properly, Leyden University devoted some of its most distinguished scholars to this task. Van Vollenhoven, who was one of the greatest experts in international law, was one of the great scholars in Adat law, codifying, in other words, the customary law of the natives, including among other things, the principle that no Dutchman, no westerner, was ever to be a judge in any of the Adat law courts. The Adat court law was always administered by natives who handed out native law. Land ownership was never to be vested in non-Indonesians, much to the displeasure of many foreign investors.

Of course, the implication was that you had other courts for other kinds of law, every group being judged on the basis of its traditional views. This is understandable if you recall that there are some 75,000,000 people in the Dutch East Indies; including some 15 to 20 clearly recognizable racial groups, and some 200 local dialects. They have no common language, although the Dutch have gradually put through the notion of Malay as the common language in recent times. It is now called the Indonesian language and is more or less a synthetic improvement of Malay above the bazaar Malay of the market. So Malay in that respect is a little like the Hebrew of modern Israel which has been given a contemporary vocabulary to describe recent economic, technical and scientific developments for which old Hebrew had no vocabulary. The Indonesian language of today, which you read about, is that standardized East Indies Malay, and its spread accompanied the accomplishment of over-all political unity by the Dutch. There was no such unity until it was accomplished in three centuries of Dutch administration.

Now, these 75,000,000 people living in an island empire that stretches over an area as large as the whole of the United States, have an enormous cultural and historical diversity. It is therefore natural that if you wanted self-government, you had to work with these groups in their own cultural tradition. If you tried to impose one standard on them all, you would be going flatly contrary to that object of self-government and self-participation, which we have always regarded as the yardstick of progressive colonial administration.

The developments toward self-government began to take a more concrete political form back in 1916 for the whole of the Dutch East Indies—1916, mind you, when the Dutch established the so-called popular council (Volksraad) still by a slight majority Dutch; 1918 was another step; 1922 and 1928 were other steps in the expansion of its membership. By 1928 it had become in majority Indonesian and it was then an agency in which the final budgetary control over the Dutch East Indies had been transferred from the Hague to Batavia. That, you see, is 20 years ago. There still existed at that time a veto on the part of the Dutch Parliament over the budget as a whole, but no longer an item veto; and the budget as a whole was never vetoed. In other words, you had there a continuous development of participation of

sharing in the government of the Dutch East Indies on the basis of favoring the development of local native cultures.

Don't get the impression that this was all done unanimously by the Dutch. Of course not. The Dutch aren't angels, no more than the Americans. There were commercial and bureaucratic interests that they did not wish to relinquish, something from which they deprived profits of a commercial and financial sort. But you also had these other elements of which I have been speaking that dominated in the Netherlands Government policy, as I said, from 1901 on. There are such differences right now in the Netherlands where there are several rather important political groups, not however members of the present government of the Netherlands, who have all along felt that the policy of the Dutch Government has been altogether too idealistic and too unrealistic. These groups feel that power and force were not used early enough. These groups, many of them, are very close to big industry and financial investments in the islands. They have disapproved of this so-called ethical policy since 1901, and they are very vigorous in disapproval now. But they are not members of the present government of the Netherlands.

I think it is very important for you to keep in mind that the present government in the Netherlands is a government roughly comparable to a combination between the present government in England, a labor government, and the government in France. The two dominant parties in the government of the Netherlands today are groups that we could call Social Democrats and Christian (Catholic) Democrats. That is to say, the large Catholic and the large Socialist Party combined in one cabinet. The more conservative groups are not represented on the right, and the Communists are not represented on the left. Policy in Indonesia at present is supported by parliament as a whole, with the exception of eight Communists, and those of course you would not expect to be in support of any policy other than one that presented Communist infiltration in Indonesia.

If you look at the picture after 1945 you find, after the islands were liberated, a period of great confusion, because the Japanese, when they found they had to leave, left Japanese puppets in control. Soekarno, the president of the so-called Indonesia Republic, and Hatta, the vice president, were both men who during the Second World War were on the side of Japan. They were in Tokyo. They are both committed to extremely critical statements about American imperialism although they like to compare themselves today—even on postage stamps—to George Washington and Abraham Lincoln. The other day you saw in the papers pictures of Soekarno in Tokyo, which was one of the affiliations that were built up during the war and very genuine at that time.

When the Japs were forced to leave, they left Soekarno and Hatta in charge, and they left them armed with Japanese armament. The top leadership, in other words, of the so-called Indonesian Republic is definitely Japanese puppet leadership. It isn't as simple as that, however, for the Republic as a whole. There has always been a very large branch of so-called Republican leadership that is definitely Communist-infiltrated, if not Communist by identification, and the situation is further complicated by Nationalist and extreme Moslem elements. It is not simply black and white. Some of these groups overlap. There are Communist affiliations that are built right into the Japanese Quisling groups. On the other hand, there are Communist groups that resent the Japanese element very much, because some of the Republican leaders during the period when they cooperated with Japan allowed tens of thousands of Java's best young men to be used by the Japanese to do construc-



tion jobs and build airfields, and so on, for Japan on the islands throughout the Pacific, and almost none of those boys came back. So that Java remembers that some of the Djogjakarta leaders did that Quisling job as far as Java's best young men are concerned. And, of course, the Communist element in this movement remembers that very much, and occasionally revives the memory of it.

Then you must keep in mind that in Java—and in Indonesia generally—the population is overwhelmingly Moslem. That is one of the big differences we must always keep in mind when we think of the Dutch East Indies and the Philippines. The Philippines were Christian, an inheritance from Spain. The Dutch East Indies are Moslem, overwhelmingly so, and there are socially conservatives but religiously militant Moslem movements, and there is a good deal of that in Java, and in Sumatra. These Moslem militants are often extreme conservatives on the social question and therefore very much of an obstacle to the Communists who try to infiltrate the country. So you get, as you sometimes get with some of the Negro or Zionist groups in the United States, a very determined effort on the part of some of the Communist groups to confuse people's thinking about Negro or Jewish groups by trying to achieve some degree of infiltration in them, and thereby confuse the public as to the nature of those movements. You have that in Java where you can find certain groups of a militant Moslem character, that have practically no standing at all as far as the large majority of the Moslem elements are concerned, but these ideological motives confuse the observer—and sometimes the natives—with regard to where the real loyalties are.

One more word about the Republic. The Republic is called a "Republic," and I think that is one reason why American opinion is so much in its favor—anything described as a "republic" must be good. We think of it in terms of 1776—freedom, democracy, elections. Now, it is very important to keep in mind that there are elections in the Dutch East Indies, and there will be more, but the one part of Java where there never have been elections is the so-called Republican part. There never have been elections there. They have what they call a parliament, but it is entirely composed of people who have just been chosen by the leaders who were not elected either. There have been no elections in Republican Java. There have been many elections in several of the so-called federal states, the states that are favorable to the Dutch formula of Indonesian federation preserving local autonomy in the various areas. It varies from one part of the East Indies to another because of the cultural factors. In many regions there are age-old local governmental institutions of their own.

Some of the governments have been based on elections as far back as 30 years, so that when we talk about elections we should keep in mind that the only parts of Indonesia in which there have been elections are the Dutch or so-called federal parts. There have never been elections in the Republican part.

Another thing that one has to keep in mind is that the Republic is a very peculiar kind of republic. Djogjakarta and Soerakarta, which are the geographical centers of the Republic, have always been among the most backward or feudal parts of Java, so much so that the Dutch always hesitated to exercise their western influence there. On the maps before World War II you will find Djogjakarta and Soerakarta described as the so-called Prince's countries. That was done because the Dutch had never really imposed their rule completely on the entrenched Tory Moslem character of the rule by the Sultan of Djogjakarta or the Prince (Susuhunan) of Soerakarta. The Republic works in some

way with the Sultan of Djogjakarta, and it is very interesting to note that the military governor of Djogjakarta is the old Sultan of Djogjakarta, a very strange kind of a thing when you think of the propaganda about the republican character of the so-called Indonesian Republic. I am not suggesting that there is deliberate deception here. I put it forward simply—and because I have to be brief about it in view of the time that is available—as another warning as to the complexity of these things. Djogjakarta doesn't represent elements that are more progressive than the Dutch; it represents very definitely, historically and socially, a group that was very much less advanced than a very large part of the rest of Indonesia. As to the western ideologies, that was added by these Communist elements of which I spoke a moment ago. You have there a mixture of a variety of forces which are very difficult to understand unless you have lived with it for a long time, and unless you know something about the genius of the party-liners' work when they have their minds made up to create disturbing pictures of confusion that will serve interests allied with Soviet influence throughout the world.

It is interesting to note just in passing that when negotiations took place under the Good Offices Committee of the United Nations—in which the United States was represented by President Graham, of the University of North Carolina—which ended in the negotiation of the agreement that was called the Renville agreement, Mr. Graham was there as the American official choice for membership in the Good Offices Committee, and he witnessed most of the negotiations between the representative of the Dutch, a Javanese, and the representative of the Republic, Sjarifoeddin, who was then Prime Minister.

Now, President Graham is a very honorable gentleman, but as some of you may have gathered from newspaper reports in the last few weeks, his name was in controversy before our own Atomic Energy Commission in connection with his loyalty record, because he was not thought to be as discriminating as he might be about Communists and fellow travelers. I base that statement on the newspaper reports that we have seen with regard to that loyalty report to the United States Atomic Energy Commission. The Commission chose to disregard it. Personally I have no doubt as to President Graham's loyalty, and I would trust his discretion concerning atomic-energy information. Nevertheless, there was a question raised as to whether he had been as discriminating in his observation of Stalinist fellow travelers as one would want an American representative to be under these circumstances. He sat on deck with those gentlemen for months during the negotiations on the Renville, and he came back with the conviction that all these arguments about Communist infiltration amounts to nothing. Just the other day when President Graham received the Hillman prize offered by the Amalgamated Clothing Workers, he used the word "totalitarian" to describe the Dutch, and he referred to the Republic as the forces of freedom.

Now, it is interesting to observe that Sjarifoeddin was the representative of the Republic on that occasion during this long period when President Graham could observe him there on the deck all the time, and today, by his own admission, not by the assertion of some suspicious conservative agency, not by the statement of the Dutch, but by Sjarifoeddin's own admission, he is a self-confessed Communist since 1935—since 1935. Certainly, it is legitimate to feel that during all the months of negotiations our observer was perhaps a little wanting in discrimination with regard to those things to which he should have de-

veloped a wee bit stronger form of ideological allergy. [Laughter.]

Now, let's go beyond that. Sjarifoeddin resigned his office immediately after he signed the Renville agreement. Now, what do you think the impact on the Dutch would be after negotiations in which a man, after painful months of argument, agrees to something and then immediately resigns so that his successor can say, "I am not bound by that because somebody else signed it." Later on Sjarifoeddin joined in a form of Communist rebellion against the regime. It was said immediately by friends of the Republic that this rebellion proved that there had been Communists, and that they had infiltrated the important positions, but that they had now left the regime. In a sense it perhaps proves that point, and Sjarifoeddin seems to have been killed in that venture—although no one seems to have very good information on that—but the important factor to remember is that when the rebellion took place within the Republican forces, the Republican government released from prison a gentleman by the name of Tan Malakka. Tan Malakka was another kind of Communist. Perhaps you can make the comparison as between Tito's communism and let's say Stalin's communism. They agree on a lot of things, particularly on what they would do to us, but they disagree among themselves, perhaps as to the extent to which you use nationalism as a clock, and so on. When Tan Malakka was released from prison his followers cleaned up this Sjarifoeddin element and then, of course, came to increasing power as an influence within the Republic because it was their force that did the job. Incidentally, Tan Malakka has had influence in the Philippines, in Canton and all sorts of places in the far East over 25 years. He has been one of the most dynamic Communists in that area. Tan Malakka is the man who kidnapped Sjalrir, the foreign minister of the so-called Indonesian Republic, after Sjalrir in negotiations with the Dutch, had agreed to a formula which he and the Dutch thought to be workable. That stopped that particular phase of the negotiations. Then later on Tan Malakka was captured by the Republican government and put in prison. Later on—as I have just said—the Republic released him to fight these other Communists.

Do you get a picture of a regime with which it is rather difficult to negotiate? A regime with which after 3 years of patience of negotiation that never seemed to commit anyone, and increasing guerrilla warfare, it becomes a bit understandable that you should finally say that you will release your troops to march in and clear things up? Then we read in the American newspapers that after the troops have moved in, the guerrilla war started. That is another complete misconception. The guerrilla war has been going on since 1945 with the armaments left by the Japanese. The only reason we think it started after the Dutch police action or military action began, is that American newspapers and news services do not regularly keep reporters in Java. They send them in when big news breaks. If they had kept them there regularly they would have reported, as all Dutch news services reported, that guerrilla war continued straight through the period in which the republican representatives were promising it would cease, and that the troops of the Republicans would no longer fight. A week after the Renville Agreement had been signed, the commander in chief of the republican army announced that the agreement committed the government in Djogjakarta but not the army. Now, under those circumstances you can perhaps understand that those who were responsible for law and order would ultimately come to a point where they felt that



they were compelled to exercise some of that responsibility.

The record shows that during the 12 weeks before the Dutch military action began on December 18, there were on the average 50 Indonesian officials a week killed by guerrilla action. That was done deliberately to frighten the Indonesians from participating in the government administration in the Dutch areas, so that they would be intimidated and refuse to play that game any longer. The whole military action of the Dutch, the first one a year and a half ago and this one now, has cost less than 100 casualties, and this last one, counting the Indonesian casualties on both sides, less than 250. When you remember that the total population is 75,000,000, that there were 50 casualties a week among Indonesian officials right straight through the period before the police action took place, these figures are not as serious as they might sound at first, certainly not serious enough to speak of full-scale war in Java as some of our papers have done. One of the things we might remember is that 75,000,000 is a lot of people, and that 250 is less than the total death record in the United States, say on a New Year's weekend for automobile accidents. You have to see these figures in the perspective of the total scope of the problem and of the kind of things that went on before the military action was undertaken.

I will skip a number of factors that might be interesting and contribute to perspective if we had the time, and I will discuss one other angle that I think has been grievously misunderstood or twisted in our American public thinking, and that is the relationship to the Marshall plan. You find it said that we should "punish the Dutch" by withholding Marshall plan aid. Now, that suggests, first of all, a very strange perspective on what the Marshall plan is for. The Marshall plan is not designed to help the Dutch. The Marshall plan is designed to help the United States achieve a major foreign policy of the United States and that is the reconstruction and the restoration to self-support of western Europe. When we, therefore, talk about withholding Marshall plan aid to the Netherlands, we are talking about weakening our own determination to follow our foreign policy in western Europe. Part of that foreign policy is, as I said, to put western Europe back on its own feet. You get back to self-support and to independence from continued American aid by restoring markets and the supply of raw materials, and there, of course, Indonesia plays a large role. We must not forget that a very large part of the world's and western Europe's rubber, palm oil, tin, tea, tobacco, etc. come from Indonesia, and that the restoration of the flow of raw materials, not to speak of the markets that you can find there in return, depends on conditions of sufficient security on the islands to warrant new capital investments. Capital investments in the past have come heavily under Dutch auspices at low rates of interest because the Dutch took a confident view of the security of their investments. Today you can't get capital for Indonesia except at high rates of interest, and the rates will go down in proportion to the confidence that is restored, and it will go up to the extent to which people distrust the situation. That holds not only for profits as far as the Dutch or the bankers are concerned—that holds for the flow of raw materials which are essential for the continued hope of a self-reliant, resilient, independent western Europe, and it holds for the population of Indonesia itself because it has grown tremendously and it is dependent on peace for its own productivity and self-support. Take Java alone, which has grown from 4,000,000 to 48,000,000, in 100 years. That does not exactly suggest that these people are being starved to death. There has been no physical starvation in Java—under the Dutch—as

there has been, and is, in India and China continuously—because the Dutch have built a sturdy native agriculture for the food supply of Indonesia. But there is starvation today in Java, and especially in the republican areas.

Incidentally, to pin prick another one of the propaganda illusions, most of the rice Indonesians eat is grown in Java, and most of it in Java in the so-called republican area. If, therefore, there is starvation, and there is in the republican area, it is not due to any economic blockade which the Dutch are conducting against the republic because the very food which would relieve starvation is grown in the republican area. That is where the rice comes from. If there is starvation there, it is the structure of government (and communication and transportation and all the other factors that go into the growing and distribution of new crops) that has broken down to such an extent that the rice box of Indonesia isn't any longer sufficiently filled to feed its people.

The Marshall plan requires for its success a continued supply of raw materials to western Europe, and it requires for its success a restoration of the dollar earning capacity of western Europe, and the Netherlands are a significant part of that balance because their standard of living and productivity has been higher than that of most of the Continent. When the flow of the Marshall plan dollars ceases Europe must be able to earn its dollar exchange by increased exports and imports, and since we in the United States are not likely to absorb all of Europe's additional exports, we must think of European recovery in the perspective of world markets. A very large part of the vitality of the Marshall plan concept requires that there be some kind of restored order, some kind of restored productivity in those areas of the world economy from which western Europe has drawn part of the dollar exchange with which it can continue to buy its goods in the United States.

In the United States we are not as yet sufficiently sold on Cordell Hullism and lower tariffs to restore markets in the United States to the extent required for a balance in European trade, so foreign exchange—in this case dollar exchange—has to be earned by Europe as a whole in the world economy as a whole. A large part of this dollar exchange has always been earned by imports into the United States of America from the Malay-Indonesian area. The standard of living of the people in Indonesia is interdependent with the standard of living in western Europe—and they are all a closely interwoven whole with the economy of the world, including this country.

There is one other large factor that I would like to touch on in these sketchy remarks, so that we might have a little bit of common perspective on it. I probably shall be saying something that some of you already very well know. I refer to the whole argument before the Security Council. In the Security Council Charter there are no provisions given to the Security Council in domestic issues. Several of the powers represented on the Council believe that the Security Council has no competence in the Indonesian issue. The Dutch have all along challenged the legal competence of the Security Council. They have said, "Let us go to the Court of the Hague and have the Court say whether the Security Council has authority in this issue." The UN delegates have frequently said they would like to leave that question open. They don't want to commit themselves on it, although Mr. Hodgson, from Australia, has been very vigorous in saying that what the Dutch have done in Java is worse than what Hitler did to the Netherlands. Did Hitler ever propose to go to the Hague to find out whether he had any legal rights in the Netherlands? Mr. Hodgson speaks for Australia, the domestic politics of which we do not understand too well in the United States. It

has a Labor Government which is coming up for elections very shortly, and the margin is small. Several of the large trade-unions—particularly in the maritime and dock trades—are Communist-controlled to a great extent, and everybody knows that, and they are stipulating that the foreign policy must be what they want it to be. Does America know that Australia—the Australia of the "white Australia" which contrasts so curiously with the racial tolerance of the Dutch policies in Indonesia—in Paris a month or so ago was the only country, outside of the Soviet Union and its satellites, that voted against the Greek frontier report? It was the head of the same Austrian delegation, Mr. Evatt, who created an opaque picture about the Berlin situation in the Council a month or so ago. Mr. Hodgson and Mr. Evatt rather consistently follow in the United Nations what I would call a "Trygve Lie line," leaning over rather significantly toward the side of an issue in which the Soviets are interested—not militantly, not by complete identification, since that, too, would lose votes in the Australian election, but by association, by "running interference," so to speak.

Then there is India which has been eloquent in its denunciation of the police action of the Dutch and seems to have forgotten its own police action against Hyderabad which led to casualties at least 10 times as high as the Java episode. Perhaps American opinion has forgotten that when India became independent, the grand parade that took place at Delhi gave the most featured place in the parade to the military contingent of Indian troops that had fought on the side of Japan in the last war. The pictures were in the New York Times. They have never been denied. That is very clearly and emphatically a picture of the type of power politics that gives it special flavor to the element with which the American representatives were cooperating against the Dutch in the Security Council.

The reason I used the words "ideological hypocrisy" in describing American policy is the contrast between the final conclusions which we support and the resounding rhetoric that precedes them. We seem to have our eyes primarily on the competitive ideological politics of the Voice of America rather than on the realities in Java. We make orations about good words like "freedom," "democracy," and "elections" without inquiring as to the meanings behind this vocabulary in Java. But the final action we support calls for a schedule of dates upon which interim governments and the ultimate Indonesian federation are to be established that do not differ in substance from the program announced by the Dutch themselves. The action we finally support is not mandatory but advisory. We recommend. We urge. And we do not dare to follow the rhetoric about the defiance of the Charter of the United Nations with specific mention of penalties or sanctions—we merely dress up the advisory machinery of the good offices, with a new verbal varnish to describe the same mechanism. In other words, we apparently preach for ideological effect on the gallery, but in the substance we are saying: "Go ahead and see whether you can get away with it." Meanwhile, we ignore the effect of this play to the gallery on the morale of the Dutch themselves, who are responsible for order in Java, and no one else is willing to undertake this responsibility in their place. This seems to be a feeble way of translating the lessons of diplomacy which we should have learned from world affairs during the last 5 or 6 years. We can, perhaps, excuse our position at Yalta when we accepted the promises about freedom and democracy in central Europe, because it could then be argued that we had to give the Russians a chance to prove their good faith. Well, they went along and showed us what they meant by "freedom



and democracy" in Poland. We got another lesson in the Jan Masaryk episode in Prague. But apparently we have to go through a mess of Yaltas to learn the same lesson all over again in the Far East.

If we had been clear in our policy, determined in our action, and had the courage of our convictions some years back, certain things could have been stopped in China which now, of course, are water over the dam. It may well be that we shall sacrifice another generation of young Americans; another wasted generation, as the fruit of that tragedy sometime in the future. Here we are allowing ideological rhetoric of the same sort to undermine the position of the Dutch who in their record of 50 years of progressive colonial administration, have proved that they mean what they say. Rhetoric on the one hand, realization and achievement on the other. Isn't it about time that America should see that its actions and its words are alined together? How many Yalta betrayals must there be to force us to a policy of action that is alined with realities, alined with the interests of America itself as well as of the Dutch and the peoples of Indonesia, rather than with Soviet propaganda mirages? Is there any evidence at all that fellow travelers and Japanese puppets are reliable allies in accomplishing the purposes for which America has always stood, the purposes of accomplishing real freedom, and democracy, real self-government?

It is a sad mistake to play competitive ideological politics when we undermine in the process the effectiveness of old friends tried in action, willing to back by action the things they say they believe in, and when the things these old friends are doing are, in fact, strictly in accord with American policy with regard to dependent countries as we have always defined it. Whether in the words of Cordell Hull, or Francis Sayre, our policy has not been a policy of giving independence immediately, which we didn't do ourselves in the Philippines, but of creating continuously circumstances through which the natives in the dependent country could work themselves into independence and self-control. Let's remember that in Indonesia 50,000,000 of the 75,000,000 are in the areas favorable to the Federal formula of local control; only 25,000,000 were in the area controlled by the Republic which favored centralized control from Djogjakarta. The Dutch advocate a decentralized administration, preserving the local privileges and self-government of these diversified cultural groups in the islands. Americans who remember the historic vitality of States' rights should have an understanding, if no one else has.

Holland had its declaration of independence in 1581, almost 200 years before we had ours. Her devotion to freedom and self-government is unsurpassed anywhere in the world. Holland has a record in the support of international law, legal procedures, progressive humanitarian ideas that matches that of any other people, bar none. Holland has over the last 50 years made as distinguished a record in the management of Indonesia as can be found anywhere in the colonial experience of the west if you consider the nature of the challenge and what was in fact done.

I submit it is time for America to put its policies, its actions in line with realities rather than with rhetoric, to recognize where its real allies are, and to remember priorities. Priority No. 1 with us is a resilient self-controlled, independent, reconstructed western Europe. All the rest falls into perspective once you keep that in mind. If you get involved in side issues of an ideological sort in an effort to capture the votes of uncertain new friends while you sacrifice the old ones, you discredit the international machinery

that is used to pursue such policies, and in the end you will sabotage and undermine the basic objectives of policy in the area of western Europe.

Thank you. [Applause.]

(Mr. CHATHAM asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. McCORMACK].

(Mr. McCORMACK asked and was given permission to revise and extend his remarks.)

Mr. McCORMACK. Mr. Chairman, thoroughly respecting the motives and views of my friend the gentleman from New York [Mr. JAVITS] in offering his amendment, I am constrained to take the position that its adoption would be harmful, and I hope the amendment will be defeated. There are compelling reasons which bring me to this conclusion.

In the first place, in the consideration of the passage of this legislation, those of us who support it—and I respect the views of those who do not, and I am expressing only my own views—do so because we consider that it is directly connected with the national interest of our own country. The principal effect of this amendment would be to force the United States into the position of enforcing decisions of the Security Council by economic sanctions unilaterally applied.

Having in mind the national interest of our own country, there is a provision in the bill, section 118, which instructs the Administrator to terminate aid to a country whenever "because of changed conditions assistance is no longer consistent with the national interest of the United States."

We cannot ignore the fact that the people of the Netherlands are a constructive influence in the world. I do not know whether they have made a mistake in Indonesia or not. I am not sufficiently acquainted with the circumstances yet to determine in my own mind whether they have made a mistake. But I will assume that they have made a mistake for the purposes of my discussion now. If the Dutch have made a mistake in Indonesia, there is no reason why we should make a mistake in connection with this bill. The national interests of our country, in connection with the passage of this legislation, is consistent with joining the issue with international communism in its attempt to subjugate the peoples of different countries and to enslave them and ultimately extend their control of communism over those countries to the point where it is directly opposed to the national interests of the United States. That is the goal we always have to keep in mind.

Assuming that the Dutch have made a mistake, which I am only assuming for the purpose of argument, then I believe we would be making a mistake if we were to adopt this amendment.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. JUDD. Does not the gentleman think it would be extremely unwise for the United States unilaterally to impose sanctions on a country which is also a member of the United Nations before that body, itself, has voted to impose any sanction on that country?

Mr. McCORMACK. Absolutely.

Mr. JAVITS. Mr. Chairman, will the gentleman yield for a question?

Mr. McCORMACK. I yield.

Mr. JAVITS. I thank the gentleman for his very gracious reference to me.

Mr. McCORMACK. I have profound respect for my friend, not only on this, but on all occasions.

Mr. JAVITS. I thank the gentleman very much. The gentleman does recognize that I have tried in my amendment not to make it absolutely mandatory in the law that the President or Administrator immediately cut off aid, but I have made it a matter of policy.

Mr. McCORMACK. The gentleman is absolutely correct. I absolutely respect his views and his motives, but the gentleman's amendment rests on the premise that the Dutch have made a mistake, and if that is correct, I am not admitting it, but I am assuming it, for the purpose of the position I take, I think if we were to adopt his amendment, from the point of view of our own national interest, we would be making a mistake.

For the reasons that I have briefly expressed, Mr. Chairman, I think the adoption of this amendment would be unwise and I hope it will be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut [Mr. LODGE].

Mr. LODGE. Mr. Chairman, like the gentleman from Massachusetts, I, too, have great respect for my good friend from New York. I, too, am willing to make the same assumption in respect of the Indonesian situation. I make no defense of the action of the Netherlands in Indonesia. But I question very seriously whether this is a proper method for us to adopt in our desire to restore order and preserve freedom in that area. I call your attention to a part of section 121 (a) of the act which says:

Nothing in this title shall be construed to authorize the Administrator to delegate to, or otherwise confer upon, any international or foreign organization or agency, any of his authority to decide the method of furnishing assistance under this title to any participating country or the amount thereof.

I think that is very important. I think that section 118 is important, and it has already been referred to.

I also call your attention to the fact that section 104 (a) of the act subjects the Administrator for Economic Cooperation to the control of the President, and I believe it would be a mistake to subject him instead to the control of the President of the Security Council.

Furthermore, section 105 (b) enjoins the closest collaboration between the Administrator and the Secretary of State, and authorizes the Secretary's interposition and reference to the President in the event of any inconsistency between the operator of the program



and the foreign-policy objectives of the country.

I believe that there are other ways of dealing with this situation. I believe that we should think first and foremost of the over-all purposes of this program and of our own national security, and then take whatever action is appropriate in the circumstances. We should keep our eyes on our main objective, recognizing our opposition to imperialism and predatory colonialism.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. LODGE. I am delighted to yield to the gentleman.

Mr. JUDD. Would the gentleman agree that the Dutch, even considering the mistakes they may have made, have done a better job in Indonesia than any other colonial country anywhere in the world, except the United States in the Philippines?

Mr. LODGE. I am certainly interested to have the gentleman's statement on that.

Mr. JUDD. I believe the gentleman will agree that they have not killed nearly as many people in the areas they seized by force as we killed in the area that we seized by force—meaning these United States and the American Indians.

Mr. LODGE. I think this: We know very little about the so-called republican government there. But we do know one thing which is very shocking and that is a certain predatory contract with respect to the control of the exports and imports of that country. It is a contract of exploitation of the most reactionary kind. The republican government which represents at the most only one-third of the people of Indonesia, will by this monopoly contract be surrendering some of the most precious sovereign rights of the people of Indonesia.

Mr. JUDD. And that contract was not the work of the Dutch, it was cooked up by an American; is that not correct?

Mr. LODGE. By an American lawyer in New York City, and certain representatives of the so-called republican government of Indonesia.

Mr. JUDD. Is it not true that if the Dutch had treated their minorities the way we treated the American Indian, there would not be enough natives left there even to revolt?

Mr. LODGE. I might also say that if the Marshall plan could have operated on the basis on which this New York lawyer has operated in Indonesia, it would simplify our problems but it would most certainly not be fulfilling the purposes of the European Recovery Act. But it is an established American axiom that a country cannot abdicate its power in such a vital sphere of government action.

Mr. JUDD. I am opposed to European or American imperialism. I have spent most of my lifetime trying to help those people to freedom and better living. Colonialism is dead. But this is not the place or the way to handle that problem. And I despise self-righteousness.

Mrs. DOUGLAS. Mr. Chairman, will the gentleman yield?

Mr. LODGE. I yield.

Mrs. DOUGLAS. I think it is important to point out to the Committee that no money under this bill will go to Indonesia until the Netherlands have complied with the UN Security Council decision.

Mr. LODGE. I think that is very important.

Mrs. DOUGLAS. If an agreement is reached between the Indonesians and the Dutch then a limited sum will be made available.

Mr. LODGE. That is highly significant. If in adopting this amendment, aid were to be withheld from Holland, it might very well jeopardize the entire program; and that, personally, I am not willing to do.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. LODGE. I yield to the gentleman from New York.

Mr. JAVITS. Mr. Chairman, it seems to me odd that there is now being used an argument to defeat this amendment on the ground that the money is going to be kept from Indonesia itself. Those are the very people we want to help; we should do everything possible, including the passage of this amendment, to see that they get money and fair dealing by seeing that the Netherlands comply with the resolution of the Security Council, because that is exactly the purpose we ought to serve. I, too, am interested in the effectiveness of United Nations decisions and resolutions.

Mr. LODGE. However, I may say to the gentleman that even if his amendment were acted on favorably, Indonesia would get no money under present circumstances.

Mr. JAVITS. I am very sorry, but the Dutch will.

Mr. LODGE. Depriving the Dutch of ECA aid may not solve the Indonesian conflict, but it will surely jeopardize the European recovery program.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. JAVITS].

The question was taken; and on a division (demanded by Mr. JAVITS) there were—ayes 5, noes 136.

So the amendment was rejected.

Mr. CAVALCANTE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from New York [Mr. MARCANTONIO] saw fit last Saturday to brand the bill now before us as a war program. He intimated further that to pass the bill might be a matter of insanity. He then singled out the economic conditions of the Republic of Italy and other participating countries for his studied abuse and castigation. The gentleman finally satiated his spleen by urging upon his colleagues the astounding proposition that notwithstanding our generous help, the working masses of Italy and the rest of Europe are in the throes of hunger, unemployment, and fascism as the result of ERP aid. It is evident from the remarks of the gentleman that he is misinformed both as to results of ERP aid and to the over-all objective of ERP in all participating countries.

The gentleman did not brand as a war program the billions of dollars appropri-

ated by this House in the pre-Pearl Harbor days for the deliverance of communistic Russia from the assaults of European fascism. I wonder whether the gentleman would brand as a war program the appropriation of a few billions of American dollars to assist communistic Russia to a more expeditious subjugation of the free Governments of China, Iran, Italy, France, England, and all ECA participating countries?

Mr. Chairman, if it is insanity for Members of this House to authorize funds to keep alive the spirit of freedom in the breast of man, if it is insanity to vote these funds to save the free governments of all Europe against subjugation by the hordes of communistic Russia, if it is insanity for this Christian Nation to provide funds to deliver the Christian civilization of Europe from the paganistic assaults of communistic Russia; then, I ask, was it insanity that motivated the intrepid Patrick Henry when he said "Give me liberty or give me death"? Was it insanity that induced men to risk the gallows when they wrote and signed the Declaration of Independence? Was it insanity for men to bare their breasts to sword and gun at Lexington, Bunker Hill, Germantown, and Valley Forge? Was it insanity that led Charles Martel and his brave Christian Franks to rout the Moslem hordes at the Battle of Tours? Was it insanity for the brave Germans and Poles to bar the Mongol hordes of Genghis Khan at the Battle of Liegnitz, and turn back the Ottoman Turk from the gates of Vienna? And was it insanity for Christ to seek the cross and for His followers to embrace the Decalog as man's only hope for peace on earth and a fitting reward beyond?

On the contrary, it is insanity to believe that a widespread condition of hunger and unemployment could long exist in Italy and the participating countries without it becoming known to the many uncensored radio and newspaper correspondents that have freedom of passage in and out of these countries. On the other hand, I speak as one with personal knowledge of the matter. My uncle, 3 aunts, and 36 first and second cousins whose lot it is to live in Italy have advised us nearly a year ago that there was an abundance of food in Italy and for us not to send any more food packages. Members of my family have visited Italy in the past 6 months and on their return they report that there is plenty of food but there is a slight shortage in shoes and articles of clothing.

From the Alps to Mount Etna, the communistic vermin in Italy are frantically trying to create the belief that fascism is again nascent in that land. I can well understand this communistic fear. It was fascism that drove communism out of Italy. It was fascism that drove that same vermin out of Spain. It was fascism that drove it out of Germany. It was fascism that drove the Red hordes from the eastern borders of Europe to the Asiatic ramparts of Stalingrad where the bear that walks like a man staggered, whining and cornered, until American war-program money provided the vitamins that brought the bear back roaring and triumphant to the heart of Christian



Europe where the treacherous beast now deigns to entrone his pagan gods upon the altars of Christian shrines.

Mr. Chairman, if the money authorized by this bill is intended to encourage the free and Christian people of Europe to drive the treacherous bear back to the mongol dens of Asia, whether the bill be called a "war program" or by any other name, its passage would be the act of courageous men and women whose love of God and freedom transcends the bounds of country and sectarianism. I personally hold no brief for fascism. I am against it. But in its ugliest form it may offer greater hope than communism.

Mr. CELLER. Mr. Chairman, I move to strike out the last few words.

Mr. Chairman, I simply rise to state for the RECORD that a number of Members from New York were not present in the Chamber last Saturday when there was a number of roll calls. They were unfortunately absent attending the funeral services of our late lamented colleague, Andrew L. Somers, so that they could not be present.

Mr. SADOWSKI. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, after the First World War when Russia could not whip a cat, the people of the United States were worked into a frenzy so that for many years thereafter we had no trade and commerce with Russia and a good portion of that part of eastern Europe. However, some one profited from this trade and commerce. It was England and Germany that took advantage of the situation and they profited from trade and commerce with Russia during those years.

We find ourselves again whipped up into a great frenzy. I am not going to get all excited about this thing or get upset about it. This is a business proposition. Today we are restricted in our business and in our trade and commerce to less than one-half of the world. We are doing our business, trade, and commerce, with Treasury dollars, that is, taxpayers' dollars. It is not really business at all. If a private businessman was to operate his business on the basis we operate the Marshall-plan business today, he would go broke. It would be impossible for him to operate a business on that basis.

I see a lot of old Members of Congress present who were here when we had the old British loan up for discussion. Nearly all of us agreed that that was the last bit of money we were going to give away for nothing. I see a lot of Members here who were present when we voted on the second UNRRA appropriation bill. At that time you Members said: "Now, this is about as far as America can go. This is as much as we can stand. We have to protect our own people, our own Treasury, our own business, and the welfare of our own Nation." Also you said that you were not going to appropriate these moneys that way any more, that the thing would be to be done on a businesslike basis from then on.

I remember when the message came in from President Roosevelt stating to

us that after that second UNRRA appropriation bill there would be no more free gift moneys going out from the United States Treasury; there would be no more lend-lease; that the economy of the United States of America could not stand so much; that from hereon there would be no more of this gift money donated and shoveled out of the United States Treasury. That was the understanding here. So, right after that a plan was worked out to which I think we all agreed on that there would be an International World Bank established, through which bank money would be loaned to the various nations for their reconstruction and rehabilitation. It was supposed to be done on a business basis. The United States of America would have 75 percent of the stock in that bank, and the remaining 25 percent of the stock would be held by all the other nations of the world. All the nations agreed except Russia to participate in that bank. Now, that was a good set-up; that was a business set-up under which there would be no burden put upon our taxpayers and we would not have to dig into the Treasury of the United States for those dollars, or so that the nations of the world could not say, "Good old Uncle Sam, he has a lot of money; we will never pay him back," because they would have to return this money, the money which they borrowed from the International World Bank. They would have to return it or these nations would lose their credit and standing in the family of nations. They would have to return it even though we were the biggest stockholder in the bank.

There was another plan worked out, a plan for the International Trade Organization. This was a plan that was worked out in Habana wherein all the nations again agreed to participate except Russia. Under this plan we would have trade flow freely and on a business basis between all the nations of the world. It was a live and let live proposition, but no nation would be shown preference by us as against another. All nations were to be our friends, and it was a program for peace. The World Bank and the International Trade Organization are the two programs for world peace. They aim to bring the people and the nations together, not to disunite them, not to create blocs, not to create cold wars, not to create the kind of condition that exists today.

But, what has happened? Where have we gone? Yes, where have we gone? Is it too late to turn back? Can we not get back to a sensible basis again?

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. SADOWSKI. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SADOWSKI. Can we not understand that the debt of the United States of America today is \$252,000,000,000? Our debt is twice as big now as the entire debt of all the Marshall plan countries put together, including England. It must be paid.

You people were here when the chairman of the Committee on Appropriations, the gentleman from Missouri [Mr. CANNON], spoke the other day. Here is what he said:

While on this subject, how many are in favor of repudiating the national debt? How many will vote to confiscate the Government bonds which constitute the national debt? We must either pay these bonds or repudiate them. We owe \$252,000,000,000. If we start paying them and paid only \$5,000,000,000 a year, it would take over 100 years to pay off the debt.

Now, I do not know how you people feel about it. I am not going to go back to my district and face the taxpayers and voters of my district in the next election and say, "Yes; I did vote for the expenditure of all these moneys under the Marshall plan." I am going to vote for old-age pensions for the people of America. I am going to vote for veterans' benefits, and I am going to vote for hospitals in the State of Michigan, schools, aid to education, public works, St. Lawrence waterway, housing, and all of those measures for the benefit of our citizens and our national welfare.

By the way, do you know that we were to get two hospitals in the State of Michigan, one for our tuberculosis patients and one for our mental patients? That program was cut out. They said, "We have not got the money to build these hospitals." We asked for two little harbors, one at Port Sanilac and one at Port Austin, amounting to some little amount of money to build these two little harbor projects in Michigan. Here they ask for \$6,000,000,000, and you will just shovel it right out and give it to them.

Yes, the United States of America is strong, but you cannot be like the old father who was so generous with his children that he gave them everything he had, and then found himself living in a poorhouse in his old age.

Do not forget that our national income is down 8 percent for the first quarter of this year as compared to last year, and the arrow is pointing downward. The national income may go as low as 20 percent below that of last year. What does that mean? Where are you going to get these tax dollars? You are not going to get them out of a reduced national income, and you are going to find yourself taking probably 85 to 90 cents out of the businessman's profit dollar, and then expect that businessman to go ahead and do business and be in competition with the businessmen of Germany, the businessmen of England and France and other countries who will probably be paying only 10 to 15 cents out of their tax dollar.

In 1948 British exports climbed to \$6,600,000,000. Four times as much as 1945 and the highest figure ever attained. In 1948 Britain sold nearly 300,000 motor vehicles abroad. Thirty-eight thousand of them coming to the United States of America.

During 1948 we sold only 430,000 vehicles overseas. So now with Marshall plan aid, the British automaker, sold 40 percent of the total export business. That is not all. Now the German Opel and the Volkswagen are being pushed by



the Marshall planners and by General Clay to give us further competition in the automobile business.

In the field of textile manufactures Britain's sales eclipsed American sales almost 50 percent—\$1,300,000,000 against \$800,000,000. Americans have long prided themselves as manufacturers of machinery and machine tools, yet in 1948 Britain sold for export \$1,016,000,000 while the American makers sold only \$1,670,000,000.

In 1947 this country exported to Argentina, Brazil, and Uruguay seven times as much as did Britain; but by the end of 1948 the South American nations were buying virtually the same amount of goods from both countries. In Argentine sales Britain led the United States by a substantial margin.

In the prewar years two of the toughest competitors for world trade were Germany and Japan. These defeated nations were almost entirely out of the market from 1945 to 1947, but in 1948 they started a come-back which is making itself felt all over the world.

"Made in Japan" and "Made in Germany" were very familiar marks throughout the world prior to 1939. Those same marks are showing up on store counters again. Japan gained almost a monopoly in the field of low-priced vases, Christmas-tree ornaments, cheap tops; and was a very important factor in such fields as electric-light bulbs, rayon, and cotton textile. Western Germany is again pushing the market in dyestuffs, chemicals, and cutlery, fields in which it has been dominant for nearly 50 years.

The military governments of Japan and Germany have been carrying out a policy of making both regions self-sufficient since the close of the war on both fronts. The American taxpayer has sent billions of dollars to those areas to accomplish this self-sufficiency; but the same taxpayer now finds he has erected competition to himself, which is being felt especially in South America and Asia.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Chairman, the pending bill calls, as I understand it, for \$5,580,000,000.

Mr. VORYS. At present only \$5,380,000,000.

Mr. HOFFMAN of Michigan. Is that all? You cut it down and saved a lot of money on that?

Mr. VORYS. Yes.

Mr. HOFFMAN of Michigan. Oh, yes, and you will come along tomorrow and get it all back. If they implement the Atlantic Pact, we will probably be asked for \$2,000,000,000 more.

I do not want to vote for either appropriation. When the Armed Services appropriation bill comes along and they ask for \$15,990,000,000-odd, I will vote for it. I do not know whether they need

the money or whether they do not, and I doubt very much whether many Members of the House know what they need, but we are getting into such a position that that is all we can do. If the Armed Services ask for 20,000,000,000, I will vote for that, too, because I love my country and I would like to see it prepared to meet whatever may come and I have no way of actually knowing how much is actually necessary. I have no faith at all in the Marshall plan and similar like legislation that has gone before, lend-lease, none of those things, or the United Nations. They have not given us anything. If they have, I would like to know what. I know the answer of the supporters of the program. It is, "Look where we would have been if we hadn't done that." They do not know anything about where we would have been, they are just guessing at it. I know this, that nowhere in the CONGRESSIONAL RECORD or, so far as I know, anywhere else, has there been any estimate of what we have or what we can afford to give away without ruining ourselves, without getting into the position, as the gentleman from Michigan [Mr. SADOWSKI] said here, where we would not be able even to defend ourselves. There is such a thing, you know, as giving away everything you have, even your shirt, your shoes, your socks, and some folks would pull your toenails off if they thought it would do them any good, no matter what it would do to you.

What did the First World War get us? It was going to keep us out of war. Did it? It did not. What was the Second World War going to do? Carry the four freedoms all over the world. Did it? No.

Someone spoke of the United States the other day as an empire. We are telling everyone everywhere what they should think and how they should order their own affairs. Have we become an aggressor nation, and an empire? Well, I know what happens to aggressor nations and the way of most empires. After a while they just fade out of the picture, and that is what I fear is going to happen to us if we continue our present policy. What does the Atlantic Pact mean? They told us the United Nations was a great adventure. They told us lend-lease was a great speculation. Now they say the Atlantic Pact is a calculated risk. What does it mean? It is more probable it means war rather than peace.

What would you answer me if I said to you here, my colleagues in the House, "Now, listen; I am a pretty good fellow and I represent my district pretty well. I want all of you, each and every one of you to go up in my district and take part in every quarrel I get into." You would say, "Paddle your own canoe," would you not? Sure you would, and that would be right.

Why should we as a nation go into partnership with a dozen or more nations and pledge ourselves to fight every battle they may kick up anywhere in the world? Does that make sense? Does it? Should we take up everyone's quarrel, no matter whether it is just or whether it is not? And why? Because if we do not, Russia and communism is going to spread all over the world? Well, we stopped Hitler and the Nazis, and in his

place we got Stalin and communism. While we are spending this money and pledging our youth, the future youth of this land, to be sent abroad under the Atlantic Pact, right here in Washington we are harboring Communists, and we let them stay here, paid by Federal money. Are we not a silly lot? When if ever will we think first of and act for our own country?

Mr. KEE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KEE. What is the parliamentary situation with reference to this section? As I understand, the section has been read.

The CHAIRMAN. The Clerk has completed the reading of section 1 of the bill through line 11 on page 2. There are 9 sections of the bill remaining to be read.

Mr. KEE. Mr. Chairman, I ask unanimous consent that debate on this section and all amendments thereto do now close.

Mr. WHITE of California. Mr. Chairman, I object.

Mr. CAVALCANTE. Mr. Chairman, I object. I have an amendment at the Clerk's desk.

The CHAIRMAN. Permit the Chair to inquire whether the amendment to be offered by the gentleman from Pennsylvania is to section 1.

Mr. CAVALCANTE. It is at page 2, between lines 11 and 12.

The CHAIRMAN. The gentleman proposes to insert a new section?

Mr. KEE. Mr. Chairman, I ask unanimous consent that debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. MILLER of Nebraska. Mr. Chairman, reserving the right to object, I hope it is not the intention of the Chairman of the Committee to shut off from debate those who may be opposed to the bill. I have been trying to get 10 minutes to speak since the bill was taken up, and I expect to request very shortly to be given 10 minutes to express my views.

Mr. KEE. May I say that there is no intention to cut off debate. We want to try to finish this bill this afternoon if we possibly can. It is our intention to finish it as rapidly as we can and at the same time to give everyone an opportunity to be heard.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. WHITE of California. Mr. Chairman, I object.

Mr. KEE. Mr. Chairman, I ask unanimous consent that debate on this section and all amendments thereto close in 10 minutes.

Mr. STEFAN. Mr. Chairman, reserving the right to object, will that permit another amendment to be offered?

The CHAIRMAN. The Chair cannot determine that. The Chair would have to recognize Members within the limitations of the time fixed by the committee.

Mr. STEFAN. Mr. Chairman, I propose to offer an amendment to this section.



Mr. KEE. Mr. Chairman, I move that debate on this section and all amendments thereto close in 10 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEFAN: On page 2, line 10, after the word "shall", strike out the word "seriously."

Mr. STEFAN. Mr. Chairman, at page 2, line 10, beginning at line 9, the bill reads as follows:

That, no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States.

My amendment merely seeks to eliminate the word "seriously"; thus leaving the language to read:

That, no assistance to the participating countries herein contemplated shall impair the economic stability of the United States.

The Committee should accept the amendment for the reason that I believe it was originally intended that this act should in no way impair the stability and economy of the United States.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. VORYS. Unquestionably this act last year impaired the economic stability of the United States by increasing inflationary pressures. It seems to me we must leave the word "seriously" in, because unquestionably a gigantic effort such as this affects the stability of our country. We must weight that against the possible benefits.

Mr. STEFAN. In answer to that, I feel that those who believe in the objectives of this bill have let it be known publicly that this act in no way impairs the economic conditions and the stability of the United States. If that is so the amendment should be adopted.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. JUDD. I said on the floor last year, if the gentleman will remember, that when we voted for this bill it meant voting among other things to reduce our standards of living in the United States. We knew what it meant. You cannot export steel and tools and farm machinery and scores of other things that are needed badly here at home, without impairing our stability. You cannot keep our taxes as high as they are without endangering our economy. But if we do not succeed in this program, the costs for our national defense will impair our security far more seriously. We said that frankly last year and we ought to face it frankly now, and support the bill knowing what it means.

Mr. STEFAN. Then you are serving notice on the people of the United States that if this bill passes, it is going to affect the stability and economy of our country and that the standard of living of our people is going to be lowered and impaired.

Mr. JUDD. The same words were in the bill last year.

Mr. STEFAN. And our standard of living is going to be lowered and impaired as a result of this legislation. I did not so understand it. I hope the members of the Committee will accept my amendment and eliminate that one word "seriously" in order to notify the people of the United States that this act will not impair the stability and economy of the United States.

Mr. JUDD. That word "seriously" was in the bill last year.

Mr. STEFAN. That is still embodied within the act as it now stands.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. STEFAN. I yield.

Mr. HOFFMAN of Michigan. Inasmuch as the members of the committee admit that this will impair our stability, are they able to tell us how seriously and when? How far?

Mr. STEFAN. I should think they should give us some information. I understood that it was not going to impair the economy and stability of the United States. In any event the people of our country should be put on notice and prepared for coming events.

Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska.

The question was taken and on a division (demanded by Mr. STEFAN) there were—ayes 32, noes 102.

So the amendment was rejected.

Mr. CAVALCANTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CAVALCANTE: Page 2, between lines 11 and 12 insert:

"SEC. 2. The last sentence of section 103 (a) of such act is hereby amended by striking out the final period and inserting in lieu thereof a colon and the following: 'And provided further, That such country has filed with the Economic Cooperation Administration (as hereinafter established) an itemized account of its governmental income, expenditures, assets, and indebtedness, together with a statement of its national economic and security requirements.'"

Mr. CAVALCANTE. Mr. Chairman—

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. CAVALCANTE. I yield.

Mr. KEE. I may say to the gentleman from Pennsylvania that it is my understanding that the information the gentleman wishes to be filed under his amendment can be found in the records of ECA. If I am not correct in that I shall be very glad before the Committee rises to return to this section so that the gentleman can offer his amendment, but I feel sure the information is already with the ECA and is available.

Mr. CAVALCANTE. Mr. Chairman, I have implicit confidence in the chairman of the committee, and shall avail myself of the information the gentleman states is available to us.

In view of the statement made by the gentleman from West Virginia, I ask

unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The gentleman from Ohio [Mr. BREHM] is recognized.

Mr. BREHM. Mr. Chairman, I am for America first and it is because of that fact that I favor this legislation.

Every course which America has followed in the past has led us straight to war. It may be that this course will not prevent war; it may finally again lead us to war, but at least it affords an opportunity for us to detour around the old road and to take a determined step on a new road in the hope that it may lead us to a different goal than that toward which we have been marching and periodically arriving. That is my main reason for supporting this legislation. Call it a noble experiment, if you wish, call it a shot in the dark, call it by any name you choose; names are incidental, objectives all important; but even though it lead to war we shall not be any worse off than we have been in all the years past. We have always arrived at the same goal every time; namely, war.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. BREHM. I yield.

Mr. VORYS. Will not the gentleman agree that if an aggressor starts war anywhere in the world his target will be America first?

Mr. BREHM. I believe there is no question about that, for America would be more of a prize than any other country. I am hopeful that the passage of this legislation might make it impossible for any other nation to win this prize. Surely its passage will not facilitate the winning.

The CHAIRMAN. The time of the gentleman from Ohio has expired, all time has expired on section I.

The Clerk will read.

The Clerk read as follows:

SEC. 2. The second sentence of section 104 (e) of such act is hereby amended by striking out "\$10,000 per annum" and inserting in lieu thereof "the highest rate authorized by such act."

Mr. WHITE of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in opposition to the bill now before us.

Mr. Chairman, there is an old saying that circumstances sometimes alter cases. In the case of the European aid plan, a circumstance occurred recently which definitely should alter that case.

I refer to the signing of the Atlantic Pact.

The Atlantic Pact is designed to stop the spread of communism in Europe and I am for the Atlantic Pact but only as a temporary measure. Now that Europe is on its feet, so far as food and intense suffering are concerned, and now that the Atlantic Pact has been signed, and according to high Government officials will soon be ratified by the United States Senate, and Russian aggression will be stopped by force of arms if necessary;



then, I ask you, why is it desirable for this Nation to keep giving these billions of dollars to Europe?

This proposal before us now, that this United States Congress continue to dish out people's money to Europe, would not be quite so hard for me to swallow if the excess-profits tax on corporations had not been completely taken off, as it has. That tax should have been left on to the extent of at least 50 percent, in order to lighten the load of those of our people who need their tax money to buy food.

I am against the continuance of this spending because I believe the plain people of this Nation are being made the goat, just as they were after the First World War. Then it was loans to Europe which were never repaid. The big-business men of the Nation who have made so much money out of selling goods to our Government under the European aid plan are behind this plan to continue this heavy spending longer than it is absolutely necessary. It is as plain as the nose on your face that the average people of this country are being victimized by the big-business interests again and I urge every Member of this House to join me in defeating the continuation of this unnecessary spending.

The Atlantic Pact is all right as a temporary measure but we must make the United Nations into an effective world organization for the maintenance of permanent world peace.

We must not let the United Nations suffer the fate of the League of Nations, for it we do, world war III is as sure as tomorrow's sunrise.

So, Mr. Chairman, let us stop this spending plan where it is, and get back on the road to true world peace through the United Nations, without Russia. The best way I can think of to insulate the freedom-loving nations of the world against communism is to force Russia out of the United Nations until she gives her people freedom of religion and all the other freedoms enjoyed by the people of truly democratic nations; then remove the single nation veto power from the United Nations set-up and provide the United Nations with an international armed force for the maintenance of permanent peace.

Russia as the lone nonmember of the United Nations would not dare attack the entire free world and we would have peace even without her in the United Nations. We should leave the door open for Russia to come in when and if she puts her house in order. Just as Woodrow Wilson predicted World War II when pleading for the League of Nations 30 years ago this humble individual now joins with millions of other people throughout our Nation and the world in predicting world war III if we do not make the United Nations into an effective organization for the maintenance of peace. Fellow Members, will you be able to look into the eyes of your children and your grandchildren with a clear conscience 20 years from now? I will, because I am going to vote against the continuance of this spending plan and try to get back on the road to true world peace through the United Nations.

Mr. MILLER of Nebraska. Mr. Chairman, I move to strike out the last two words, and I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

Mr. KEE. Mr. Chairman, I am constrained to object. I have talked with gentlemen on the opposite side and we are very much in hope we may close debate today, therefore I shall have to object to any further extensions of time.

[Mr. MILLER of Nebraska addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. HAYS of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of this piece of legislation and tell you briefly why I am for it based on a personal observation that I made this last summer in Europe. I did not go as a Member of Congress because I was not a Member at that time. I was not entertained in any of the Embassies, because I did not want to be. I went as a plain citizen of the United States to try to find out whether or not the ECA was justified. I can say to you without fear of contradiction that no open-minded Member of Congress can make a personal investigation over there and come home with any other conviction except the fact that we are justified immeasurably by continuing this legislation. I could talk to you on charitable grounds; I could talk to you on the basis of the Golden Rule, but those who oppose it say, "Let us be practical; let us be sound." So, I base my support on an actuarial basis, if you please, and say that this is the cheapest piece of insurance that the United States is able to buy in the world today.

If I were to oppose this legislation and to treat my own business in the same manner as I would be treating my country's business, suppose I owned a business block in some profitable section of my city, and the next block were on fire, and the wind were blowing in my direction, I should call my insurance agency and cancel my insurance.

I traveled through the Communist sections of Paris and the Communist sections of Rome. The reason the Communists are screaming today against the ERP is that we have stopped communism in its tracks in Europe.

Let us be realistic about it. Let us admit that we are interfering in the affairs of Europe. Let us admit that we are putting the might of America on the side of right and decency. I was in Italy a few days after the Italian elections, and every wall and every ruin, and there are a lot of them in Italy, was covered and plastered with posters saying in Italian, "Vote communistic." Where did that money come from? It came from Russia. The Communist leaders of Italy are frank to admit that is where it came from. Russia would like to get Italy and the rest of the western European countries as easily as possible.

You talk about spending \$15,000,000,000 for the armed forces. Yes, I am for that. You talk about the lowering of our

standard of living. If we permit the democratic nations of western Europe to become communized, and if we permit Russia to grab them off the same way they grabbed off Czechoslovakia and the rest of the free nations of Europe, we will have an enemy bent on our destruction standing only 5 hours by fast bombers from our shores. It will not be a question of a standard of living but whether we are living with this great Nation of ours standing with its back to the wall, as it will be if we take the easy way out. It is the easy way out if we do not adopt this legislation. It is the way we have taken in the past, when we played the ostrich and hid our heads in the sand and refused to adopt a positive foreign policy.

I listened with interest to some of the opponents of this legislation, and I have not heard any positive alternative broached. I have been a member of a minority party in the legislature of my home State. It is easy to be against something, it is easy to be negative, but it is difficult to present a positive policy. Perhaps those who are taking a positive approach will make mistakes, but I sincerely believe that if we do not take a positive approach we will not, to paraphrase the words of someone who preceded me, be able to look our children and grandchildren in the face, because we will have let them down, and we will have opened our gates to the kind of government that this Nation has abhorred since it has been a nation, a dictatorship of the worst order. I care not whether it be a dictatorship of the proletariat or a dictatorship of the Fascist-Nazi type, it is still a dictatorship, and it is against everything that democracy stands for and everything this Nation has been founded upon. Even if this legislation demanded that we lower our standard of living, and it does not, it promises to improve not only the standard of western Europe but our own, is it not better to take a positive approach, knowing what we are doing, deliberately, than standing defenseless against our enemy?

It seems to me the United States, in a realistic Christian approach, is answering affirmatively the age-old question, Am I my brother's keeper?

Mr. FORD. Mr. Chairman, I move to strike out the last four words, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. FORD. Mr. Chairman, I find it most difficult to speak this afternoon in opposition to two distinguished colleagues from my own State. I have great respect for their integrity and their points of view but unfortunately I cannot agree with them on this issue.

I am in favor of the European recovery program in general and the highly desirable objectives it seeks to accomplish. I reserve, however, the right at a later date, possibly, to vote for a cut in the appropriations for ERP if the facts at that time show a needed reduction.



I have listened very carefully during all the general debate and all of the discussion here this afternoon. Fortunately, most of the discussion has been of a bipartisan nature, with both Republicans and Democrats supporting the plan inaugurated during the Eightieth Congress. However, little has been said about the specific problems facing the European nations who require assistance and the way in which our foreign aid has provided some solution to date.

For example, and I have become quite familiar with this situation, the United Kingdom has for a long time produced annually approximately 100,000 long tons, or 2,240,000 bags, of dry edible peas. Because of sorting and grading problems, close to 40 percent of the crop is not consumable by human beings in the United Kingdom. The antiquated sorting methods previously used in that country have been wasteful and inefficient and as a result the United Kingdom has been forced to import a considerable amount of dry edible peas. Better sorting methods in this one item in past years would have helped cut down Britain's unfavorable exchange balance.

Under the ECA, the answer has been partially found in 1 year. In this country American ingenuity has developed a machine which cuts down the sorting and grading costs and at the same time does a far better job. We in America have used this electric sorting machine for almost two decades and solely because of the European recovery program our friends across the seas will now derive similar benefit.

By the installation of less than 30 electric sorting machines, the need for future pea importations to the United Kingdom will be cut down materially. In fact, the cost of the machines will be matched by less need for food imports. The cost of the machines equals only what England has been paying each year for the now-estimated savings in imports. This is progress, not only for the European beneficiaries of ECA, but for us in the United States. If this program continues on such a constructive basis, giving the same benefits to other European countries, I will continue to support the principles of ECA.

I would like to say one further word. The distinguished gentleman from California has said, "Will we who are going to support this program hereafter be able to look our sons and daughters and our grandsons and granddaughters in the eye and say, 'Did we do right by them by adopting ERP?'" It is my humble opinion that we who support the program can at least look them in the eye and say, "We tried and are trying to do something by adopting a policy that is new and which offers hope of success in our fight against communism." The European recovery program involves a calculated risk, but it is not a policy which in the past has been unquestionably a failure and which has led us to two disastrous wars, to the great detriment of the youth and future of this country.

Mr. SADOWSKI. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Ohio stated that the opponents of this bill have offered no alternative proposition. I think I did give you the alternative to the Marshall plan. I did give you the alternative to digging into the Treasury of the United States and stealing these taxpayers' dollars. The alternative is the International World Bank.

Every nation in the world would benefit from that except Russia, because Russia is the only one that has refused to go into it. As long as she does not want to go into it, that is all right with us. But other nations have all joined the International World Bank. That is the way this program should have been worked out. The reconstruction of the world should have been worked out through the International World Bank in conjunction with the International Trade Organization agreements that we reached at Habana.

In the New Deal days, when I was a Member of Congress here, under Franklin D. Roosevelt, we found many of these men who are coming up here now and who are going to vote for this exorbitant expenditure of money, as I said, we found them shouting their heads off against the CCC camps, against the HOLC, the PWA, the WPA, and all these New Deal programs. What was the total bill? What was the total tax bill at that time? What was our budget? It was \$9,700,000,000. That is what it cost us in those New Deal days under Roosevelt. Congressman after Congressman got up in the well of the House and shouted his head off about those terrific expenditures. What is our budget now? It is \$42,000,000,000, and it is going to reach \$45,000,000,000. That is 4½ times as much. Do you have a national income to pay that kind of money? You cannot expect to keep on raising this money out of the taxpayers on the basis of war-profit dollars. That is over with. You have to get back on an even keel, and on a solid business basis from now on. You are not going to have these free and easy dollars to pick up out of the taxpayers' pockets. They will not be able to afford it. You have got to get down to business. Let me see what Mr. Hoffman said here. Mr. Hoffman lists the first year's achievements as follows:

1. Industrial production for 1948, for all the participating countries, was virtually at the prewar figure and it was 14 percent above prewar in certain countries. For the last quarter of 1948 industrial output was at a rate 5 percent greater than prewar.

How far do you intend to rebuild these countries? To what extent? Where are we going to stop? When you talked about Marshall plan funds last year, you were talking about countries devastated by war and we were going to restore their economy. We have restored them; we have them right back where they were before the war. Where do we stop? Western European coal production reached 398,000,000 metric tons in 1948. Steel continued to set the production pace among heavy industry, the output for 1948 totaling approximately 40,000,000 metric tons in ERP countries, or 30 percent more than in 1947. In bizonia a large balance of funds allocated for west-

ern Germany will remain after the first 15 months of Marshall plan aid ending June 30. The latest statistics on bizonia show that of \$519,600,000 allocated, only \$248,000,000 had been contracted for by March 15, with very little likelihood that bizonia will make use of or expend the other millions by June 30. The \$270,000,000 allocated for Germany is still unspent. They cannot spend it, they cannot find a place to spend it; they cannot spend it before June 30, yet they are coming in here asking for more money. The Christian Science Monitor of last Tuesday contains an article stating that the Marshall planners for Austria have pledged themselves to build a big new opera house in Vienna. They have pledged it, they are going to do it; they are going to spend money to build an opera house in Vienna. We cannot get money to build schools and hospitals to take care of our own people in this country, yet we can afford to give money to build opera houses in Europe, probably to give the Europeans spiritual uplift, not only an economic and financial uplift but we must build them up spiritually.

Mr. DURHAM. Mr. Chairman, I move to strike out the last word.

During the past few weeks we have been passing appropriation bills here in the halls of Congress. We are now faced with two measures that will cost the people of our country a large sum of money. I have reference to the military outlay and the economic aid program to the countries cooperating under the Marshall plan.

I am not and do not pretend to be an economist but I do try to analyze as best I can the trends of our business conditions here in America and base my judgment on the findings of improvements or slackening of general business conditions.

Recently farm prices have been steadier than industrial prices and a noticeable down-trend in the price of some of our metals has been noted.

According to the Census Bureau's estimate recent unemployment figures were around 3,200,000. This has been accentuated somewhat by the shutdown order on coal mining. But the unemployment compensation rolls seem to be levelling off according to the latest weekly figures by the United States Department of Labor and this Department seems confident that little or no further increase in unemployment will develop within the next few months and it is generally believed that we will again reach the 60,000,000 employed which existed during the summer months of 1948.

Inventory fluctuations are always a powerful factor in determining our business swings. The best estimate of our inventories shows a large reduction in practically all lines.

The latest figures on personal income is around \$220,000,000,000 or more. This is very close to an all-time peak.

We have also noticed a reduction in prices of manufactured goods in the past few months more than at any time since the inflation period started and I believe a new balance is being worked out on a firm basis on the over-all problem of inventories and commitments.



In cotton goods this adjustment has been running for more than a year. Metals and heavy industries only began to face it early this year. So it seems evident that this downturn in business will not be deepened and prolonged by drastic liquidations as it is evident that most business has been very cautious and properly so.

I feel that the strong point in the outlook is that familiar causes which in the past produce these recessions do not appear today to exert such a heavy weight. An enormous amount of work is in progress throughout the country at the present time and we have had very few cancellations. Public expenditures on construction are still large.

Interest on money is neither high nor is it very tight as it has been before in nearly all major business depressions. The reports show that banks are nearly all liquid and are in a position to take on new loans if the right borrowers request the loans. The Federal Reserve is in a position today to quickly relieve any strain in the supply of credit and it has already expressed this desire and willingness to cooperate in that direction. Also annual reports show evidence of satisfactory corporate earnings. Most of these corporations have recently made their annual reports.

It is these factors coupled with the necessity of building up a sound European economy and those countries that desire to remain as members of a group that value freedom and desire to remain so, which makes this measure necessary. World conditions being what they are at the present hour it still remains a fact that we must continue to remain in a strong position with an Air Force, Army, and Navy adequate to meet any emergency.

This measure which we are considering today and the armed services appropriation which will come before us in a few days will go a long way toward promoting and carrying out the American ideals of a peaceful world. This is my reason for supporting the measure.

(Mr. DURHAM asked and was given permission to revise and extend his remarks.)

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on the pending section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. MILLER of Nebraska. Mr. Chairman, is the opposition going to get 5 or 10 minutes on some of these amendments?

Mr. KEE. There is no amendment before us.

Mr. MILLER of Nebraska. Mr. Chairman, I object to closing debate in 5 minutes.

Mr. KEE. Mr. Chairman, I move that all debate on the pending section and all amendments thereto close in 5 minutes.

The motion was agreed to.

Mr. MILLER of Nebraska. Mr. Chairman, I make the point of order a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred

and forty-three Members are present, a quorum.

Mr. McSWEENEY. Mr. Chairman, I move to strike out the requisite number of words.

Mr. HUBER. Mr. Chairman, will the gentleman yield?

Mr. McSWEENEY. I yield to the gentleman from Ohio.

Mr. HUBER. I am glad to note a quorum is present and that the Members are showing their interest by keeping a quorum present because I know the committee will have a very interesting message from my colleague.

Mr. McSWEENEY. Mr. Chairman, I am sorry to delay the Committee, but there is nothing closer to my heart than the appropriation for this important work. I hope I may paraphrase a great Britisher, Winston Churchill, when he made the statement with regard to the Royal Air Force that, "Never in the history of mankind was so much owed by so many to so few."

May I say, Mr. Chairman, that never in my humble opinion in the history of mankind was so much given to so many by so few. When I think of 140,000,000 Americans trying to bring rehabilitation and help to practically the rest of the civilized world, in my opinion it is one of the finest concepts of true charity I know of in the history of the world. But we are not predicating this entirely on thoughts of charity. We are trying to build back into the economic structure of these countries a new life for them and we hope a new life for all the world.

I do not want to stand here as an American Pharisee and say that we are the privileged few; that we are better than other peoples; but I think Americans have shown to the world as fine a concept of the principles of Christ as has ever been shown by any of the peoples of the world. We were smitten on one cheek by our enemy, Japan, and we immediately turned the other cheek and tried to help these people who had smitten us.

So that has been our program. When we start thinking about cost, we must also think about the result. One of our earlier Presidents when we were discussing a pension program said to the people of America that there are two views to the pension question: One from the Little Round Top at Gettysburg, and the other from the statistical tables of some of our accountants. So, today, I do not want to dramatize this very important measure, but I think there are two views to this great question; one from the standpoint of a devastated Europe and one from the point of view of what we can do to bring back to that devastated Europe some opportunity to regain their place in the world.

If I could in my humble way convert a man who I feel has the great ability and great linguistic power—and I refer to that distinguished gentleman from New York [Mr. MARCANTONIO]—if I could just have one person feel as I do about this great question I would be satisfied. I would like to feel that he is like Paul going down to Jericho and is being converted to this new concept of world leadership for America. I appeal to you

with all sincerity I have to have sympathy for this great, great question. I do not want to be melodramatic about it, but to me this is the most important thing that we will be faced with in this session of Congress. If we can bring back to Europe an opportunity to take her place in the sun and if possible to lessen the chance of another war, I feel that it is worth the venture. So, my colleagues, let us with all sincerity realize that we are taking the money of our taxpayers. That we have a responsibility to spend that money as judiciously as our hearts and minds can direct, and I feel that if we go into our inward thoughts we will find that we will never spend that money more judiciously than in trying to bring back to the countries of Europe new hope and a chance to be rehabilitated and at the same time try to eliminate another horrible war.

One of the speakers referred to the gentleman from Michigan [Mr. HOFFMAN]. I have only met that gentleman twice, but I feel that in meeting him you realize his sincerity, and if you and I could find his inner thoughts, I think he would agree that he has given more time and energy and heartfelt enthusiasm to this task than he ever gave to the creation of his own fortune in private industry.

I think we should carry out Lowell's precept when he said:

It is not what we give but what we share  
For the gift without the giver is bare;  
Who bestows himself with his alms feeds  
three—  
Himself, his hungering neighbor, and me.

We have really shared these gifts. We have sent our talent and our capable men to help in the administration of the program, and I do not think anyone can say that the past administration of this worth-while project is in any way to be criticized.

So, I say please let us support this great program.

The Clerk read as follows:

SEC. 3. The first sentence of section 105 (c) of such Economic Cooperation Act of 1948 is hereby amended by striking out "section 6 of the act of July 2, 1940 (54 Stat. 714), as amended," and inserting in lieu thereof "the Export Control Act of 1949."

Mr. MILLER of Nebraska. Mr. Chairman, I move to strike out the last word.

(Mr. MILLER of Nebraska asked and was given permission to revise and extend his remarks.)

[Mr. MILLER of Nebraska addressed the Committee. His remarks will appear hereafter in the Appendix.]

The Clerk read as follows:

SEC. 4. Section 108 of such Economic Cooperation Act of 1948 is hereby amended by adding at the end thereof the following new sentences: "There shall be a Deputy United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 3, within the meaning of the act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. The Deputy United States Special Representative shall



perform such functions as the United States Special Representative shall designate, and shall be Acting United States Special Representative during the absence or disability of the United States Special Representative or in the event of a vacancy in the office of United States Special Representative."

SEC. 5. The last sentence of section 109 (a) of such act is hereby amended by striking out the period and inserting in lieu thereof a semicolon and the following: "and the chief of the special mission shall be entitled to receive the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the act of August 13, 1946 (60 Stat. 999), or compensation and allowances in accordance with section 110 (a) of this title, as the Administrator shall determine to be necessary or appropriate."

Mr. KEEFE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, when the bill was before the Congress last year which became the four packages of aid, as you will recall, I supported that legislation. I did it as a result of knowledge which I gained as a member of the deficiency subcommittee, which was conducting hearings in order to report the appropriation bill prior to the passage of the authorization act itself. When that act was on the floor for discussion last year, I recall so vividly, I could walk right from the committee room of the Committee on Appropriations onto the floor, after hearing the evidence that was submitted by the proponents of the appropriation, and then listen to the argument that took place here on the floor. I heard man after man stand in the well of this House last year and proclaim this as a program of charity, to relieve suffering, to relieve disease, to succor the wounded and provide them with food, and so on and so on. Some of you will recall I took the floor at that time to announce my position with respect to this bill. While I had great pride in all of the charitable impulses which prompted those who made that sort of argument, I knew at that time that I could not predicate my support of the legislation on such narrow ground. I told the Congress then that I was supporting it because I was convinced it was an implementation of the military strategy of the United States, and an implementation of our accepted and announced foreign policy and that not to support it, to my mind, would be to vote against the best interests of my own country. I challenged anybody to stand up on the floor at that time and tell the Congress what the alternative was to the program which was then before the Congress. I listened attentively to all the debates last year, and you can scan through that record as you will and you will not find any alternative there. Neither will you find any alternative offered in the debates this year. They spent 14 days debating this thing in the other body at length, and all of the arguments that could possibly be thought of were raised. When the final vote came, there were 7 Members of the other body who voted against the program.

I can stand here from now until the end of next week and point out what I conceive to be mistakes of administra-

tion, perhaps, but on the question as to the over-all policy, now that we are in this program, I do not intend, so far as my vote is concerned, to stop. I cannot see how we could possibly do that and act consistently in accordance with our own self interests. The gentleman from Ohio who spoke a few moments ago explained the situation and made it just as clear as a bell. I say to you, my colleagues of the House, coming from the State of Wisconsin, where it has been alleged time and time again, we were isolationists and all that sort of thing, we know that the die is cast. We fought certain things back in 1941 and 1942. But the policy of this country was announced. We went into that war and gave everything we had for it. So far as I am concerned, no one has brought forth any program to substitute for that which is suggested by both parties in this program. Until such an alternative is forthcoming, I can do nothing but support the program which has been given to us and which has the united support of both parties in both platforms.

The CHAIRMAN. The Clerk will read. The Clerk read as follows:

SEC. 6. (a) Paragraph (2) of section 111 (a) of such Economic Cooperation Act of 1948 is hereby amended by striking out the final period and inserting in lieu thereof "for United States flag vessels, not to exceed a reasonable differential above current world market rates."

(b) Paragraph (3) of section 111 (b) of such act is hereby amended in the following particulars:

(1) By inserting after "projects" a comma and the following: "including expansion, modernization, or development of existing enterprises" and a comma;

(2) By inserting after "media" the following: "consistent with the national interests of the United States";

(3) By striking out "in the first year after the date of the enactment of this act" and inserting in lieu thereof "made in any fiscal year";

(4) By amending subparagraph (1) thereof to read as follows:

"(1) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator plus actual earnings or profits on said project to the extent provided by such guaranty;"

(5) By inserting after subparagraph (iii) thereof the following new subparagraphs:

"(iv) as used in this paragraph, the term 'investment' includes the furnishing of capital goods items and related services, for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950; and

"(v) the guaranty to any person shall be limited to assuring the following: (1) the transfer into United States dollars of other currencies, or credits in such currencies received by such person as earnings or profits from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) compensation in United States dollars for loss of all or any part of the approved investment, which shall be found by the Administrator to have been lost to such person by reason of one or more of the following causes: (a) seizure, confiscation, or expropriation, (b) destruction by riot, revolution, or war, (c) any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion

of the Administrator prevents the further transaction of the business for which the guaranty was issued. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, or assets on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith."

(6) By amending the next to last sentence thereof to read as follows: "The total amount of the guaranties made under this paragraph (3) shall not exceed \$300,000,000: *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding."

(c) Paragraph (2) of section 111 (c) of such act is hereby amended in the following particulars:

(1) By amending the second sentence thereof to read as follows: "In addition to the amount of notes above authorized, the Administrator is authorized, for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section, to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$300,000,000 less any amount allocated prior to April 3, 1949, for such purpose, until all liabilities arising under guaranties made pursuant to this authorization have expired or been discharged."

(2) By striking out the first two words, "Such notes" in the second sentence thereof and inserting "The notes hereinabove authorized";

(3) By inserting after "Washington" in the sixth sentence thereof "for assistance on credit terms."

Mr. PATTERSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATTERSON: On page 7, after line 4, insert the following:

"(d) Section 111 of such act is further amended by adding at the end thereof new subsections as follows:

"(e) No assistance shall be furnished under this act to a participating country or protectorate during any period with respect to which the Secretary of State determines that such country or protectorate is violating any treaty with the United States.

"(f) No assistance shall be furnished to a participating country, or a major political subdivision, or dependent area thereof, which is discriminating in the distribution of commodities or materials provided as assistance on grounds of race or religion.

"(g) No assistance shall be furnished to a participating country or a major political subdivision, or dependent area thereof, which is discriminating against American enterprise located in such area."

Mr. VORYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. Mr. Chairman, I make the point of order that the amendment is not germane to the bill at the place where offered.

The CHAIRMAN. Does the gentleman from Connecticut desire to be heard on the point of order?

Mr. PATTERSON. Yes, Mr. Chairman.

Mr. Chairman, this deals with the administration of ECA funds. I believe,



therefore, it is germane to this particular section of the bill.

The CHAIRMAN. The Chair has had an opportunity to consider the amendment offered by the gentleman from Connecticut, and the Chair feels that the amendment is germane to section 111 of the act. The Chair therefore overrules the point of order.

The gentleman from Connecticut is recognized for 5 minutes.

Mr. PATTERSON. Mr. Chairman, this amendment very simply stated seeks to do three things—to assure that assistance under ECA will not be granted to participating countries who act in violation of treaties in effect between those countries and the United States; to assure that any assistance under the act will not be denied to persons because of their race or religion; and that there will be no discrimination against American enterprise doing business in any of the participating countries.

The necessity for this amendment is indicated by a condition that currently exists in French Morocco. It is hoped that by the adoption of this amendment conditions such as these which exist elsewhere will also be corrected. There are in Morocco 36 members of a trade association, all of them American citizens, 31 of them American veterans. They returned to French Morocco after the war feeling that there were many opportunities available for trade and hoping, by the use of American enterprise and initiative, to establish themselves in the economic pattern of Morocco. Events have proved since the enactment of ECA that discrimination of the most unfair kind is practiced.

All of these veterans are engaged in small business about which we in Congress proclaim our faith and good intentions. Here is the opportunity for us to help not only small business; but the veterans. Our trade treaty with Morocco specifies that an ad valorem tax of 12½ percent on imports shall be levied. Yet these American citizens are required to pay duties in excess of 150 percent of the value of the merchandise landed at Casablanca. If the duties are not paid promptly, the material is confiscated and, although payments have been made under protest for a year and a half, they have been to no avail. The sums which are unrecovered in these protest payments run well into seven figures. There is an accumulation of 3 months' supply of merchandise in Casablanca, much of which has used up the entire liquid capital of the American veterans and American businessmen doing business there.

On March 17 of this year the United States Minister called on the Governor General to protest the high-handed action of local officials and found him in agreement that such actions were illegal. He stated that he could not deviate from orders which had been handed to him directly from Paris.

American flags, which were to be used in celebration of the fifth anniversary of American landings at Morocco, Casablanca, and Fez were held up by local authorities until the time for such celebration had passed. Penicillin tablets, which were necessary for the treatment

of illness and disease, were impounded and an American veteran was refused gasoline rations for his Greyhound bus business at a time when French competitors were given adequate allocations. The gasoline supplied was contributed by the ECA. An American representative for Remington Rand received an allocation of 7½ percent of the ECA funds while his French competitor, representing Underwood, was allocated 31 percent. This happened in spite of the fact that the American veteran's business had averaged well over two and one-half times that of his competitor. In Algeria, the exact opposite condition prevailed when a French representative of Remington Rand was allocated 55 percent of the ECA funds.

All of these actions are in direct contradiction to the spirit of ECA. Should the American people realize that their hard-earned money is being taxed to grant unfair advantage to foreign agencies where discrimination is made against American veterans, they would certainly rebel.

It is necessary that we legislate these provisions for the simple reason that both the ECA and the Department of State have been passing the buck to each other in this proposition. Both admit that there is discrimination against American agencies; but neither wishes to take the initiative.

In the bill now under discussion, the Foreign Affairs Committee has seen fit to write in guaranties of \$300,000,000 to expand American enterprise in undeveloped areas of the world. At the same time, the committee refuses to recognize the injustice being committed against one American group now attempting to carry out that proposition.

Under my amendment, no additional sums are allotted. It is not a question of money but of principle.

The people in Morocco are being assailed on all sides by Communist propaganda which is nullifying all of our efforts under ECA. The French officials at Casablanca have refused to allow the distribution of matzoth for the Jewish passover. This is being held up, at the present time, in an entirely discriminatory manner and allows the Communists to make capital of the fact. Jews and Moslems are not allowed to obtain foods and medicines which have been allocated and which are paid for by ECA funds.

Justice dictates that we provide in this act for safeguards against these discriminations. Our veterans, who have taken the initiative in spreading American enterprise throughout the world, are not seeking any unfair advantage, but they do want to be in as favorable a position as other foreign agents.

When this measure was first enacted, we did not specify that only Caucasians or Protestants or Catholics or any other group should receive its benefits. How can we allow the discrimination which is now practiced under the act? I say to the committee, that it is necessary to spell out these provisions in the act because those charged with its administration have failed to take jurisdiction over these matters. There are over 400 Members of this honorable body who are not

members of the Committee on Foreign Affairs. The committee's united action in opposing amendments should not keep us from exercising our own good judgment in legislation where we are asked to appropriate billions of dollars annually. I hope that in the name of justice and fair play for our veterans and for people of all races and creeds, that the amendment will prevail.

(Mr. PATTERSON asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. PATTERSON].

The question was taken; and on a division (demanded by Mr. PATTERSON) there were—ayes 61, noes 107.

So the amendment was rejected.

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: On page 7, before line 5, insert the following:

"SEC. 7. (a) Section 112 (a) of such act is hereby amended by adding the following new paragraph:

"The Administrator shall prescribe such regulations with respect to, and impose such conditions on, procurement in the United States under this title as will secure to 'small business' in the United States, especially the producers, a fair and substantial share of the production and business resulting from any such procurement. For the purpose of this paragraph, 'small business' shall include any small-business enterprise, and only such, if (1) its position in the trade or industry of which it is a part is not dominant, (2) the number of the employees does not exceed 500, except that the Administrator shall, where appropriate, specify a smaller number for any particular trade or industry, or subdivision thereof, and (3) it is independently owned and operated."

And in line 5 strike out "Sec. 7. (a)" and insert in lieu thereof "(b)," and reletter the remaining subsections accordingly.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

Mr. PATMAN. Mr. Chairman, reserving the right to object, I know that three other Members on the Committee on Small Business have statements they would like to make on this amendment. They have not spoken on this bill, and I do not feel like it would be fair to cut them off. I hope the gentleman will not insist on less than 20 minutes for our side in presenting the amendment.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 30 minutes, with the last 10 minutes to be reserved to the committee.

Mr. PATMAN. Reserving the right to object, Mr. Chairman, is it understood then that the proponents will have 20 minutes and the opponents the last 10 minutes?

Mr. KEE. I will make that as a part of my request, Mr. Chairman.

Mr. PATMAN. The gentleman from Indiana [Mr. HALLECK], the gentleman from Colorado [Mr. HILL], and the gentleman from Tennessee [Mr. EVINS], want to speak on the amendment, and we can divide the time accordingly.



Mr. HARRIS. Mr. Chairman, reserving the right to object, I understand the gentleman from Texas [Mr. PATMAN] claimed just now that it is understood that 20 minutes' time would be allotted to the proponents and 10 minutes to be reserved for the opponents. I understood the unanimous consent request to be that the last 10 minutes should be reserved to the committee. There was no division as to time for the opponents or the proponents.

The CHAIRMAN. The gentleman from Arkansas correctly understands the unanimous consent request.

Mr. RICH. Mr. Chairman, reserving the right to object, it seems that we are trying to get this time allotted before we hear the debate. Something might develop that we may want to discuss at some length. Since the Senate took 3 weeks to debate this bill, and they are seeking to pass it here in 2 days, it does not seem justifiable. Therefore I object, Mr. Chairman.

#### SMALL BUSINESS AMENDMENT

Mr. PATMAN. Mr. Chairman, it is very easy for a department or agency to deal only with large concerns. We found that to be true in the beginning of the emergency preceding the Second World War. It was necessary that we pass special acts of Congress in order to compel these agencies to give small business a fair share of the production of the business that they could procure and deliver. We had to compel them to do it. Even in wartime it was necessary. It was in the public interest, and there has never been a time that small business is pressed harder than it is pressed today. The huge concerns have every advantage. If you were in a position of authority and dealing with billions of dollars, and buying billions of dollars worth of goods and commodities, the easy way for you would be to deal with the huge concerns that could make the deliveries and have the minimum number of contracts to deal with. It is perfectly natural. But this Congress has a good record of trying to protect the smaller concerns of the Nation.

I invite attention to the fact that we passed the Smaller War Plants Act, we passed the Small Business Mobilization Act, and the War Production Board was given specific small-business mandates by Congress under this act. That was during wartime, if you please. In addition, in the Surplus Property Act, after the war, we made sure small business was given an opportunity to purchase surplus property. The Reconversion Act and the Contract Settlement Act also had provisions favoring small business. The Armed Services Procurement Act had a similar provision. The Selective Service Act had a similar provision. This is the only major bill I know of to go through Congress without some good, strong, compulsory provision relating to small business concerns. I hope there is no objection to this amendment. I do not believe there should be.

After dealing with ECA, my findings are that if we do not have this provision in the bill small business will not have an equal or a fair chance. There is no

provision in the present act that requires it, and this must be inserted in order to protect the small concerns of the Nation.

MR. HOFFMAN

I know Mr. Paul Hoffman, Administrator of ECA, and I have confidence in him. I have known him for many years. I have been in many conferences with him. He demonstrated sincerity and honesty of purpose. I know if he were to have charge of this Act himself, directing every part of it, small business would be given the right chance. Obviously, however, he cannot personally look after all these things. He must delegate this power to others. The people we have been dealing with in ECA have not demonstrated too much sympathy for small business.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Arkansas.

Mr. HARRIS. I am quite sympathetic to the gentleman's proposal. Certainly it is one worth while considering at this point. However, can the gentleman advise the Committee just how a determination might be made as to what would be a fair share for small business?

Mr. PATMAN. Yes. Anticipating such a question as the gentleman has asked, if the gentleman will get the RECORD of last Saturday and refer to page 4273 he will find the amendment I have proposed, and on the next page he will find definitions of all the words and phrases used in this amendment, to indicate how they should be construed, about "procurement," and about "in the United States" and "producer" and especially "producers," and "a fair and substantial share" and what is a fair share. So refer to the RECORD on page 4274 and you will find a definition of all the words and phrases that are used in this amendment.

Mr. Chairman, I hope the amendment is adopted.

Mr. KEE. Mr. Chairman, in view of the fact that my request that debate close in 30 minutes was objected to, I now move that all debate on this amendment and all amendments thereto close in 25 minutes.

The motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, Members of the House who have served during the past three or four terms will recall, I am sure, the great personal interest I have had, along with the gentleman from Texas [Mr. PATMAN] and many others, in behalf of small business in our economy. That evidence was seen first before our entry into World War II when we joined in the Committee on Small Business to do what we could, not only to protect the interests of small business, but to see to it that the great productive capacity of small business could be brought into the then developing war effort. We went through those years before the war, during the war, and since the war doing what we could to bring about administrative support and assistance for small business in connection with the various programs. We

brought to final enactment legislation designed to protect the interests of small business and promote the interests of the country.

The gentleman from Texas has referred to certain precedents which I say clearly establish the reasonableness of the offering of this amendment. I recall it was said on some of those occasions that the proposals were not administratively such that they could be put into operation. Frequently it was said they would hamper this and that effort, which was of primary importance.

As I look back, I do not concede that any single one of those acts did anything except help promote the fundamental purpose which was before us and at the same time help preserve and protect that great stalwart segment of the American economy, the small-business man.

What is the situation which here confronts us in connection with the European aid program? The program involves principally the shipment of supplies from this country to foreign countries. When we undertook this program a year ago we wrote into the act certain requirements as to procurement which were designed to relieve, so far as possible, the impact of such procurement on our short supplies here at home. In the meantime, in the short space of a year, that economic situation has changed. Instead of having short supplies in many fields in the country, today we are now having surplus supplies. Whole segments of our economy find their products backing up on them. Now then, having a year ago written what I thought was a good provision of the bill to meet the situation then existing, why is it not good sense and sound judgment today to write into this legislation provisions which will, so far as possible, bring about the distribution of these procurement programs over the economy as a whole with particular reference to small business?

Bear in mind this amendment does not undertake to say to the ECA that they have to buy any particular commodity in this country. All it seeks to do is to provide that if ECA allocates money to be used for purchases in this country, then the ECA itself, so far as it can, should see to it that the great productive capacities of small business shall likewise be utilized in this program. I do not think there is anyone here who would contend other than that this foreign aid program is today rightly or wrongly, supporting much of our economy insofar as employment is concerned. If that is true, then why is it not desirable that, so far as it can be worked out, the productive capacity of small business should be devoted to this effort which we are carrying on in foreign lands?

I am not against anyone in connection with that operation. Here again, as I have throughout the years, I want to do what I can to see to it that small business is protected in a fair way. I speak as one who voted for this program a year ago. I speak as one who expects to vote for it this time.

But I do not believe it can be said of these various amendments as they come along, that they should not be given fair consideration. If they are found to be



in the public interest and not destructive of the fundamental purposes of the act, I can see no reason why they should not be written into the law. I know, as many of you undoubtedly know, that small-business men have been coming to us complaining that they have not been able to get the door open to get into this business in the ECA program.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am certainly on the spot here. Like the rest of you I am strongly in favor of small business, and I am most reluctant to tangle with my distinguished and respected friend who invented the idea of having a Small Business Committee, the gentleman from Indiana [Mr. HALLECK]. However, I greatly prefer the small-business amendment in the bill to the one proposed here. It may be that a little pride of authorship is involved; I had something to do with what our committee conceived as the proper way to handle the small-business situation, an amendment which appears on page 7, lines 14 to 18 of the bill as follows:

And, insofar as practicable, make available or cause to be made available to suppliers in the United States reasonable information, as far in advance as possible, of purchases proposed to be financed with funds authorized under this title.

I was the author of the provisions in the original act providing in sections 111 and 112 for the maximum use of private channels of trade, and it seems to me that the concept of private channels of trade is most important in this bill.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. VORYS. In just a minute.

I believe I am correct when I say that five-sixths of the program is conducted through private channels of trade. The problem involved is this: if you are going to permit a purchaser in Europe to come over here and buy something in private channels of trade from a seller here, how are you going to impose conditions or limitations upon his purchases such as you would provide for government purchases? I thoroughly approve of the magnificent work our committee on small business has done in writing provisions for participation by small business in government purchases. The problem we face, however, is how to write such provisions into a law which attempts to stimulate private channels of trade which, in my judgment, is the cornerstone of the future of international trade. The proposal before us is, I greatly fear, extremely unworkable. What is a "fair and reasonable proportion," for instance? At present small business, firms employing 500 persons or less, predominated in 44 percent of the trade financed by ECA, involving \$1,672,500,000. In 5.9 percent of the ECA trade small business got the largest share; in 24 percent a moderate share went to small business and in 15 lines of endeavor comprising 23 percent and valued at

\$955,000,000, small business got a small share.

Mr. PATMAN. Mr. Chairman, will the gentleman yield at that point?

Mr. VORYS. In just a moment. You and I know that small business cannot participate in the making of locomotives, turbines, or in the building of harbor installations, and a number of other items that are in this program. I am greatly concerned that in our interest for small business we put a lot of regimentation upon all private business abroad and at home that we do not want to impose.

Mr. Chairman, I now yield to the gentleman from Texas.

Mr. PATMAN. I may state to the gentleman from Ohio that our committee has conferred on that, and we are convinced that the language inserted by the gentleman on page 7 will not get the job done. We are convinced that it is not sufficient; that unless there is a mandate so plain they cannot escape it, they will not follow it.

If the gentleman is interested further in the facts I refer him to the statistics appearing in page 4274 of the RECORD where he will find that the proposition we have is in conformity with the rules and regulations heretofore made by the Department.

Mr. VORYS. I have read with great interest the gentleman's speech and extension of last Saturday, but I still feel that the determination of a fair share to be imposed on private business here and abroad is a very difficult proposition administratively, and we have been told by the Eca that the amendment proposed is practically impossible of administration.

I yield to my colleague, the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Chairman, as the gentleman from Texas and I have just pointed out—and the gentleman was here and heard the arguments—time and time again in connection with the program for World War II when we had very critical problems before us, language similar to this was inserted, and it did the work; it worked not only for the benefit of small business but for the benefit of the country and for the benefit of the program.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. EVINS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, from what has been said here it is certainly apparent that this is not a partisan issue, for both sides are speaking in favor of small business in this case.

A gentleman said a while ago that a certain Member was the author of the Committee on Small Business of the House. I want to say that no one individual was responsible for it; this House of Representatives created this committee and charged the committee with the duty of inquiring into problems relating to small business and to report back to the House. It cannot enact legislation, but it can report to this House and make recommendations. We have found in our experience that small business is

having the door closed in its face, so to speak, by ECA; they cannot get a fair or proportionate share of the business.

Mr. Chairman, I have consistently favored the high objectives and purposes of the European recovery program. I have felt that the program was not only necessary but that it was of vital importance and in the best interest of the United States—that it is a humanitarian program and, not only this but such a program that was designed to aid and assist our friends abroad and stimulate economic recovery at home and to serve as a bulwark against the spreading and onrush of communism.

For these and other reasons I have supported the ECA program.

In the Economic Cooperation Act of 1948 Congress in no uncertain terms stated its purposes, which were as follows:

It is declared to be the policy of the people of the United States to encourage these countries, through a joint organization, to exert sustained common efforts \* \* \* which will speedily achieve that economic cooperation in Europe which is essential for lasting peace and prosperity.

It is further declared in this act to be the policy of the people of the United States to sustain and strengthen principles of individual liberty—free institutions—and assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation, provided—and I call particular attention to the following statement of policy and intent:

Provided, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States.

The act further provided that—

The Administrator shall, to the maximum extent consistent with the accomplishment of the purposes \* \* \* utilize private channels of trade.

Private channels of trade have not been utilized to any appreciable extent as relating to small business in the United States.

I have carefully read the letter of March 29, 1949, to the House Small Business Committee from the ECA in this connection. The committee had asked what regulations or statutes would be necessary to insure small business a fair share of participation in procurement made in the United States. ECA replied, in substance, that any statutory mandate or regulation which would accomplish this purpose would be impracticable and would discourage the use of private channels of trade.

I am a great believer in the use of private channels of trade, as opposed to governmental usurpation of private trade channels. First let us see what countries are not using private channels of trade. This information is taken from a document supplied to the House Small Business by ECA. The following countries used governmental or quasi-governmental agencies to handle procurement for the commodities indicated:

Austria: Feeds, grain, coal.

France: Substantially all procurement through these sources.



Greece: Food, medical supplies, technical items, and petroleum products.

Italy: Pharmaceuticals, spare parts, tin plate, coal, petroleum and petroleum products, wheat and flour.

The Netherlands: Wheat, flour, fats and oils, oil cake and meal, dried fruit, and meat.

Norway: Wheat, flour and rye.

Turkey: Coal-mining machinery and port construction machinery.

All of the purchases of Great Britain are handled through governmental agencies.

It will certainly be no imposition on these governments to require them to do what our Government does—and that is to give a fair share of procurement to small business.

As to those items which are procured through private channels of trade, I cannot see how it would interfere with those channels to require that they in turn give a fair share of their orders to small business in this country.

Mr. Chairman, this idea is not new. During the war and in the midst of hostilities when nothing was to be allowed to impede in any way the progress of our forces, this principle of attention to business channels was a customary practice.

We imposed a mandate to utilize small business wherever possible upon the Armed Services and certain other agencies. This was clearly set down in the Armed Services Procurement Act of 1947—to require a fair proportion of purchases to be placed with small business concerns.

Similar provisions have been inserted into the Reconversion Act, the Surplus Property Act, the Contract Settlement Act, and even the Reconstruction Finance Corporation Act as amended.

Mr. Chairman, if this country—this Congress—could impose such provisions upon ourselves as a Nation during the war—and demand that our own governmental agencies observe the requirement to share business with small-business operators—then, certainly today we should require that the ECA insure that small business be given its fair and equitable share of contracts of procurements.

I believe that the importers in these participating countries, wherein small business is the backbone as it is in ours, would be willing to cooperate to this extent.

I do not believe that the amendment proposed by the gentleman from Texas would in any manner destroy the intent and purpose of this act which, mind you, requires that we look to the economic stability of this country in our activities on behalf of the European recovery.

I am very much afraid that the authorities of ECA have improperly presumed that private channels of trade will be interfered with by trying to assist small business and have springboarded from that conclusion to their present position of resistance.

It is apparent that a congressional mandate is the only thing that will change that opinion, and I am, therefore, heartily in favor of the amendment proposed.

Mr. KEOGH. Mr. Chairman, will the gentleman yield?

Mr. EVINS. I yield to the gentleman from New York.

Mr. KEOGH. Mr. Chairman, I want to commend the gentleman for the position he has taken on this amendment. As a member of the Small Business Committee on which he has served and served well, he knows the many problems that are facing the small-business men of this country. I am sure the gentleman will agree with me that it is of far more importance that we preserve the economy of the small-business men of this country rather than looking first to the economy elsewhere.

Mr. EVINS. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado [Mr. HILL].

Mr. HILL. Mr. Chairman, I rise in support of the pending amendment.

Mr. RIEHLMAN. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield to the gentleman from New York.

Mr. RIEHLMAN. The gentleman from Colorado [Mr. HILL], as a member of the Small Business Committee of the House, knows the deep interest I have in the welfare of the small business concerns of our country. I am in favor of the amendment that has been offered by the gentleman from Texas [Mr. PATMAN] and intend to support it.

IN RE PATMAN AMENDMENT FOR SMALL BUSINESS

Mr. Chairman, in reviewing the Ninth Report of the Economic Cooperation Administration, on page 68 I find that procurement authorizations issued by ECA for purchases in the United States, up to February 28, 1949, totaled \$2,897,000,000. This was out of a total expenditure of \$4,839,000,000 for procurement in all countries.

I am advised that ECA is unable to determine what portion of the expenditures in the United States went to small business. I am further advised that they cannot even say what proportion could have gone to small business. If the complaints which I and other Members have received are indicative, it is reasonable to assume that small business received very little. It is further reasonable to assume that they will get no more in the future since most of the purchase orders and contracts for this procurement are made in foreign countries and with large businesses that are able to maintain agents and representatives abroad. The very nature of the operation limits the possibilities of small business. It is my sincere belief that, any time \$2,800,000,000 changes hands in this country without small business getting a fair share of participation, our economic stability is shaken, and if things continue, that phase of our national economy will ultimately be seriously hurt. ECA has demonstrated that it will not on its own do any overt act to assist small business. I am tired of sympathy and lip service. I am tired of being told how things cannot be done and would welcome the refreshing change of ECA showing me how things can be done to assist the little fellow. It is my belief that the mandates of the amendment proposed by my colleague the gentleman from Texas [Mr. PATMAN], are the only means of producing effective results.

Mr. HILL. Mr. Chairman, in considering a new appropriation for ECA, I want to remind my colleagues of a study conducted by the staff of the House Select Committee on Small Business last December. The results of the study indicated that through December 3 less than 500 firms had participated in the program as suppliers of goods to aid countries. That of the total 500 firms approximately 150 were foreign firms.

During the period of ECA existence, prior to December 3 roughly \$4,000,000,000 was expended. In providing new money for foreign aid through ECA let us be certain that a privileged few do not receive a monopoly of this business. Let us guard against profiteering by political favorites in a charity program.

At one point in our investigation last year our staff discovered that the firm of Anderson, Clayton & Co. had 71.2 percent of the total cotton procurement of the aid countries. One British tobacco firm had 80.98 percent of tobacco procurements, and four coal firms had 67 percent of all of the coal shipped.

Would it not be helpful for us to write specific provisions into the appropriation of new moneys to include small and independent businesses into this expensive aid plan in which small business is called upon to contribute many tax dollars.

Mr. Chairman, small business institutions have ever been the keystone of our business economy. From the beginning of our history, our country has thrived and grown only when our farmers, craftsmen, and tradesmen were producing and selling in abundance.

Today we are faced with a situation in our business world which demands recognition. Giant corporations, with far-flung organizations, can more than take care of themselves in both the domestic and foreign fields of trade and commerce. So we are not concerned, at the moment, with such organizations. We are, however, deeply concerned with the maintenance of a vigorous and prosperous business structure in its entirety. To maintain such a structure, small business must have a fair and proportionate amount of the total of our foreign as well as of our domestic trade.

In recognition of certain compelling facts, we have provided funds for a European recovery plan. We are now asked to renew and further implement this plan by supplying more dollar credits, many more dollars which are furnished largely by the rank and file of smaller American business institutions.

It is too much to ask that small business share proportionately in the dollar volume of goods and merchandise purchased in the United States by way of authorizations under the Marshall plan?

Is it too much to ask that the Economic Cooperation Administration be required—since it has taken no steps on its own motion—to use its organization and influence to properly propel and implement such purchases from small producers, processors, manufacturers, and fabricators?

I think not, nor do I see any danger to the Marshall plan by merely providing a means through which the intent of Congress with respect to the preserva-



tion of small business is made manifest. To the contrary, I believe that the European recovery plan is strengthened by a congressional mandate which in effect impels a wide distribution of purchases in this country, a mandate by which Congress takes a further and positive step to insure that the economy of the United States is not impaired while, at the same time, the European recovery plan is in no way ruffled.

Mr. Chairman, I am glad to rise in support of the amendment of the chairman of the Select Committee on Small Business, the distinguished gentleman from Texas [Mr. PATMAN]. As a member of the Select Committee on Small Business I endorse his amendment wholeheartedly and trust it will pass by a large majority.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield to the gentleman from Ohio.

Mr. VORYS. Mr. Chairman, a list of suppliers just came over from my office. There are 75 pages in one and 43 in another. I thought that possibly the members of the Committee would like to take a look at this and see just who all are furnishing this procurement.

Mr. MURRAY of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield to the gentleman from Wisconsin.

Mr. MURRAY of Wisconsin. I also would like to say to my colleague that I, too, have a list of where they bought their agricultural products, and the gentleman from Colorado is absolutely correct. So far as this procurement is concerned, it is pretty well confined to a few big companies.

Mr. HILL. I will say to the gentleman that the part of the bill that was read by the gentleman from Ohio which reads "as far as practical" means nothing at all. They are not going to buy it from small business firms anywhere, especially in the territory where I live. They say it is too far away; "we cannot police it; we cannot tell what they are going to do." So, they buy from the big firms, and the little firms just getting started never get a dollar's worth of business from the ECA, and that is why it is important to write this amendment in the bill.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield to the gentleman from Tennessee.

Mr. EVINS. If we enacted such legislation in the procurement during the war, should we not do it now that the war is over?

Mr. HILL. It is more important now.

Mr. SMATHERS. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield to the gentleman from Florida.

Mr. SMATHERS. Would this not require that the Government step in both on this side of the ocean and on the other side of the ocean and set up a governmental agency, which I know the gentleman does not want to have? Would it not require that a governmental agency be set up on both sides in order to see that whatever percentage you want from that source is bought?

Mr. HILL. It does not take any more business organization to buy from a little firm than from a big firm or to buy automobiles from a little firm than General Motors. It just takes a little brains. If they do not have the ability they should not be placed in these important positions.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. HILL. I yield to the gentleman from Michigan.

Mr. CRAWFORD. The gentleman is absolutely correct in his statement. They set the rules so that under the present purchasing program they cannot buy from the small firms.

Mr. HILL. In one instance they wrote into the contract a provision that prohibited a small firm that made fine trucks from bidding.

(Mr. HILL asked and was given permission to revise and extend his remarks.)

Mr. BATTLE. Mr. Chairman, I rise in opposition to the amendment.

Mr. BURTON. Mr. Chairman, will the gentleman yield?

Mr. BATTLE. I yield to the gentleman from Virginia.

Mr. BURTON. Mr. Chairman, in the interest of saving time, I ask unanimous consent to extend my remarks in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BURTON. Mr. Chairman, the Department of Commerce conducted a field survey to learn the experience of small business participating in the European recovery plan. The complaints of small business can roughly be divided into two categories: First, the lack of information emanating either from the Economic Cooperation Administration, or from other sources, as to foreign trading methods; second, the lack of information as to what was to be procured in the United States under an ECA-approved authorization in time to seek the business. This second complaint emanated not only from those unfamiliar with the export trade but from firms, manufacturers, and other producers long engaged in shipping abroad.

The upshot of the whole business has been that the powerfully entrenched corporation or exporter has been able to obtain a lion's share of all European recovery business ending in this country.

I am not trying to say that such organizations are not entitled to receive business under the plan. I am saying, however, very positively, that no evidence has been adduced which would indicate that small business has received any share of business under its authorizations.

ECA authorizations have been made, in most cases, after sales have been consummated. How, I ask you, can small business ever hope to share in the dollars spent in the United States unless a mandate of Congress is written into this bill?

There is a very definite need for a widespread dissemination of information regarding ECA procurement author-

izations. No agency of the Government is in a better position to accomplish this task than ECA. The weak and invalid excuse has been advanced by members of the ECA staff that it is impossible to break down a procurement authorization or to spell out the component parts so that a fair idea of the types, kinds, and qualities of goods to be purchased in the United States may be made available.

The matter of ECA regulations and their interpretation, while perhaps not too difficult for the initiated, are certainly not as thoroughly clear as they should be to the entire business structure. This is a task ECA should welcome: the job of making known to every businessman in the United States the story of how his dollars are being spent and how, as a businessman, he can have an equal opportunity to obtain his proportionate share of the dollars spent in the United States. It may well be that many small-business institutions are not interested in business under the European recovery plan or in export business, for that matter. But those who are should have an equal opportunity to compete for the business. Unless they know where, what, and how, there is certainly an impediment which cannot be overcome.

The ECA bill now under discussion has my unqualified endorsement as one of the best security investments we can make.

The amendment simply provides for a distribution of purchases on the portion of procurement made in the United States and gives opportunity for small business to compete.

For these and other reasons, Mr. Chairman, I urge support of the amendment of the distinguished gentleman from Texas [Mr. PATMAN], known and avowed friend of small business, and am happy to join him in the advocacy of a fair and equal opportunity for small business at home and abroad.

Mr. DOYLE. Mr. Chairman, will the gentleman yield?

Mr. BATTLE. I yield to the gentleman from California.

Mr. DOYLE. Mr. Chairman, I am in support of this amendment. I believe it is fundamentally sound. I believe it is necessary. If it gives some inconvenience to the Administrator of the program, then, nevertheless, if considerable inconvenience and even some increased expense in matters of administration can well be had and caused as compared with the fact that the effect of this amendment will be to strengthen the sinews of small business in the United States. The strengthening of small business in America is more important than it is to have less inconvenience in the matter of administration of this important bill. With the evidence indisputably showing that small business, as defined by the distinguished gentleman from Texas [Mr. PATMAN], has not to date had its reasonable share of the ECA resources in purchasing in America, I vigorously urge that this amendment carry and that, thereby, we vigorously declare that it is the continuing policy of this United States Congress that small business shall



be strengthened and perpetuated in America at every reasonable turn of the road.

There is no other way provided whereby there is security for big business in America if, in fact, small business in America is either destroyed or deteriorates or disappears for any reason whatsoever. The sinews and the American way of life in competitive, free enterprise started in the places of small business in America and only by perpetuation of the intent and spirit of small business in America can our free, competitive enterprise be perpetuated in America. Neither disappearing small business nor increasing monopolistic capitalism will strengthen the sinews of free, competitive enterprise. It takes both sound small business and sound big business to perpetuate that.

I urge the overwhelming approval of this amendment which I believe to be imperative in the best interests of the business of America, and, therefore, of the people of America, and, therefore, in the best interests of the taxpayers of America.

(Mr. DOYLE asked and was given permission to revise and extend his remarks.)

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. BATTLE. I yield to the gentleman from Kansas.

Mr. REES. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. REES. Mr. Chairman, I support the amendment of the gentleman from Texas that is intended to permit the group of what is known as small-business men to participate in this program. I disagree with those who insist the program will cost more if small business is allowed a share. It will cost less for the reason there will be more competition on thousands of commodities included in this program. Of course, such things as locomotives, trucks, automobiles, will go to big business. But where small business can share, it should not be ignored.

Mr. Chairman, I wish I had time to recite a number of experiences that have come to my attention. Let me tell you about at least one of them. Under the present program, Greece has been allocated several million dollars for the purchase of mules in this country. These mules are for farmers of Greece. Ordinarily you would think reputable dealers in this country would have a chance to submit offers, and there would be competition and a fair chance for all dealers of ordinary size, and interested. One of my constituents, who is a pretty sized dealer, and who knows the business thought he might have a chance at bidding, especially since he is near the area where mules are raised and since he has been in the business for many years. Briefly, here is what I have found. The mules for Greece are being bought, not by a representative of Greece, but by a Turkish concern. I find also that the Turkish representative will deal only

with less than a half dozen dealers who are exporters of mules, and that the ordinary dealer does not have a chance at the business. In other words, American taxpayers' money is being used to buy the livestock but American small-business men do not even have a fair opportunity to compete for the business. It has been reported within the last few days the price of the mules when they reach their destination is excessive. I suggest this committee look into this matter. Mr. Chairman, this amendment should be adopted.

Mr. BATTLE. Mr. Chairman, and members of the committee, I rise in opposition to this amendment. I would like to say that I, too, am interested in small business. That is the reason that in committee I proposed an amendment along with the gentleman from Ohio [Mr. VORYS] on this subject.

However, we must be primarily interested in the workability of this program. We cannot endanger the entire ECA program by hamstringing the Administrator in this manner. It would be impossible for them to administer and to obtain the objectives of this amendment; it would take additional time and more money which would decrease the effectiveness of the operation. It would mean that the ECA would be taking the majority of its time in the field of procurement, and it is not the purpose nor the objective of this plan to get into the field of procurement to such an extent. In the long run it would hurt small business. Under this amendment it would be necessary to stop dealing through private channels necessitating additional concentration of business in the hands of the Government. The Department of Commerce has a full-time job of promoting the interest of business and it is doing a good job. The ECA also has a unit which is looking for the interest of small business.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. BATTLE. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. It would be very difficult to administer the Patman amendment, but I think if after the word "producers" the words "so far as practicable" are inserted, it could be administered. I think that will carry out the idea in the Patman amendment.

Mr. BATTLE. The amendment we put in the bill in committee provided in effect that information on pending purchases by individual countries would be made available to the small-business men of America as far as possible in advance, so that all would have a fair chance in competing for the commodities to be supplied under this program. I believe it is the only way this can be handled. I am surprised to see the gentleman from Indiana is backing up the amendment which would allow for additional concentration of power in the Federal Government and which would allow an agency of the Federal Government to further regulate and control business.

Mr. SMATHERS. Mr. Chairman, will the gentleman yield?

Mr. BATTLE. I yield to the gentleman from Florida.

Mr. SMATHERS. Is it not the purpose of the ECA program to revive the normal channels of trade not only in Europe but here in the United States?

Mr. BATTLE. That is certainly the purpose of ECA.

Mr. SMATHERS. If this amendment were adopted, would it not mean that, as in the war, when the Government bought a lot of equipment for the Army actually a governmental agency had to do it, this would require a governmental agency to be established to act here in the United States, and a governmental agency would have to act in the countries of Europe, so that we would defeat the whole program of trying to reestablish the private channels of trade?

Mr. BATTLE. That is absolutely correct. It would be impossible for ECA to use so much time and money in the field of procurement, which would mean that the effectiveness would be lessened to that degree. I believe the amendment we have in the bill, making available the information to all small business all over the country, would take care of that situation. If we use the words of the amendment as proposed by the gentleman from Texas we will hamper the program seriously.

The CHAIRMAN. The time of the gentleman from Alabama has expired. All time has expired on the amendment.

The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The question was taken; and on a division (demanded by Mr. HALLECK) there were—ayes 120, noes 49.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 7. (a) Section 112 (c) of such act is hereby repealed.

(b) Section 112 (g) of such act is hereby amended by striking out "section 6 of the act of July 2, 1940 (54 Stat. 714), including any amendment thereto," and "section 6 of the act of July 2, 1940, as amended," and inserting in lieu thereof "the Export Control Act of 1949."

(c) Section 112 (h) of such Economic Cooperation Act of 1948 is hereby amended by striking out the period, inserting in lieu thereof a comma, and adding "and, insofar as practicable, make available or cause to be made available to suppliers in the United States reasonable information, as far in advance as possible, of purchases proposed to be financed with funds authorized under this title."

(d) Section 112 of such act is hereby amended by adding at the end thereof the following new subsection:

"(i) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price-support programs required by law) at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment."

Mr. IRVING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. IRVING: Strike out the following words after section 7 on lines 5 and 6 of page 7:

"(a) Section 112 (c) of such act is hereby repealed."



Mr. IRVING. Mr. Chairman, the amendment I offer reinstates the provision which was in the original act of last year. It will continue the provision that 25 percent of the wheat and whole grains shipped abroad under ECA shall be milled in this country rather than in foreign countries. I believe that the Senate has recognized the necessity for this provision, although it has cut it to 15 percent. I am not in favor of cutting the percentage from what it was in the original act. There is nothing new in the proposal that I am making. It is bipartisan and nonpartisan, and everyone must have been in favor of it last year when they passed the act. Cutting this provision will cause unemployment in this country. It will also help the small-business people that we have heard so much about here this afternoon and over the last few years. Generally speaking, I think the provision as called for in section 7 should not be repealed. My amendment will reinstate that provision.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. IRVING. I yield.

Mr. ARENDS. Has the other body put this provision in the bill?

Mr. IRVING. The other body has this provision in the bill.

Mr. REES. Mr. Chairman, will the gentleman yield?

Mr. IRVING. I yield.

Mr. REES. The provision in the Senate bill provides for 15 percent, does it not?

Mr. IRVING. I mentioned that, and I said too that I was not in favor of the reduction, but was in favor of the 25-percent figure.

Mr. REES. Your amendment is for 25 percent?

Mr. IRVING. Yes; as it was in the original legislation.

Mr. REES. In other words, this brings it back to what it was last year?

Mr. IRVING. That is right.

Mr. REES. I think the gentleman's amendment ought to be supported.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. IRVING. I yield.

Mr. CHIPERFIELD. I rise to speak in favor of the amendment the gentleman has offered. I offered a similar amendment in committee, but was not successful in having it adopted by our Committee on Foreign Affairs.

Mr. IRVING. I thank the gentleman very much.

Mr. O'HARA of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. IRVING. I yield.

Mr. O'HARA of Minnesota. It was my intention to offer a 15 percent amendment, but of course I shall certainly support the gentleman's amendment providing 25 percent.

Mr. IRVING. I thank the gentleman very much.

Mr. Chairman, I have a full appreciation of what the chairman and members of the committee have done. There is no personal criticism of them or of their efforts intended in my statement wherein I say there is a weakness in their report. I meant nothing critical of them, except to say that they had not given full con-

sideration to this matter, and for that reason did not have a full understanding of the proposition.

To show my interest in the matter, I wrote all my colleagues of the House on February 23 of this year calling their attentions to the possibility that this provision might be dropped from the act. I am advancing this proposition, not alone from the point of view of the people who are employed in these mills, although there will be many hundreds and thousands of them unemployed, if this provision is deleted, but because I am also in favor of the employers and the business people who have their money invested in these mills. I have a telegram which states that since October 1948, 22 mills, representing a capital investment of \$15,000,000, have shut down. Twelve hundred of our people have been permanently laid off. This affects not only my district in Kansas City, Mo., but it affects the North, the East, the South, and the West, wherever mills, either small or large, are located. I can picture the small mills on the Red River in North Dakota, the large mills on the Mississippi River in Minnesota, and the mills in Oklahoma and all over the country. I can picture those mills fighting to maintain their foreign trade. We have information from the testimony of Mr. E. W. Reed, president of Shellabarger's, Inc., millers in Salina, Kans.—testimony was given at the hearings before the committee and is found on page 699 to 709—where he said that—

The mathematical average percentage of flour to the total for the 21-year period is 26.84 percent. It can be argued that a 21-year period is too long from which to draw an average applicable to the present case.

If so, a running 5-year average beginning with 1920 does not show a single 5-year period as low as 20 percent, while the period since 1934 exceeds the 25-percent figure.

For the 10 years ending 1940 this arithmetical average is 37.7 percent.

Possibly it should be pointed out that in a comparison of this nature much can be said for each year standing on its own base, inasmuch as crops, general economic conditions, and other factors affect both wheat and flour from year to year.

Subsequent to World War II export began again with a 1945 percentage of 14.32; for 1946, 26.45 percent; and in 1947, 46.05 percent.

According to figures supplied by ECA for the 9 months of its operation in 1948, the relationship was maintained at 25.17 percent.

Based on historical records, certainly 25 percent flour should be considered a minimum of such participation in total export.

It is my information that during his testimony before the Senate Committee on Foreign Relations, Mr. HOFFMAN made the statement that ECA had sustained a loss as the result of the purchase of wheat flour.

A study of the calculations by which this loss is presumably arrived at discloses an approach that at least is subject to question.

These calculations show that ECA actually paid some \$6,000,000 less for the combined wheat and wheat flour exported by ECA than would have been the case had all wheat been shipped. The loss conclusion is arrived at by establishing a theoretical figure of some \$14,000,000 as the value of the millfeed by-product retained in the United States from the wheat milled for export flour and concluding that the loss is the difference between the \$6,000,000 reduction in amounts paid out by ECA for wheat and wheat equivalent in the form of flour, on the one hand,

as against all wheat, on the other, and the \$14,000,000 value of millfeed retained in the United States.

Disregarding the assumptions indulged in by ECA, which assumptions it would be difficult for anyone to prove, it is clear that the actual cost of wheat and wheat flour shipped was \$6,000,000 less than if the entire quantity had been shipped as wheat grain.

It is erroneous to characterize in any respect the byproduct or millfeed resulting from the production of flour for the ECA countries as a loss. It is retained in the United States and is consumed by our own livestock.

Thus it contributes to our agricultural economy and our own domestic food supply.

It is significant to note in this connection that there is never a carry-over of millfeeds at any time. The entire quantity of millfeeds produced by the flour mills in the United States is consumed each year.

The ECA calculation made no allowance for the value of the bags, which are now recovered in the importing countries, or for dollars which would have to be used for fuel and other supplies if the milling of the grain is done in the importing country.

The victory the United States expects to gain through ECA is partly economic and partly moral. If the ECA fails to strengthen the will of the people to live free lives, it will not in fact succeed. It will fall miserably.

Flour goes to ECA countries with a label on every package clearly and unmistakably identifying it as a product "Made in the United States of America." That label carries a message of real meaning to every storekeeper and to every consumer who uses or sees a package, and to every baker who uses the flour in his bake shop.

Its advertising value, its value in strengthening friendship for the United States, defies calculation. It is food—and it is "Made in the United States of America."

Wheat goes to importing countries in bulk cargoes. It promptly loses its identity. It is mixed and diluted with other wheats from other countries. The resulting flour cannot be identified. There was no "Made in United States of America" label on wheat or on the flour milled from it in the importing country.

We have exported the wheat. We have helped increase the food supply. But we have lost the all-important opportunity for moral victory which is ours when we ship wheat in the form of flour.

Testifying before the Senate Committee on Agriculture and Forestry February 9, 1949, Dr. Fitzgerald justified making ECA funds available for procurement of Canadian wheat and wheat flour by the statement that while supplies of United States wheat might be adequate it was not available because of inadequacy of shipping facilities.

In other words, United States grain export facilities were being operated at a maximum and it was not possible to ship additional quantities of wheat to meet current requirements.

It is quite significant that port facilities for the shipment of wheat flour over and above our shipments of wheat are adequate to ship large quantities of flour. Secondary ports are available for the export of flour which are not available for the export of wheat. Therefore, the shipments of wheat flour from the United States can be an effective supplement to the contribution and transportation of food supplies from this country.

In the second report to Congress of the Economic Cooperation Administration for the quarter ended September 30, 1948, there appears in chapter IV, entitled "The ECA Financial Supply Program for Europe," the following:

"Furthermore, an analysis of the imports of the participating countries does not show the nature of the recovery that is expected to



be achieved. For example, when the Administration finances imports of part of the food required for a manufacturing country, labor in that country which had been diverted from manufacturing into food production can be released for other and more efficient work. The importation of food under the ECA program thereby results in a net gain in productivity. This gain has a cumulative effect, if manpower so released is used for construction of capital plant and equipment. Under these conditions economic recovery is aided in much the same manner as in the provision of capital equipment. Actually, in such cases, food may at times be more helpful than capital-equipment imports in restoring the internal balance of production."

It requires labor and fuel to convert wheat into human food, namely, flour. Therefore, to the extent that food can be supplied to the ECA countries in the form of flour, thus releasing labor in the recipient country "for other and more efficient work," in ECA's own words and employing its own conclusion, there would result a net gain in productivity in the particular ECA country.

In conclusion, may I summarize:

1. An analysis of claimed increased cost to ECA reveals that participation, according to ECA figures, of 25.17 percent flour actually meant use of some 6,000,000 less of ECA dollars in the wheat program.

2. Byproducts of milling wheat into flour instead of a so-called loss provide a very valuable feed for livestock here, a feed that has never yet accumulated a surplus.

3. Flour has a morale-building factor—an identified processed food.

4. Increased port and shipping facilities where flour is in addition to wheat.

5. It is a fact that Canadian flour is being purchased with ECA dollars.

6. United States flour does have consumer preference in importing countries of this commodity if the consumer is enabled to exercise that preference; and

Finally, we are not asking for any export of flour above the historical participation in such business; we are not asking ECA be directed toward solving the problem of surplus agricultural production in this country; but we do feel most strongly that it is contrary to the basic principles of the American way of life should completely controlled marketing such as ECA be a means of destroying that which we have built up over the years.

It is unthinkable that this market for United States flour should be deliberately destroyed only because of the fact that our own Government has taken our wheat-supply problem and is having to operate it on a government-to-government basis.

That, gentlemen, is the case for the milling industry in connection with the proposed repeal of the 25-percent section in the ECA Act.

We are not asking for a thing that we have not gone out and worked for. We are only asking for protection during this temporary period so that when things again come back to a normal basis we will not have to go out and do it all over again.

Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

Mr. KEE. Mr. Chairman, I object.

Mr. RICHARDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from West Virginia.

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The CHAIRMAN. The gentleman from South Carolina is recognized for 5 minutes.

Mr. RICHARDS. Mr. Chairman, I am opposed to this amendment. The overwhelming majority of the committee is opposed to it.

Here is what happened last year. Under pressure from the millers a 25 percent provision was put into the bill; in other words, 25 percent of the wheat and wheat products sent to Europe under the program must be milled and sent there as white flour. Last year there was a great shortage of cattle feed and stock feed in the United States; our farmers needed the byproducts of wheat. That was one of the main reasons that the Eightieth Congress stipulated that 25 percent be sent over there as flour. This year there is no shortage of stock feed in the United States, but there is a shortage in Europe. This thing simply means that the program will cost about \$8,000,000 more because the millers want a subsidy. This is also going to cost the farmers of the United States who raise wheat millions of dollars because so much of the allocation for wheat is going to be consumed by the flour provision. Do not think for 1 minute that this is going to do anything for the American farmer; it is not going to do anything for the American farmer, it will hurt him if he wants to sell his surplus wheat in Europe. The man it will help is the big miller; there is no doubt about that. And do not think for a minute that this thing is going to help Europe because over there they do not want white flour; they need the whole wheat. They use the byproducts for the feeding of their cattle.

I think this is an unwise proposal. Let me warn you that they will come in next with a similar proposal for corn, to send meal over there when the people of Europe are not accustomed to eat corn bread and grits. Eighty percent of our corn sent to Europe is used for cattle and horse feed; yet it will be proposed here that three-quarters of the amount sent for human consumption be sent in the form of meal or grits. It means that meal and grits will be fed to the cattle and that is pretty expensive cattle feed.

Mr. TAURIELLO. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield.

Mr. TAURIELLO. Mr. Chairman, the gentleman stated that it would cost \$8,000,000 more if we vote this amendment. Today we are being asked to pour out over \$5,000,000,000 to stabilize the economies of these European countries. In my opinion \$8,000,000 is a mere drop in the bucket when we are trying to protect the economy of this country. If we do not adopt this amendment, it means that these mills here in this country will have to close their doors.

Mr. RICHARDS. We are trying to rebuild Europe. It is in our interest to do

so. We cannot do that unless we hew to the line. If we have surplus wheat we want to send it to Europe, but we want to send it in the form that will best promote the program.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Pennsylvania.

Mr. FULTON. It should be pointed out that the American Farm Bureau Federation opposes the 25 percent milling for flour provision. In addition, it is going to cost \$8,000,000 extra and there are \$14,000,000 lost on stock feed that Europe otherwise would get if we send them the wheat. So we are protecting the farmer on this and we are protecting them against the large millers.

Mr. RICHARDS. I thank the gentleman.

Mr. WILLIAM L. PFEIFFER. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from New York.

Mr. WILLIAM L. PFEIFFER. The gentleman realizes that while we are trying to protect the farmer we are also trying to protect the small-business man, as was evidenced by the vote on the previous amendment. There are a great many millers affected.

Mr. RICHARDS. There are not many small millers affected.

Mr. WILLIAM L. PFEIFFER. There are a lot of employees affected.

Mr. RICHARDS. There are a few.

Mr. WILLIAM L. PFEIFFER. Not a few; 10,000 employees in my district.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. RICHARDS. I yield to the gentleman from Ohio.

Mr. VORYS. When we passed the small-business amendment we did not increase the cost of this program to do it. That is what this amendment would do. It would cost the program \$8,000,000 more.

Mr. RICHARDS. It is going to cost the program more and it is going to cost the American farmers more.

The CHAIRMAN. The Chair recognizes the gentleman from Nebraska [Mr. MILLER].

(Mr. MILLER of Nebraska asked and was given permission to revise and extend his remarks.)

Mr. MILLER of Nebraska. Mr. Chairman, it seems to me we ought to protect our smaller business groups and our farmers. We did buy \$354,000,000 worth of wheat in Canada and at a time wheat was in great surplus in the United States. In the matter of cotton we learn from the hearings that Clayton, Anderson & Co. got \$800,000,000 worth for cotton out of ECA funds. I guess maybe they are small business. You will remember Mr. Clayton was the gentleman who helped write some of this program. He seemed to have pulled the wool over the eyes of some of us.

Now, may I refer to the statement that in participating in this program there shall be no serious impairment to the economic stability of the United States.



I wonder, Mr. Chairman, if you really think this type of legislation does not impair our stability? I wonder if you think we are protecting the small mills and the wheat-growing sections of this country when we try to funnel all of the business through the large concerns? I ask you that question. Ask yourselves that question when you go home tonight. One member of the committee had the honesty and the courage to say, "Yes, we are lowering the standards of the people in this country by this type of legislation."

How much lower shall we go?

We must protect our economy or face destruction.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. REES].

(Mr. REES asked and was given permission to revise and extend his remarks.)

Mr. REES. Mr. Chairman, I rise in support of the amendment of the gentleman from Missouri that provides for the milling of 25 percent of ECA wheat in this country. The amendment should include corn as well as wheat. If this grain is going for food, why not process at least a part of it before it is sent abroad. This amendment was included in the act last year and worked pretty well. I say, if it is being sent for food, then they need our finished product from the standpoint of nutrition as well as palatability.

Mr. Chairman, there has been considerable discussion about helping small business. I am informed there are several thousand small mills in this country that are either shut down or running at less than half capacity. It is rather odd you are unwilling to let the workmen in these mills grind even as much as 25 percent of grain that is being given to foreign people, and paid for by American taxpayers. It is contended by some Members the big mills might get the business. If they do, it is the fault of administrators of this measure.

Mr. Chairman, I said this amendment should include corn. I am informed an amendment will be offered to include corn. I therefore, call attention to a statement in the Federal Register of March 20 and April 1, 1948. Here is what it says, and I quote:

(8) Federal Register.—The House unanimously passed an amendment to the Foreign Assistance Act of 1948 (Federal Register, March 20 and April 1, 1948). This amendment states:

"The most persuasive argument in behalf of the amendment springs from the fact that in the main, European countries do not have good milling facilities for corn. It must be milled in available mills which are adapted to the grinding of wheat and the net result is that a high-grade quality production of corn meal, corn grits, and corn flour cannot be produced in the mills abroad.

"This means an inferior product from the standpoint of nutritional and caloric value. That is highly important because the very purpose of the food commodities to be sent abroad is to build up the physical capacity of people to reconstruct their own industrial economy and this, of course, requires products where every element of nutrition is carefully preserved."

Mr. Chairman, this is a statement of the administration. What more evidence do you want? The amendment should be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. MURRAY].

(Mr. MURRAY of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. MURRAY of Wisconsin. Mr. Chairman, I just want to call attention to the fact that whether it is 15 percent or 25 percent the goal may not be reached for the reason that if you check over the figures for last year you will find that we purchased in Canada more wheat than we did in the United States under this program.

As to the total of wheat and flour converted from wheat we purchased more in Canada than we did in the United States. The only point that I wish to make is the fact that it makes all the difference in the world where you are going to buy this wheat. If you buy the wheat in Canada, it does not make much difference as far as the mills in the United States are concerned. The difference between 15 percent and 25 percent could easily be taken care of if there was a will on the part of the ECA to have this in mind when they make their purchases.

*Commitments<sup>1</sup> and reported shipments of specified commodities to OEEC countries, Apr. 3 to Dec. 31, 1948*

Commodity and source	Commitments		Reported shipments	
	Approximate quantities in 1,000 metric tons net weight	Million dollars	Approximate quantities in 1,000 metric tons gross weight	Million dollars
Wheat:				
United States.....	3,583.0	342.6	2,453.6	232.5
Canada.....	2,920.0	201.4	2,762.5	190.3
Total.....	6,503.0	544.0	5,216.1	423.2
Flour—wheat equivalent:				
United States.....	1,378.0	127.2	958.6	83.0
Canada.....	681.0	49.3	678.0	47.4
Total.....	2,059.0	176.5	1,645.6	130.3
Total wheat and flour—wheat equivalent:				
United States.....	4,961.0	469.8	3,412.2	315.5
Canada.....	3,601.0	250.8	3,440.5	238.2
Total.....	8,562.0	720.6	6,861.7	553.5
Tobacco:				
United States.....	107.2	98.8	59.0	63.5
Turkey and Greece.....	4.0	3.0		
OWH.....	1.8	1.1		
Total.....	113.0	102.9	59.0	63.5
Cotton:				
United States.....	391.2	302.5	117.0	112.8
Peru.....	.2	.3		
Total.....	391.4	302.8	117.0	112.8
All dairy products, including cheese, product weight:				
United States.....	102.9	61.6	49.0	35.7
Canada.....	14.7	10.0	13.7	10.0
Turkey.....	.3	.3		.1
Total.....	117.9	71.9	63.7	45.8

Footnotes at end of table.

*Commitments<sup>1</sup> and reported shipments of specified commodities to OEEC countries, Apr. 3 to Dec. 31, 1948—Continued*

Commodity and source	Commitments		Reported shipments	
	Approximate quantities in 1,000 metric tons net weight	Million dollars	Approximate quantities in 1,000 metric tons gross weight	Million dollars
Cheese:				
United States.....	32.5	21.2	29.9	28.8
Canada.....	14.6	10.0	13.6	10.0
Turkey.....	.3	.3		.1
Total.....	47.4	41.5	43.5	38.8
Soya Beans:				
United States.....	169.1	17.3	( <sup>2</sup> )	( <sup>2</sup> )
Brazil.....	4.9	.8	( <sup>2</sup> )	( <sup>2</sup> )
Total.....	174.0	18.1	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Procurement authorizations initiated by Food and Agriculture, ECA, including purchase agreements initiated up to Dec. 31, 1948, for first quarter 1949 delivery.

<sup>2</sup> Not available.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. SMITH].

Mr. SMITH of Wisconsin. Mr. Chairman, I am going to offer an amendment to cut the amount, and I am opposed to increasing these figures even by the \$8,000,000. There is one hard thought that we must understand, it seems to me, in this whole program, and it is that it is designed as a recovery program for Europe.

Now, what is the situation so far as the milling industry in Europe is concerned regarding the 25 percent provision.

The provision prejudices the milling industry in the participating countries which have milling capacity adequate or nearly adequate to their needs. These are Austria, Belgium, France, the French zone of occupation in Germany, Greece, Ireland, Italy, the Netherlands, and Norway. The detriment to the local economy is bad, particularly in Austria, Italy, and Greece, where recovery is complicated by unemployment. Section 112 (c) drains away funds which would otherwise be available for assistance to the participating countries. The committee must stand on the premise that this is a European recovery program.

Now, if we adopt this amendment it means that we are going to throw out of employment men who are engaged today in the milling industry overseas. Again I repeat, I want to see American industry taken care of so far as it is possible, yet under the policy of the law as written we are interested in European recovery. Now that is a hard fact that we must all understand. I want to protect American agriculture and industry but we seem to be bound by our previous action.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield to the gentleman from Ohio.

Mr. VORYS. Whenever we make this into a relief program for any part of our economy, we cut down on the amount of recovery over there or increase the ex-



pense of the whole business; is that not true?

Mr. SMITH of Wisconsin. That is right.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. WIER].

Mr. WIER. Mr. Chairman, coming from the second largest milling city in the United States, Minneapolis, I feel that I would be derelict in my duty if I did not at this time, at least, speak up in defense of this amendment. It is true that I was interested during the course of the hearings in the committee in their deliberations on this activity.

But, I come here today speaking for several hundred unemployed milling employees of the city of Minneapolis. What I say about the city of Minneapolis, I presume, is also true of Buffalo, Kansas City, and other large milling centers.

Mr. O'HARA of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. WIER. I yield to the gentleman from Minnesota.

Mr. O'HARA of Minnesota. It would also apply to many of our small mills.

Mr. WIER. That is true. There are many small mills throughout the State of Minnesota as well as our large concentrated milling industry, in Minneapolis. Bear in mind, I am not speaking here today for the milling industry; I am speaking for the men who are at present on the unemployment rolls because of the slackness of the milling industry in Minneapolis. I do not attempt here to interfere with the operations of ECA, but I do feel that we have some responsibility, not only in getting the grain to Europe, but there are some parts of that expenditure that we can well keep at home.

I heard the suggestion in committee that there was a surplus of feed in the United States. I also heard that disputed. However, I am not going to attempt to defend the pros or cons on the question of surplus feed, but I am deeply concerned, and I think all of us are deeply concerned, with unemployment in the United States.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. GORSKI].

Mr. TAURIELLO. Mr. Chairman, will the gentleman yield?

Mr. GORSKI of New York. I yield to the gentleman from New York.

Mr. TAURIELLO. Is it not a fact that today in Buffalo, one of the largest milling centers in the world, there is a 25 to 50 percent falling off in work in the mills? If this amendment is adopted, it may mean the closing down of several of the mills in Buffalo.

Mr. GORSKI of New York. Mr. Chairman, the present provision calling for 25 percent of the wheat which is ground into flour for shipment to foreign countries being milled in this country should definitely be retained.

Flour that goes to the importing countries with an American brand indicates it is made in the U. S. A. The baker, the housewife, the jobber, and everyone who handles the flour has visible evidence that it is a product of the U. S. A. that is given to their country. Wheat has no

identity and a cargo of wheat might be from Russia, Argentina, or Canada, but no one handling the wheat would know it might be paid for with our American money.

The losses claimed by ECA in shipping flour instead of wheat cannot be proved. The mill feed is retained in this country and it is not a loss to our economy. One country in Europe is now considering the necessity of exporting mill feed because they are oversupplied. Labor is paid for in the manufacture and the handling of flour. This labor income is used to maintain our purchasing power and a share of it goes to pay taxes, including social-security and old-age benefits.

The miller is the largest purchaser of the farmers' wheat and any curtailment of the millers' wheat requirements means lower prices because one buyer—the Government—cannot support the market everywhere every hour of every day.

Flour exports have held up when there was no demand for our wheat. This was particularly in evidence in the 1930's when we had a difficult time exporting our supplies.

Now we are reaching the point where many countries do not want our wheat or flour even as a gift and they take the wheat because it can be fed to livestock and can be disposed of to other countries to better advantage than flour.

Flour can be shipped from any port and space is available and has been available for flour shipments. ECA claims they were justified in furnishing money for Canadian wheat and flour because of lack of ocean space and port facilities in this country. There was no shortage of space for flour and no shortage of port facilities for the shipment of flour. More wheat equivalent can be loaded in a boat in the form of flour than bulk wheat. It other words, the space used for flour is less than the space required for the amount of wheat it would take to make the flour.

Buffalo being the largest flour-milling center in the world, employing approximately 10,000 employees in the grain industry, namely workers in the flour mills, feed mills, and grain elevators, at present are experiencing short-running time. They are working 3 and 4 days a week. It seems strange to me that the Government, instead of being interested in preventing and averting any form of unemployment, if the ECA program will go through, it will be a promoter in putting more and more people out of work. Closing of mills and curtailment of running time means fewer jobs. This will first affect the mills in the interior and in the small communities where there are no other jobs. The closing of these smaller mills will eliminate the best market the farmer has for his wheat.

Eliminating flour will give the ECA another opportunity to furnish money to buy wheat and flour in other countries because they probably can claim they cannot secure space for shipping bulk wheat from this country.

Where wheat or flour is paid for with our money, we believe we should furnish, first, the product that is best for our own economy and the economy of the American worker. Labor in importing coun-

tries can be utilized to better advantage than in the manufacture of flour. Our furnishing all wheat will encourage the building of mills that will be available for grinding local wheat on land that can be better utilized for other purposes or in grinding wheat from countries that can produce wheat at a cost lower than our cost of production. This will reduce our potential market for all time. ECA money should be used to support the economy of each country, but in order to make recovery faster in some other country, this should not be carried to the extreme of damaging our own economy more than the resultant high taxes. Supporting Canadian wheat prices with our money is one example of how far this idealism can be carried.

I heartily favor the stated objectives of ECA to help reconstruct a world which can again trade largely on an individual free-enterprise basis. We also recognize the necessity at this intermediate stage of tolerating some government-to-government trading. However, any arrangement whereby foreign governments can use this temporary period and our own taxpayers' money to destroy the regular channels of trade developed in free competitive markets obviously works against the best interests of the United States and against the objectives of ECA.

(Mr. GORSKI of New York asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. WILLIAM L. PFEIFFER].

(Mr. WILLIAM L. PFEIFFER asked and was given permission to revise and extend his remarks.)

Mr. IRVING. Mr. Chairman, will the gentleman yield?

Mr. WILLIAM L. PFEIFFER. I yield to the gentleman from Missouri.

Mr. IRVING. If Members will read the testimony in the hearings they will find it contradicts the statement made here that there is a \$8,000,000 deficit or extra expense. The testimony by experts showed that if all this grain had been milled they would have saved \$6,000,000, not \$8,000,000, on the operation covered by the amendment I propose.

Mr. WILLIAM L. PFEIFFER. The gentleman is absolutely right.

Everybody seems to be alarmed and worried about the cost of \$8,000,000 and more. With \$5,380,000,000 under consideration in this bill, I do not believe we ought to be too concerned with \$8,000,000, when it throws American labor out of work, when it curtails the purchasing power of the men who are put out of work, when it shuts up shop for the small millers and curtails the activities of the large millers. If we are so concerned about saving a paltry \$8,000,000 here now, I did not hear a single voice raised on the floor of the House when the previous section of the bill was adopted, which required us to use 50 percent American bottoms to ship these things to Europe, which would cost \$8,000,000, too, according to Administrator Hoffman.

This is very serious, and it is very serious in my district. I hope the Committee will vote for this amendment.



The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. HOEVEN].

Mr. HOEVEN. Mr. Chairman, it is my understanding that the gentleman from Texas [Mr. WORLEY] will offer an amendment at the end of section 7 which in substance will provide that basic commodities purchased by the Commodity Credit Corporation be first exhausted by the ECA before such commodities are purchased elsewhere.

I intend to offer an amendment to the Worley amendment which will incorporate the language of the so-called corn amendment. It was unanimously approved by the House last year when a similar bill was under consideration. The same language used in my amendment was adopted by the Senate on last Friday. My amendment does not require the shipment of corn or any particular amount of corn but it does require that when and if any corn is used by the ECA, not less than 15 percent shall be in the form of corn grits, corn meal, and corn flour. I take this time merely to notify the committee of the substance of my amendment, which will be offered at the proper time.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. SCUDDER].

Mr. SCUDDER. Mr. Chairman, section 112 of the Economic Cooperative Act of 1948 was amended in the Senate by adding after the words "any agricultural commodity or product thereof" the following, "or class, type, or specification thereof."

This amendment was highly desirable to include various deciduous fruit crops in the agricultural commodities to be shipped to the countries receiving aid under the provisions of this act.

In the crops which we desire to ship are apples, prunes, pears, peaches, and so forth. Europe at one time imported about 20 percent of our apple crop. Germany and France consumed practically all of the small prunes produced in this country. During the war all imports were halted, and since the war no provision has been made under our assistance programs to include these crops. The American farmer will lose this market for all time unless we reestablish that export market.

Fruit trees, unlike cotton, wheat, potatoes, and so forth, cannot be restricted, as it takes from 10 to 15 years to grow a producing tree. These orchards must be pruned, sprayed, cultivated, and taken care of in the proper manner. To keep this fruit industry solvent, I trust the conference committee will agree to the Senate amendment.

(Mr. SCUDDER asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Connecticut [Mr. RIBICOFF].

Mr. RIBICOFF. Mr. Chairman, I rise in opposition to this amendment.

Mr. Chairman, ECA is not a pump primer for pressure groups and surpluses. ECA is not a carousel where every special interest tries to grab the ring for a free

ride. If you want to subsidize, do so frankly. Do not hide behind ECA.

I call the attention of the Members of the House who talk about the cost of the program to the following items of special interest that raise the cost of this program \$84,000,000:

Flour, \$8,000,000; shipping, \$25,000,000; surplus agricultural items, \$35,000,000; marine insurance, \$11,000,000; and corn, \$5,000,000.

If you want to subsidize, let us do so frankly, but let us not kid ourselves. You are putting all this extra cost on the shoulders of the American taxpayer.

Mrs. DOUGLAS. Mr. Chairman, will the gentleman yield?

Mr. RIBICOFF. I yield.

Mrs. DOUGLAS. The statement was made that under the ECA we had made off-shore purchases of grain. I think that is a very important point, which ought to be answered now. We did make those purchases. We did so because when we passed this legislation last year we authorized ECA not to buy any commodity of which we were in short supply. I would like to read Mr. Hoffman's statement on grain, which is as follows:

Speaking generally from July 1 of last year to January 1 of this year, we have shipped every bushel of wheat from America for which we could get an export license. The issuance of export licenses was dictated not only by the supply of wheat, but also by the availability of shipping.

If we have a surplus of bread grains, then naturally the ECA will buy bread grains from the United States.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. KEE].

Mr. KEE. Mr. Chairman, I merely want to contribute to this debate a statement made by the American Farm Bureau Federation before our committee. That statement is as follows:

We urge the elimination of the provision in the Foreign Assistance Act of 1948 which requires that 25 percent of the wheat supplies under this program must be in the form of flour.

This provision tends to penalize American wheat growers because participating countries, with only a limited supply of dollars available, are likely to buy less wheat if they must use more dollars to buy 25 percent of their requirements in the form of flour.

Testimony before the committee showed that the provision cost the ECA program \$8,000,000 in the first 9 months of the program. There was a saving of \$6,000,000 based on the cost of the flour shipments as against the equivalent human food value in wheat, but this was offset by the extra cost of \$14,000,000 in value of animal-feed byproducts which would have been realized by processing the grain in Europe.

We say that if this is a European recovery program, we ought not to make it a program for the benefit and the aggrandizement of everybody who happens to be in business here in America.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. IRVING].

The question was taken; and on a division (demanded by Mr. IRVING) there were—ayes 66, noes 107.

So the amendment was rejected.

Mr. WORLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WORLEY: On page 8, line 3, at the end of section 7, add a news subsection as follows:

"(j) No funds authorized to carry out the purposes of this act shall be made available for the purchase of any basic agricultural commodity or livestock product other than from supplies now or hereafter owned by the Commodity Credit Corporation, unless or until such supplies have been exhausted."

[Mr. WORLEY addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. HOEVEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOEVEN to the Worley amendment: Amend the Worley amendment by adding at the end thereof the following:

"The amounts of corn and corn grits, corn meal, and corn flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of the United States corn used to produce the corn grits, corn meal, and corn flour procured in the United States for transfer by grant to such countries under this title shall not be less than 15 percent of the aggregate of the unprocessed corn, and corn in the form of corn grits, corn meal, and corn flour procured in the United States for transfer by grant to such countries under this title."

The CHAIRMAN. The gentleman from Iowa is recognized for 5 minutes in support of his amendment.

Mr. HOEVEN. Mr. Chairman, the amendment which I am proposing to the Worley amendment received unanimous approval of the House of Representatives last year when similar legislation was before us. The same amendment in identical language was adopted by the Senate on last Friday. We are all aware of the fact that the country is now entering an era of surpluses and this pertains particularly to corn. The 1948 corn crop consisted of 3,650,000,000 bushels. We had an old crop carry-over of 125,000,000 bushels. This made a total supply of 3,776,000,000 bushels available as of October 1, 1949. The prospects are that we will have about as large a corn crop in 1949 as we had in 1948; therefore the prospective carry-over of corn will exceed perhaps 700,000,000 bushels.

Mr. CHIPERFIELD. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Illinois.

Mr. CHIPERFIELD. I offered a similar amendment in committee. I hope that the gentleman's amendment will be adopted by this Committee.

Mr. HOEVEN. I thank the gentleman. This amendment is simply a step in the direction of trying to meet an emergency, which may confront this country as far as the surplus of corn is concerned. We must take steps to handle these surpluses now and the ECA will afford an outlet.

My amendment does not require the shipment of corn or any particular amount of corn. We are assuming, of course, that the ECA will use some corn. My amendment simply requires that in



the event any corn is shipped or used by the ECA not less than 15 percent shall be in the form of corn grits, corn meal, or corn flour. The purpose of the proposed amendment is also to contribute materially to continued high wages, full employment and to full production, and in establishing markets for the future.

Mr. JENNINGS. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Tennessee.

Mr. JENNINGS. Have they the facilities over there to prepare corn in the form of grits and other edible food for human consumption that we have in this country?

Mr. HOEVEN. No. These foreign countries have unsuccessfully attempted to mill our corn with wheat-milling equipment. That is the only thing they have. They have no corn-milling equipment, as far as I know. They have had very unsatisfactory results. They need our finished products, both from the standpoint of nutrition and palatability as well as the milling mark to shoot at.

Mr. DOLLIVER. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Iowa.

Mr. DOLLIVER. The gentleman's amendment does not in any way alter; it really strengthens the Worley amendment.

Mr. HOEVEN. It strengthens the Worley amendment because the Worley amendment pertains to all basic commodities, of which corn is one. My amendment simply says that whenever they use the basic commodities, of which corn is one, 15 percent shall be shipped in the form of grits, corn meal, and corn flour.

Mr. TALLE. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Iowa.

Mr. TALLE. May I say to the gentleman that I am very much in favor of his amendment and, if adopted, it will contribute to an alleviation of a possible shortage of storage space in the event another bumper crop is harvested this year.

Mr. HOEVEN. The gentleman is correct.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Illinois.

Mr. ARENDS. I rise in support of the gentleman's amendment. May I say that in view of the adoption of this amendment by the Senate I do not see why the House cannot take similar action at this time.

Mr. HOEVEN. The gentleman is quite correct. In view of the record on this amendment as it stands today, I am amazed that the committee opposes my amendment.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from Michigan.

Mr. DONDERO. Is there a demand in Europe for processed corn in the form of corn meal?

Mr. HOEVEN. There is. After World War I under the Hoover recovery pro-

gram large quantities of corn meal and corn flour were shipped to Europe with detailed cooking instructions in the various languages inserted in each sack. The people used the processed corn, the statements of the gentleman from South Carolina [Mr. RICHARDS] to the contrary notwithstanding.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

(Mr. HOEVEN asked and was given permission to revise and extend the remarks just made and remarks previously made.)

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes, reserving 5 minutes to the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I object.

Mr. RICHARDS. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 20 minutes, the last 5 minutes to be reserved to the committee.

Mr. AUGUST H. ANDRESEN. I object, Mr. Chairman.

Mr. RICHARDS. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 20 minutes, the last 7 minutes to be reserved to the committee.

Mr. CASE of South Dakota. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. I make the point of order that a motion to apply to all amendments to the section is not in order at this time, and further, that it reserves 7 minutes to the committee.

The CHAIRMAN. The gentleman from South Dakota [Mr. CASE] makes a point of order against the motion offered by the gentleman from South Carolina [Mr. RICHARDS]. The Chair is constrained to sustain the point of order.

Mr. RICHARDS. Mr. Chairman, I move that all debate on this section of the bill and all amendments thereto close in 20 minutes.

The motion was agreed to.

Mr. GRANGER. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. GRANGER moves that the Committee do now rise and the enacting clause be stricken.

Mr. GRANGER. Mr. Chairman, I think this is an important amendment. Certainly, limiting the time of debate is not in the interest of sane legislating nor doing the committee any good, in my judgment. I just wanted to take time enough to inform the House of a situation with which the gentleman from Texas [Mr. WORLEY] and I have been rather closely associated, that is, the matter of the foot-and-mouth disease in Mexico.

The Republic of Mexico is also a friend of ours, and perhaps is in need of some consideration in this program. As a result of the foot-and-mouth disease there, the President, by executive order, placed an embargo upon all Mexican

cattle. There is not a hoof of Mexican cattle that can enter the United States except in a can. We have appropriated money and built packing plants in Mexico to process the cattle that cannot be moved out of that neighboring country. The taxpayers of this country have \$25,000,000 now invested in canned meat. It is not an inferior product, it is a good one. It is not the inferior cattle but it is all the cattle the Republic of Mexico can sell. This amendment would provide a means of saving the taxpayers some money by making it possible for this meat to be sold and distributed in the countries where it is needed.

I think it is important to the people of Mexico and it is important to the taxpayers of this country because it is different from any other kind of amendment offered, for we already have this meat on hand, it does not belong to stockmen or farmers but is owned by taxpayers of the United States, and we cannot dispose of it locally because it is more than the normal channels of trade can consume. I hope the Worley amendment is agreed to, because it is important to our neighbors and to ourselves.

Mr. Chairman, I withdraw my motion.

Mr. HOFFMAN of Michigan. I object, Mr. Chairman.

Mr. VORYS. Mr. Chairman, I rise in opposition to the motion.

Mr. Chairman, this combination meat and corn amendment could be well be called a pork amendment.

We must not make this European recovery plan a form of disguised subsidy for American agriculture in any form. It may be that we need a subsidy program, but let us not put it in this bill. The fact is as to meat that the only meat that goes from the United States is horse meat under this program. This meat that is referred to, that the Commodity Corporation has, is about 100,000,000 pounds of canned meat that costs about 50 percent more than the raw meat, which the Europeans like to eat. They do not like canned meat.

The same thing is true on the corn amendment. Eighty percent of the corn goes over there as feed, and if we are going to have corn flakes and corn products made out of corn, we simply add thereby to the cost of the program as a hidden subsidy for American agriculture and the milling industry.

Remember, in this program we are supporting the recovery of enterprises in agriculture and in industry in Europe that may be competitive with us. It is our past experience that in times of peace we have always had the most trade with the most prosperous foreign countries, that at the same time were our best competitors. If we start to gut this program for recovery in Europe by making it into a hidden subsidy program for business or agriculture in this country, we will do one of two things, we will make its cost completely prohibitive or we will cut down the amount of aid.

Mr. KEE. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield to the gentleman from West Virginia.

Mr. KEE. Does not the gentleman believe this amendment would mean that



before ECA could purchase any meat for this program in Europe it must purchase the entire 100,000,000 pounds of this canned meat?

Mr. VORYS. That is right, and the gentleman from Texas explained it that way.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. VORYS. I yield.

Mr. CASE of South Dakota. Does not the preamble to the bill contain this language:

*Provided, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States.*

Without these amendments, how will you avoid impairing the economic stability of the United States?

Mr. VORYS. We have handled it without these amendments for the past year, and I do not know that the corn or the cattle industries of the country have been impaired by ECA.

The point is we must not make this program a form of subsidy for American industry or agriculture. There are a thousand different branches of industry and agriculture that can come here asking for special favors. They are not doing it, recognizing the possibility of competition in the future as a result of recovery over there. Let us not pick some favorites here and subsidize them in this indirect way. If there are surpluses that are available for use in the recovery plan under the existing law the Administrator must use those surpluses first. Let us not put through this type of pork-barrel amendment.

The CHAIRMAN. The question is on the motion offered by the gentleman from Utah [Mr. GRANGER].

The motion was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. CHATHAM].

Mr. CHATHAM. Mr. Chairman, I speak in opposition to these amendments because you can upset the whole pattern of world trade. We are trying to increase and help world trade, and thereby help western European recovery and world recovery. If we do have a surplus of agricultural products, I would just like to point out in the few seconds that I have what the Secretary of Agriculture says about surplus products. In a letter of April 4 to Judge Kee, Mr. Brannan says:

The proposal would have the effect of redefining agricultural commodities to include not only those agricultural commodities and products which are determined by me to be in excess of domestic requirements, a definition now in effect, but also in addition to those agricultural commodities selling at less than parity, or comparable price. The proposal is not practicable from the administrative standpoint. I hope it will be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Vermont [Mr. PLUMLEY].

Mr. PLUMLEY. Mr. Chairman, I just want to say, as a member of the Committee on Appropriations, after you get your job done, come and see me.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee [Mr. SUTTON].

Mr. SUTTON. Mr. Chairman, in view of the surplus agricultural commodities in America, I am reminded of the old adage that charity begins at home. I see no reason why any surplus supplies or other commodities owned by the Commodity Credit Corporation should not be purchased therefrom. This is a meritorious amendment and I regret that I do not have more time to discuss it fully from the standpoint of the American farmer.

However, I am familiar with the hearings held by the committee, and I am of the opinion that this amendment should be passed.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. KEATING. Mr. Chairman, I ask unanimous consent that the time allotted to me may be granted to the gentleman from Minnesota.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I regret that the statesmen on the Foreign Affairs Committee have found it necessary to railroad this bill through the committee, thereby precluding even a limited debate on its merits. It appears that the members of the committee are primarily interested in taxing the Americans to the tune of billions of dollars to be used as gifts to 19 foreign countries, and making certain that none of the money will be spent in the United States.

To illustrate the policy of the ECA, which has been concurred in by members of the legislative committee, I point out what has occurred since April 3 of last year. The ECA under direction of the Truman administration turned over \$573,000,000 to the 19 Marshall countries to buy grain and food in Canada. This was at the time when we had large surpluses of wheat and other grains in this country, and the CCC was putting up several hundred millions of dollars to support the price of these grains in the United States. There will no doubt be another record wheat crop in this country this year, and with a carry-over of nearly 400,000,000 bushels, it seems to me that the membership of the Foreign Affairs Committee should be more interested in American producers than they are in financing the removal of surplus wheat in Canada. The spokesmen for the committee say, "No," to American producers. I say it is a disgrace.

The committee also takes the position that we must not ship any American-made flour to the Marshall countries under direction of the ECA. They say that the flour must be purchased in other foreign countries. And, this comes at a time when the flour mills of the United States are operating on half time. The

committee refuses to give American working men a break when it comes to work in our flour mills. What are we coming to in this Congress?

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. LUCAS].

Mr. LUCAS. Mr. Chairman, the distinguished gentleman from Ohio inveighs against subsidies for business and for agriculture. I rise in favor of this amendment, because I believe in subsidies for the American taxpayers. We Americans taxpayers have great investments in meat which we have had to buy because of the aftosa program in Mexico. We have tremendous investments in surpluses which have been incurred because of our agricultural program. I think it is unwise for us to contribute to the assistance of these people overseas when we have surpluses here in this country which they could utilize and utilize well. I urge the adoption of the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Wyoming [Mr. BARRETT].

(Mr. BARRETT of Wyoming asked and was given permission to revise and extend his remarks.)

Mr. BARRETT of Wyoming. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Texas, and also in support of the amendment to the amendment offered by the gentleman from Iowa.

In the outset let me say that in my judgment nations, like individuals, act in self-interest. The United States has purchased through the Commodity Credit Corporation, commodities costing several hundred million dollars. It seems but common sense that we should require that a few million dollars of the billions of dollars authorized under this bill be spent to purchase commodities owned by this country and suitable for use in the operations of this program.

Now, Mr. Chairman, as the gentleman from Texas has pointed out the Commodity Credit Corporation owns something over 100,000,000 pounds of beef that was purchased in that portion of Mexico not infected with the foot-and-mouth disease. This meat was processed and canned under the same standards as the military used in preparing meat for shipment to our armed forces abroad during and since the war. It is high grade in every respect. There is no good reason why this meat should not be used and the Treasury of the United States reimbursed for its investment therein. I may say, also, Mr. Chairman, that the Commodity Credit Corporation still holds a stock pile of some 80,000,000 pounds of wool all of which was purchased at different times over the past 6 years. A good many of the participating countries can use that wool to good advantage. It seems to me, Mr. Chairman, that any other nation on earth would take the money out of one of its pockets and put it into another if in so doing they could at the same time achieve the objective and purposes of the program. I hope this amendment will be adopted.



The CHAIRMAN. The time of the gentleman from Wyoming has expired. The gentleman from New York [Mr. GORSKI] is recognized.

Mr. GORSKI of New York. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GORSKI of New York: On page 7, line 6, strike out "repealed" and insert "amended by striking out '25 per centum' and inserting in lieu thereof '15 per centum'."

The CHAIRMAN. The gentleman may speak now; his amendment will have to be offered later.

The gentleman from New York is recognized.

Mr. GORSKI of New York. Mr. Chairman, as we all know, the amendment which would permit the 25-percent milling of flour in this country was defeated. My amendment substitutes 15 percent and is the compromise set by the Senate, the figure that is in the bill that was adopted by the Senate. So I am asking that it be approved because it is going to mean a good deal to the people of Buffalo.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. GORSKI of New York. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman's amendment should surely be approved. Today we are faced with surplus wheat in this country. This amendment is needed to give American workers jobs, men who are now working part time.

The CHAIRMAN. The time of the gentleman from New York has expired.

The gentleman from Pennsylvania [Mr. FULTON] is recognized.

Mr. FULTON. Mr. Chairman, it does give me a lot of surprise as a Member from the city to hear certain Members from the farm States now complaining that they have a lot of surplus wheat. Because you will remember last year two Members, the gentleman from New York [Mr. JAVITS] and the gentleman from Pennsylvania [Mr. FULTON] said: "Do not put the limitation on the purchase of United States wheat by ECA. You farmers are going to have a surplus and you are going to be here asking for its removal."

The gentleman from Minnesota [Mr. AUGUST H. ANDRESEN] insisted, however, on a United States minimum retention by law under ECA of 150,000,000 bushels of surplus wheat over United States needs. The ECA nations had to buy abroad. Now he should complain?

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. FULTON. No. The gentleman from Minnesota calls us "the elder statesmen of the Foreign Affairs Committee." I think we at least have the intelligence not within 1 year to change our positions completely, as has just been done, and say, "Now we are for selling as much wheat as we can force ECA to take by law." When last year we heard: "You people do not know what you are talking about when you try to prevent us from restricting the purchase of United States wheat by ECA."

Ho hum.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The gentleman from Louisiana [Mr. LARCADE] is recognized.

Mr. LARCADE. Mr. Chairman, I rise in support of the amendment and the amendment to the amendment.

Mr. Chairman, once before when the ECA bill was under consideration I offered a similar amendment, and the amendment offered by me was accepted by the Committee and also by the House; however, when one bill was sent to conference the amendment was not approved by the conference committee.

Mr. Chairman, representing an agricultural district, and having had surpluses of various agricultural products in my district and State, I was one of those of the opinion that not only the agricultural surpluses in my district and State, but also all surplus agricultural products in the United States should be utilized in the program under the ECA. During the last 2 years of the operation of this program, together with others, I made every effort to have the ECA purchase some of these surpluses in the program, but without success.

Even today there exists in almost every State in the Union agricultural surpluses and in my district and State and the States of Texas and Georgia there are tremendous surpluses of canned sugar-cane sirup which could easily be purchased and would be of great value to this program as well as assist our own people who pay the taxes for this program.

Mr. Chairman, as has been repeatedly pointed out on this floor, why should the Administrators of this program continue to buy the products of other countries for this undertaking when there is available the same foods and products in this country that are just as economical and suitable as those purchased in other countries. Mr. Chairman, it is not necessary for me to take further time on this amendment for my position is too well known to every Member of this House on this legislation, and my record on this legislation speaks for itself.

Mr. Chairman, I have not changed my position.

(Mr. LARCADE asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from Illinois [Mr. MASON] is recognized.

Mr. MASON. Mr. Chairman, I just want to say two things: First of all, I am ready to vote on the bill now, and every other Member of this House is ready to vote on the bill now. Second, I am tired of having Members of this House say to the opposition to this bill, "You have no positive approach; you have a negative approach." A positive approach is one that looks after the interests of the American people.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

The gentleman from California [Mr. JACKSON] is recognized.

Mr. JACKSON of California. Mr. Chairman, we have got so far afield from the amendment in the argument that I

think it well to touch upon just what it means. First of all, it means the disposal of 100,000,000 pounds of canned meat in the hands of the Commodity Credit Corporation. That meat cannot be imported into the United States. In order to cover costs it is priced by CCC in the neighborhood of 30.4 cents per pound.

There are practically no dollar requirements for meat by the participating countries. Whether they should eat it or not is not what we are considering here; they do not like canned meat, and this is not only canned meat, but it is canned meat and gravy. Obviously, no participating country is interested in buying an unfamiliar product which would cost them 15 percent more than they can buy fresh meat for.

The CHAIRMAN. The time of the gentleman from California has expired.

The gentleman from Louisiana [Mr. WILLIS] is recognized.

Mr. RICH. Mr. Chairman, will the gentleman yield for a parliamentary inquiry?

Mr. WILLIS. I yield.

Mr. RICH. Mr. Chairman, can we not give these Members more than 15 seconds apiece?

The CHAIRMAN. The gentleman has not stated a parliamentary inquiry.

Mr. WILLIS. Mr. Chairman, I rise in support of the amendment because I believe in carrying out the theory that charity begins at home. I think this amendment will be very helpful to our constituents at home. Do not make any mistake about it, if the folks back home were voting on this amendment it would carry 10 to 1.

We have had certain experiences with the Administrator in the administration of this law. Recently a group of Senators and Congressmen from Louisiana, Texas, Georgia, Florida, and Mississippi, approached the Administrator with reference to the disposition of a commodity held by the secretary to be in surplus, a wholesome product, syrup produced in those five States. We were told that the participating countries would first have to express a desire to use the syrup. My only objection to the pending amendment is that it does not go far enough.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. MURRAY].

(Mr. MURRAY of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. MURRAY of Wisconsin. Mr. Chairman, I desire to call the attention of the members of the distinguished Foreign Affairs Committee, especially the members on my side of the aisle, that last year we adopted an amendment which provided \$65,000,000 for one agricultural product. This happened to be dried skim milk. If we could do that last year I would like to know why any one can offer any objection as a principle or as a program to adopting the amendment offered by our distinguished colleague from Texas.

Maybe the rest of you gentlemen have millionaires in your districts, but may I say to my colleagues here that so far as my district is concerned the people have lost half of their purchasing power with-



in the last year. I have always supported this legislation and I expect to support it this time, but I would like to have some one start using a little common sense.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. WELCH].

Mr. WELCH of Missouri. Mr. Chairman, I will take one second of the time to say that I am ready to vote on the pending amendment. I would like to yield 49 seconds of my time back to speed up this resolution we are going to vote on.

The CHAIRMAN. The Chair recognizes the gentlewoman from Ohio [Mrs. BOLTON].

Mrs. BOLTON of Ohio. Mr. Chairman, there seems to be so little understanding during these last few minutes of the thing we are really doing, including sending canned meat that cannot come into this country because of Mexican hoof-and-mouth disease to Europe, where canned meat is not eaten, apparently to pull the CCC out of a hole. It seems to me it would be much better if we were to get down to earth and do a responsible job on what we set out to do, which is the rehabilitation of Europe. The faster that can happen, the faster the people over there will be able to trade with us in increasing measure as the years come and go.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman, I rise in opposition to the amendment. I want to take this opportunity to commend the chairman of the Committee on Foreign Affairs, the gentleman from West Virginia [Mr. KEEL], and the members of the committee for their fine work in reporting out this legislation. It speaks well for the long hours of hearings held, and for the very few and relatively minor points of difference. It is only after the successful discussion and consideration of legislation of this character that a bill of such magnanimity of purpose and objectivity can be agreed on in such a relatively short time and after full and complete debate on the floor.

We have advanced a great step forward away from isolationism. Some people would try to make out that questioning of funds for foreign aid, both ECA and arms for Europe, means a new wave of isolationism. It is a healthy sign rather than a pessimistic one, because there is a real regard for caution and a raising of the question as to how much we really can afford to spend.

We as Members of Congress should awaken to the idea and to the hard economic facts that this Nation's resources are not without limit. It is about time that we give careful consideration to this point of view.

It is about time that we give serious thought to our present economic plight. We seem to be seeking a new level of normal activity. It is to the interest of all concerned that we remain a prosperous, continuing Nation of high-level production and consumption. We must not fall in this. Too much is at stake.

(Mr. BUCHANAN asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Maine [Mr. NELSON].

Mr. NELSON. Mr. Chairman, instead of this measure being designed for European recovery, it appears that we are going to use it for the purpose of subsidizing surpluses. If that be so, I would like to see it used as a subsidy to give employment to the many mills in this country that are running short.

(Mr. NELSON asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, this is not a relief program for the nations of Europe. We decided that last year. It should not be made a relief program for the farmers of the United States who have enjoyed the greatest income that they have had in many years. I hazard the guess that the great bulk of the farmers of the United States know that their best interest lies in a prosperous America, a prosperous Europe, and not in these rather small maneuvers for a few million dollars of special returns to be inserted in this particular bill.

The CHAIRMAN. The Chair recognizes the gentleman from Utah [Mr. GRANGER].

Mr. GRANGER. Mr. Chairman, I yield to the gentleman from Texas [Mr. WORLEY].

Mr. WORLEY. Mr. Chairman, the gentlewoman from Ohio said this meat that is owned in Mexico is contaminated with the foot-and-mouth disease. This is 350 miles from the infected zone in Mexico; is that correct?

Mr. GRANGER. That is correct. This is not any foot-and-mouth-diseased meat at all. It is good canned meat.

Mr. WORLEY. These beef cattle have been on grass up until this time. Ordinarily they would come into this country, until we slapped a quarantine on them, at the rate of 500,000 a year.

Mr. GRANGER. That is correct.

The CHAIRMAN. The Chair recognizes the gentleman from Nebraska [Mr. STEFAN].

Mr. STEFAN. Mr. Chairman, I rise in support of the Hoeven amendment. The farmers in my district and in fact, the farmers all over the Corn Belt face a serious corn surplus. Here is a chance to help the farmers. Here is a chance to really do something about the farm-surplus problem. It is a big problem—a serious problem. I am surprised to hear opponents say the farmer is so well off. They claim he is making too much money. They should realize the farmer does not receive the money the consumers pay. There is a wide spread so far as what the farmer gets for what he produces and what the consumer pays.

So far as the Mexican canned meat is concerned I can say from official information that the meat in question does not come from animals affected by foot and mouth disease.

The CHAIRMAN. The Chair recognizes the gentlewoman from California [Mrs. DOUGLAS].

Mrs. DOUGLAS. Mr. Chairman, it is well to remember that about 50 percent

of the funds in the ECA program are spent for the purchase of food and agricultural products and 50 percent for industrial commodities. I think it is also wise to remember that Europe puts up dollar for dollar in their currencies the same amount of money that we do. They have mapped out a program which must be followed if rehabilitation is to be achieved by 1952. If we throw this program out of line by forcing the use of money to buy certain goods they do not want to buy and do not need to buy, it will seriously affect the whole program and will set back recovery. If we make it impossible for western Europe to buy the agricultural products they must have, their standard of living cannot be maintained at a safe level. That is what these agricultural amendments that are offered will do.

Western Europe buys a limited amount of canned meat and these products are now being purchased from the Commodity Credit Corporation's supply of canned goods from Mexico. The only other meat they buy from us is a limited supply of horse meat.

It is very short-sighted to ask now for special subsidies for, in the long run, they will benefit no one.

The program as it is now working is equitably distributed in the demands that it makes on our economy. Our entire economy benefits from our exports to the ECA countries. If we pull the whole program out of line by the adoption of the proposed amendments, the European countries will not be self-sustaining by 1952 and then, indeed, we will have wasted the taxpayer's money.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama [Mr. BATTLE].

Mr. BATTLE. Mr. Chairman, I am opposed to this amendment. In the interest of getting through with the bill and coming to a vote, I yield back the remainder of my time.

[Mr. SMATHERS addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The time of the gentleman from Florida has expired. All time has expired.

Mr. McDONOUGH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McDONOUGH. I would like to inquire, if this amendment does not pass, in spite of the fact that I am in favor of it, will \$100,000,000 worth of canned meat be served to the United States Army?

The CHAIRMAN. The gentleman understands that that is not a parliamentary inquiry.

The question is on the amendment offered by the gentleman from Iowa [Mr. HOEVEN] to the amendment offered by the gentleman from Texas [Mr. WORLEY].

Mr. RANKIN. Mr. Chairman, I ask unanimous consent that the amendment be again read.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.



(The Hoeven amendment was again read.)

The question was taken; and on a division (demanded by Mr. HOEVEN) there were—ayes 89, noes 129.

Mr. HOEVEN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. KEE and Mr. HOEVEN.

The Committee again divided; and the tellers reported that there were—ayes 78, noes 131.

So the amendment to the amendment was rejected.

Mr. CASE of South Dakota. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CASE of South Dakota. Mr. Chairman, under the Worley amendment, which now remains to be voted upon, would it not be possible for funds appropriated under the authority of this act to be expended for products after the surplus property of the Commodity Credit Corporation had been exhausted?

The CHAIRMAN. My good friend from South Dakota realizes that that is not a parliamentary inquiry.

Mr. CASE of South Dakota. Then, Mr. Chairman, I ask unanimous consent that the amendment offered by the gentleman from Texas be again reported.

The CHAIRMAN. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

The Clerk again read the Worley amendment.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Texas [Mr. WORLEY].

The question was taken; and on a division (demanded by Mr. WORLEY) there were—ayes 87, noes 112.

Mr. WORLEY. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WORLEY and Mr. KEE.

The Committee again divided; and the tellers reported that there were—ayes 97, noes 122.

So the amendment was rejected.

The CHAIRMAN. The gentleman from New York [Mr. GORSKI] has an amendment at the desk.

Mr. RANKIN. Mr. Chairman, I move that the Committee do now rise; that is a preferential motion.

The CHAIRMAN. The question is on the motion of the gentleman from Mississippi.

The motion was rejected.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New York.

The Clerk read as follows:

Amendment offered by Mr. GORSKI of New York: Page 7, line 6, strike out the word "repealed" and insert: "Amended by striking out '25 percentum' and inserting in lieu thereof '15 percentum'."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. GORSKI of New York) there were—ayes 25, noes 116.

So the amendment was rejected.

Mr. MURRAY of Wisconsin. Mr. Chairman, I have an amendment at the desk.

The CHAIRMAN. To this section?

Mr. MURRAY of Wisconsin. Yes.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. MURRAY of Wisconsin: On page 8, line 3, after the word "payment", add "Subsection (j)" and insert subsection (j) reading as follows:

"(j) That the Secretary of Agriculture is hereby authorized to permit the export of tobacco seeds to countries receiving aid under the European Recovery Act."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

Mr. MCGREGOR. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MCGREGOR. Mr. Chairman, since the ending of the war in 1945, we have had presented to us for our consideration the same type of legislation that is now before us—namely, aid to Europe. Just how much we have actually given to the European nations seems to be very much of a question. However, we are certain it is in excess of \$28,000,000,000 since the end of the war. We were told at the start the program would last 2 or 3 years at the outside. Today I listened to statements that it will take 2 or 3 years more. I am wondering now, Mr. Chairman, just when it is going to stop and how long can we afford to continue a policy of "give" which means to the taxpayers of America "spend and spend and tax and tax."

We are told that this money is being used to prevent the spread of communism. I would like to ask the question, is that what it is being used for, to stop the spread of communism and promote individual initiative and freedom for all peoples? If such is the case, why do we find money and aid going to satellite nations of Russian and, yes, to Russia itself. May I call to your attention a United Press release of just last Saturday, April 9, 1949, and this release has not been disputed on the floor during this debate. It is datelined London, April 9, and I quote from the release, Mr. Chairman:

Britain and Russia will begin new discussions on a 1-year trade agreement within a few days, Board of Trade officials announced today. Negotiations for a long-term Anglo-Soviet treaty failed in Moscow last January, but Britain suggested renewed talks a month ago, after a series of Moscow propaganda broadcasts advised Britain to solve her export problems by trading with eastern Europe. British officials said today Russia had "agreed in principle" that the two nations should try to work out a short-term pact. The announcement coincided

with reports that a 5-year trade pact between Britain and Yugoslavia will probably be concluded within 3 weeks.

If this statement is true and I repeat, it has not been denied, why are we giving Britain any money when it is charged and not refuted that she is negotiating with Soviet Russia as well as the satellite nations of Russia? It has been charged and not denied that countries to which we are giving aid under the European recovery program have been shipping copper to Poland, which is under Russian control, and, yes, Mr. Chairman, shipping steel rails and locomotives direct to Russia. The records will show that we are furnishing to European nations materials which are critical in this country and which are badly needed for the establishment of our own defense program. Communism, Mr. Chairman, starts when people are discouraged and under a burden of high taxes. Many of the nations that we are giving aid to under the Recovery Program have a tax per person of less than one-half of ours. Their indebtedness per person is less than one-half of ours.

I am raising the question, Are we not making these United States vulnerable to a spread of ideology different from our own by the extension of a program whereby we are asking our people to continue to pay high taxes and high living costs? Is it not time that the people of Europe do something to help themselves? I am certain that my people would be perfectly willing to pay this amount and even more if it would assure peace, and I would be willing to vote to continue this burden upon them if I felt certain the program would definitely stop the spread of communism. The records will show, and it has not been disputed, that some of the money we are sending to foreign countries is not getting to the people who actually need the aid. More depends upon the administration of a loan or the administration of a government, than the amount of dollars and cents. Yes, Mr. Chairman, we are sending money to governments whose officials just a few weeks ago stated and I quote, "Britain's recovery is now virtually complete." This statement was made, Mr. Chairman, by a member of the British Cabinet, and it was concurred in by the Right Honorable Harry Wilson, a member of the Cabinet in Britain during a debate in the House of Commons.

Mr. Chairman, our economic condition can stand only a certain amount of indebtedness. Our military position needs a tremendous expenditure in order to protect ourselves. I am asking you, are we going to continue a policy of weakening our economic structure and weakening our military position? I am of the firm conviction that it is time for us to give recognition to our own needs. We have many, many people who are more poorly housed, have less clothes, and less food than many of the people of the countries to which we are giving aid. Nearly every day our mail shows



us that many of our people need immediate assistance, yet we are told by some of the leaders, and some who are so insistent on the passage of this legislation, that we cannot afford to give such aid.

I have listened to many speeches in the last few days of individuals whose records show that they have refused to give assistance to the veterans, including the construction of veterans' hospitals, to the laboringman, to the farmers, and to practically all of the people of our country—yet they are calling upon us today to vote to give aid to peoples of other countries.

From personal experiences in the last few hours it has been proved that those who are in control of this legislation are accepting no amendments whatsoever. In other words, the distribution of this \$5,000,000,000 is going to follow the same channel as it has in the past; even in the face of a record of waste-fulness; yes, even part of it going to countries under communistic domination.

Let us be fair with the American people—recognizing their need, recognizing the weakness of our own country—put our own house in order. We have been lenient with other countries, certainly it is time for them to show some desire to help themselves. I am of the firm conviction that this raid on the American people will ultimately mean an increase in taxes and a continuation of the program of spend and spend and tax and tax, which certainly we must recognize is weakening our own national structure. It is time we recognize that in order to be strong, we must have a government that is stable and one which gives relief to its own people, so that when an emergency does arise, we will have the strength both economically and financially to assume our responsibility. Mr. Chairman, this cannot be done if we continue the policy of aiding the world without asking them to do something to help themselves.

The Clerk read as follows:

Sec. 8. (a) Section 114 (c) of such Act is amended in the following particulars:

(1) By striking out the period at the end of the first sentence thereof and inserting in lieu thereof the following: "Provided further, That, in addition to the amount above authorized to be appropriated, there are hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$1,100,000,000 for the period April 3, 1949, through June 30, 1949, and not to exceed \$4,280,000,000 for the fiscal year ending June 30, 1950: *Provided further*, That, in addition to the foregoing, any balance, unobligated as of June 30, 1949, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1950, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year."

(2) By amending the last sentence of such section 114 (c) to read as follows: "The authorizations in this title are limited to the period ending June 30, 1950, in order that the Congress may pass on any subsequent authorizations."

(b) Section 114 of such Act is hereby amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding the provisions of any other law, until such time as an appropriation additional to that made by title I of the Foreign Aid Appropriation Act, 1949 (Public Law 793, 80th Cong.), shall be made pursuant to subsection (c) of this section the Reconstruction Finance Corporation is authorized and directed to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such times, and in such amounts as the Administrator shall request, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title."

Mr. WEICHEL. Mr. Chairman, I ask unanimous consent to extend my remarks at this point with reference to the 50-50 basis in ECA on cargoes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

#### UNITED STATES-FLAG SHIPS

Mr. WEICHEL. Mr. Chairman, when the Foreign Assistance Act of 1948 was debated and enacted into law, it was thought that a certain intent of Congress had been made sufficiently clear—that at least 50 percent of the ECA cargoes be carried in vessels documented under the American flag. Not 80 percent, not 100 percent of the cargoes; merely 50 percent.

Suddenly, on December 8, 1948, the Administrator of the Economic Cooperation Administration announced that section III (a) (2) of the Foreign Assistance Act of 1948 was to be abandoned on January 1, 1949. This meant in effect that foreign-flag vessels with their cheaper freight rates would carry most, if not all, of the cargoes destined for the Marshall plan countries.

At this point, it is of interest to note that the expressed intent of Congress with respect to the use of American vessels was disregarded.

So great was the resulting criticism and opposition to the proposal of the Administrator that he postponed action on his proposal more than once. Finally, in explaining his position to the Merchant Marine and Fisheries Committee of the House, he stated that if Congress would clearly set forth the conditions under which ECA cargoes are to be transported by American vessels he would of course abide thereby.

It is not customary for Congress to detail in legislation procedures that are more properly determined administratively. However, in the case of the transportation of ECA cargoes by American vessels, it seems necessary that the intent of Congress be set forth in such terms as to preclude any possible misinterpretation.

Consequently, H. R. 1340, which has been reported unanimously by the Merchant Marine and Fisheries Committee of the House, is submitted for consideration and favorable action. The bill is

fully explained in House Report No. 220. It not only provides that 50 percent of the cargo tonnage be transported in American vessels, but also that 50 percent of the total transportation charges be paid to the American ocean carriers. This latter provision meets certain cargo criticisms voiced by the shipping industry at the recent hearings held by the Merchant Marine and Fisheries Committee.

H. R. 1340 meets the request of the Economic Cooperation Administration Administrator for a clear directive from Congress. It assures the use of the American merchant marine and the employment of American seamen.

Mr. Chairman, the minority members of the House Merchant Marine and Fisheries Committee unanimously agree with the distinguished chairman of the committee that his bill, H. R. 1340, would protect the American-flag ships and American labor in carrying at least 50 percent of the Marshall-plan gifts in American ships, that the legislation should be passed meeting the request of the ECA Administrator made before the House Merchant Marine and Fisheries Committee for a direct mandate from Congress, and that the proposed substitute in the pending ECA legislation puts American-flag ships and American labor at the mercy of the ECA Administrator, who has defiantly said that he would not carry out a 50-percent American-flag ship tonnage without a direct mandate from the Congress.

Mr. CHRISTOPHER. Mr. Chairman, I hope and trust this House will pass the appropriation measure it has before it to provide for the extension of the European recovery program during the second period of its existence. Nobody can guarantee that it will prevent another war. Nobody can guarantee that the North Atlantic Pact will be successful. We are unable to look into the future but we can judge the present and evaluate the future in the light of the past. It has been said on the floor of this House that the European recovery plan will bankrupt this Nation and it has been proposed that the funds be cut here and sliced there. Let us not go to this task with too little and get there with that too late. You, who are students of history, take a journey back along the steep and tortuous path that man has followed, go back until the trail is lost in the wind-blown dust of antiquity and you will find the path littered with the stark and naked skeletons of nations and empires that have been destroyed by selfishness, cupidity, avarice, and greed. However, I look in vain for any nation that has been destroyed by mercy, charity, or generosity. Our expenditures for war are staggering. Billions of dollars are spent every year to pay for wars of the past and prepare for wars yet to come. The European recovery plan is the first plan in the history of the human race on which any nation has ever proposed to spend a vast sum of money in the hope that it will bring peace. We are providing this money for the European recovery program in order that people living in other lands may have jobs and wages and homes and children and schools and a future.



We are providing this money in order that people in other democracies may have churches, Sunday schools in order that they may have the privilege to worship God without being molested. The same God in whom we profess to have faith. Christ could have preached the fatherhood of God for 10,000 years and no one would have molested him but He chose to have compassion on the poor, the sick, the lame, and the blind. He scourged the money changers out of the temple, telling them, "My Father's house is a house of prayer, but ye have made it a den of thieves." He told the scribes and pharisees they could not devour widow's houses and then atone for their misdeeds by making long prayers on street corners. He taught the people mercy, charity, and generosity, and the aristocracy of Judea nailed him to a cross. It was not popular to relieve hunger, want, and misery in those days, and it is not popular in certain places today, but my faith in the wisdom, courage, patriotism, and sincerity of the Members of this House is unshaken. I believe they will pass this measure without crippling amendments. How would we dare on our knees ask God to bless our home, our children and our country, if we failed to thus prove that we loved our neighbor as ourself.

Mr. KEE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 3748) to amend the Economic Cooperation Act of 1948, had come to no resolution thereon.

#### EXTENSION OF REMARKS

Mr. BUCHANAN asked and was given permission to revise and extend his remarks in the RECORD and include an article.

Mr. CROOK asked and was given permission to extend his remarks in the Appendix of the RECORD and include a letter received from Prof. Charles C. Price.

Mr. TAURIELLO asked and was given permission to extend his remarks in the RECORD and include an editorial from the Washington Star.

Mr. WIER asked and was given permission to extend his remarks in the RECORD and include two letters from employees who earn their livelihood in the west coast canneries and fields.

Mr. CLEMENTE. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and include an article which appeared in the China Monthly of March, 1949. I am informed by the Public Printer that this will exceed two pages of the RECORD and will cost \$318, but I ask that it be printed notwithstanding that fact.

The SPEAKER. Without objection, and notwithstanding the cost, the extension may be made.

There was no objection.

[The matter referred to appears in the Appendix.]

#### SPECIAL ORDER GRANTED

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that on Wednesday next, after disposition of matters on the Speaker's desk and at the conclusion of any special orders heretofore entered, I may be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

#### EXTENSION OF REMARKS

Mr. WORLEY asked and was given permission to revise and extend the remarks he made in Committee of the Whole and include certain data.

Mr. CHRISTOPHER asked and was given permission to extend his remarks in the RECORD just preceding the close of general debate on the bill presently under consideration.

Mr. GRANGER asked and was given permission to revise and extend the remarks he made in the Committee of the Whole.

Mr. MURDOCK asked and was given permission to extend his remarks in the Appendix of the RECORD and include extraneous matter.

Mr. DONOHUE asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. O'SULLIVAN asked and was given permission to extend his remarks in the Appendix of the RECORD.

#### REPORT ON INDEPENDENT OFFICES APPROPRIATION BILL

Mr. GORE. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. THOMAS] may have until 8 o'clock tonight to file a report from the Committee on Appropriations on the independent offices appropriation bill for the fiscal year 1950.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I reserve all points of order on that bill.

#### EXTENSION OF REMARKS

Mr. MILLER of California asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

Mr. FORD asked and was given permission to extend his remarks in the Appendix of the RECORD and include extraneous matter.

Mr. WEICHEL asked and was given permission to revise and extend the remarks he made in the Committee of the Whole and that in the permanent RECORD they follow those of the Honorable OTIS BLAND, chairman of the Committee on Merchant Marine and Fisheries.

Mr. WOLVERTON asked and was given permission to extend his remarks in the RECORD.

Mr. DONDERO (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks in the RECORD.

Mr. McCORMACK asked and was given permission to extend his remarks

at this point in the RECORD on the death of the late James Wolfenden.

#### THE LATE JAMES WOLFENDEN

Mr. McCORMACK. Mr. Speaker, I have read with deep regret of the death of my valued friend, and our former colleague, James Wolfenden, of Pennsylvania.

For many years Jim Wolfenden served his people and his country in this body with ability, fidelity, and with courage. His type of service was quiet, but was very efficient.

As a result of his great ability, his knowledge of legislative and public questions, his convincing personality, and the confidence and the respect his colleagues had for him, Jim Wolfenden exerted a most unusual influence on his colleagues. For years prior to his retirement from the House, he was recognized as one of the leaders of this body. In his own political party he was for years a recognized leader.

I regret very much his death. In his passing on, I have lost a personal friend.

The loved ones he left behind, Mrs. Wolfenden and her son and daughter, can derive great consolation in the knowledge that his life was a constructive and a fruitful one; that his friends were many in all parts of the country, and that he served his district, his State, and his country in an outstanding manner. To the loved ones he left behind, I extend my profound sympathy in their great loss and sorrow.

#### HOURLY OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on tomorrow at 11 o'clock a. m.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### ADJOURNMENT

Mr. McCORMACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 22 minutes p. m.), under its previous order, the House adjourned until tomorrow, Tuesday, April 12, 1949, at 11 o'clock a. m.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

518. A letter from the Secretary of the Army, transmitting a draft of a bill to authorize the appointment of Col. Kenneth D. Nichols, O-17498, professor of the United States Military Academy, in the permanent grade of colonel, Regular Army, and for other purposes; to the Committee on Armed Services.

519. A letter from the Secretary of the Interior, transmitting a draft of a proposed bill to amend section 3 of the act of Congress approved June 28, 1906, relating to the Osage Indians of Oklahoma; to the Committee on Public Lands.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk



for printing and reference to the proper calendar as follows:

Mr. WILLIAMS: Committee on Post Office and Civil Service. H. R. 91. A bill to provide for a research and development program in the Post Office Department; without amendment (Rept. No. 421). Referred to the Committee of the Whole House on the State of the Union.

Mr. GOSSETT: Committee on the Judiciary. H. R. 3436. A bill to amend section 3 of the Lucas Act with respect to redefinition of request for relief; without amendment (Rept. No. 422). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORRIS: Committee on Public Lands. H. R. 3196. A bill to authorize appropriations for roads, trails, and other aids to transportation serving lands and facilities under the jurisdiction of the Bureau of Indian Affairs in Alaska; without amendment (Rept. No. 423). Referred to the Committee of the Whole House on the State of the Union.

Mr. WILSON of Texas: Committee on the Judiciary. H. R. 3111. A bill to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; and to repeal subdivision b of section 64, subdivision h of section 70, and section 118 thereof, and all acts and parts of acts inconsistent therewith; with amendments (Rept. No. 424). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMAS of Texas: Committee on Appropriations. H. R. 4177. A bill making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1950, and for other purposes; without amendment (Rept. No. 425). Referred to the Committee of the Whole House on the State of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BATES of Kentucky:

H. R. 4166. A bill to provide for the issuance of a postage stamp in commemoration of the one hundredth anniversary of the founding of the city of Catlettsburg, Ky.; to the Committee on Post Office and Civil Service.

By Mr. BREEN:

H. R. 4167. A bill to provide for the establishment of a United States Air Force Academy; to the Committee on Armed Services.

By Mr. BROWN of Ohio:

H. R. 4168. A bill to provide for the establishment of a United States Air Force Academy; to the Committee on Armed Services.

By Mr. MURRAY of Tennessee:

H. R. 4169. A bill to establish a standard schedule of rates of basic compensation for certain employees of the Federal Government; to provide an equitable system for fixing and adjusting the rates of basic compensation of individual employees; to repeal the Classification Act of 1923, as amended; and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. NIXON:

H. R. 4170. A bill to confirm and establish the titles of the States to lands beneath navigable waters within State boundaries and natural resources within such lands and waters and to provide for the use and control of said lands and resources; to the Committee on the Judiciary.

By Mr. POULSON:

H. R. 4171. A bill to provide authorization for additional funds for the extension and improvement of post-office facilities at Los Angeles, Calif., and for other purposes; to the Committee on Public Works.

H. R. 4172. A bill to provide for the construction of a post-office garage building at Los Angeles, Calif.; to the Committee on Public Works.

H. R. 4173. A bill to provide for the construction of a new post-office building at Los Angeles, Calif.; to the Committee on Public Works.

By Mr. TEAGUE:

H. R. 4174. A bill to provide additional options with respect to Government life-insurance policies; to the Committee on Veterans' Affairs.

By Mr. STOCKMAN:

H. R. 4175. A bill to establish a United States Air Academy; to the Committee on Armed Services.

By Mr. MARCANTONIO:

H. R. 4176. A bill to promote the general welfare, national interest, and foreign policy of the United States through necessary economic and financial assistance to foreign countries which undertake to cooperate with each other in the establishment and maintenance of economic conditions essential to a peaceful and prosperous world; to the Committee on Foreign Affairs.

By Mr. THOMAS of Texas:

H. R. 4177. A bill making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1950, and for other purposes; to the Committee on Appropriations.

By Mr. BAILEY:

H. R. 4178. A bill to amend the War Claims Act of 1948 with reference to claims arising out of the death of members of the armed forces of the United States as the result of enemy action after cessation of hostilities; to the Committee on Interstate and Foreign Commerce.

By Mr. DOLLIVER:

H. R. 4179. A bill to amend the Clayton Act to permit individual sellers to absorb actual freight costs if such absorption is in good faith and does not result in injury to competition; to the Committee on the Judiciary.

By Mr. GREEN:

H. R. 4180. A bill to repeal so much of the Hatch Act as prohibits certain officers and employees of the Federal and State Governments from taking an active part in political management or in political campaigns; to the Committee on House Administration.

By Mr. KUNKEL:

H. R. 4181. A bill to provide an allowance for uniforms for certain postal and other employees of the United States; to the Committee on Post Office and Civil Service.

By Mr. JOHNSON:

H. R. 4182. A bill to promote the national defense and security by providing for a National Inventors Council; to the Committee on the Judiciary.

By Mr. PETERSON:

H. R. 4183. A bill to amend the Social Security Act to extend the time within which applications may be filed for lump-sum payments payable with respect to World War II veterans who died before August 10, 1946; to the Committee on Ways and Means.

By Mr. CANNON:

H. J. Res. 219. Joint resolution to authorize the issuance of a stamp to commemorate the anniversary of the birth of Rex McDonald; to the Committee on Post Office and Civil Service.

By Mr. ALLEN of California (by request):

H. J. Res. 220. Joint resolution designating the rose as the national flower of the United States; to the Committee on House Administration.

#### MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Colorado, memorializing the President and the Congress of the United States to enact pending legislation for the amendment of the Social Security Act to provide assistance to unemployables; to the Committee on Ways and Means.

Also, memorial of the Legislature of the State of New Jersey, memorializing the President and the Congress of the United States to return to the State of New Jersey sufficient moneys from taxes raised in the State of New Jersey for the administration of unemployment compensation to provide adequately for administration of the law in the State of New Jersey; to the Committee on Ways and Means.

Also, memorial of the Legislature of the Territory of Alaska, urging support for an appropriation to carry out the sea-wall and harbor-improvement project at Nome, Alaska; to the Committee on Appropriations.

Also, memorial of the Legislature of the Territory of Alaska, urging that the Government construction programs in Alaska allow the fullest participation of resident Alaskan firms and labor; to the Committee on Public Lands.

Also, memorial of the Legislature of the Territory of Alaska, urging that the Secretary of the Interior to be authorized to investigate the advisability and feasibility of erecting a custom smelter in Alaska; to the Committee on Public Lands.

Also, memorial of the Legislature of the Territory of Hawaii, memorializing the President and the Congress of the United States to make available such facilities to the Territory of Hawaii needed for the construction of wharfage and harbor facilities in the vicinity of Kaneohe, Oahu; to the Committee on Public Works.

Also, memorial of the Legislature of the Territory of Alaska, urging that surveys necessary to establishment of a road between Nenana and Fairbanks be instituted next summer with a view to construction as soon as possible; to the Committee on Public Works.

Also, memorial of the Legislature of the Territory of Alaska, urging the construction of a road between Livengood and Nome, Alaska; to the Committee on Public Works.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CLEMENTE:

H. R. 4184. A bill for the relief of Michael Zarechnak; to the Committee on the Judiciary.

By Mr. DINGELL:

H. R. 4185. A bill for the relief of Edward W. Delimater; to the Committee on the Judiciary.

By Mr. GWINN:

H. R. 4186. A bill for the relief of Jan Liga; to the Committee on the Judiciary.

By Mr. JACKSON of California:

H. R. 4187. A bill for the relief of Mrs. Ada Svejkskovsky; to the Committee on the Judiciary.



world was profound and often expressed. He had before him always, the examples of high achievement within his family and within his community under the American system of free enterprise and freedom of opportunity. He labored diligently to sustain and promote the true, self-reliant spirit of American democracy in his community, his State, and in this Nation. May he find rewarding peace everlasting. May his widow and family find consolation in pleasant memories at this time of their great bereavement.

### World Federation Necessary To Prevent War and Protect Freedom and Justice

#### EXTENSION OF REMARKS

OF

### HON. THURMAN C. CROOK

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, April 11, 1949

Mr. CROOK. Mr. Speaker, under unanimous consent I include a letter received from Prof. Charles C. Price, head, department of chemistry, University of Notre Dame, Notre Dame, Ind.:

UNIVERSITY OF NOTRE DAME,  
Notre Dame, Ind., April 4, 1949.

HON. THURMAN C. CROOK,  
House of Representatives,  
Washington, D. C.

DEAR SIR: As a Quaker scientist with the deepest respect for our American principles and ideals, who has had and continues to have an active role in war research, I would like to express my thoughts on our present dilemma. It is my firm conviction and belief:

1. That another war would bring vast destruction to our American people, our cities, our economy, and our political institutions, as to all other nations involved;
2. That history demonstrates that any league or organization which depends solely on the good will and consent of all its individual members for its effective operation is doomed to fall and inevitably will lead to war;
3. That the only hope to avoid this catastrophe to us and to all humanity is through an effective world federation with powers limited but adequate to prevent war;
4. That if we are firm and clear in making a proposal which will prevent war and protect each nation's domestic rights, there is a real chance that Russia will realize the practical benefits and accept;
5. That, as our only hope, each of us must do everything within his power to present this, the greatest issue of our time, to the American people for action; and
6. That, to this end, everyone interested in the future of the United States and of the world should read and understand the *Anatomy of Peace* by Emery Reves, one of the truly great books of all time, one which will profoundly influence human destiny.

I hope and believe that you, as a representative of the American people, will do whatever you can to make a world federation strong enough to prevent war and protect freedom and justice the clearly expressed aim of our Government.

Very truly yours,

CHARLES C. PRICE,  
Head, Department of Chemistry.

### What Is a Liberal, Progressive Republican?

#### EXTENSION OF REMARKS

OF

### HON. DEWEY SHORT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, April 4, 1949

Mr. SHORT. Mr. Speaker, few men have I ever known in or out of Congress whom I respect as much, admire more, or love as dearly as Hon. FRANK FELLOWS, of the State of Maine.

The first day he came to Congress I greeted him and there began a friendship that has ripened, strengthened, and grown more precious through the years. Mrs. Short and I have been in his home and he has been in ours many many times.

Born in the rugged north country, FRANK FELLOWS has learned through long experience and bitter struggle how to deal with the formidable forces of nature and the strong competition of men.

Before coming to Congress FRANK FELLOWS was a brilliant and successful lawyer, building up with his brother, the former attorney general and now a supreme court justice of Maine, Hon. Raymond Fellows, one of the largest and most lucrative practices in that beautiful State. Since coming to the House of Representatives he has by hard work, diligent application, pleasing personality, keen wit, rare humor, won an imperishable place in the hearts and minds of all his colleagues.

For many hours we have listened to him quote poetry, discuss complicated legal problems, discourse upon complex legislation, and with superb histrionic and theatrical ability entertain his friends.

FRANK FELLOWS is a philosopher, as well as a scholar, lawyer, and statesman, and above everything else is a loyal friend. He is serious because he refuses to be too serious, and is most intelligent because he knows he does not know it all.

Recently Congressman FELLOWS delivered a broadcast over some of the radio stations in Maine, and when several young men from my district in Missouri were visiting the Capitol the other day I asked FRANK to read this broadcast to them. He kindly acquiesced, and these young Americans from the Key Club in Joplin, Mo., were so visibly impressed that they have written me since their return home to kindly send them a copy of the Honorable FRANK FELLOWS' inspiring address.

Mr. Speaker, under leave to extend my remarks I include this address which clearly reflects many of the sterling qualities of one of the greatest and best men I have ever known:

Spring has started up the coast, and touches with its magic wand the icy lids of lakes and stream, stirs the sleeping crocuses and trailing arbutus, blows its warm and fragrant breath on the forsythia hugging southern walls of old farmhouses, and starts

sap running and small boys' interest in marbles and kites. Its promise each year fills the world with new hope.

And in this year of our Lord 1949, the Congress of the United States has placed before it proposals that, if adopted, will in time remove this country forever from its present role as the hope of the hopeless. As of today, few, if any, nations offer the opportunity these United States set before their young people to work and build a competence. It is true that the present trend is toward taxing away more and still more of income, thus cutting incentive as well as possible savings toward such a competence. Already, so-called planners would, by Government subsidy, make up that difference in income between those who, given equal opportunity, succeed and those who do not. Such procedure disregards the nature of man. Man will not make a supreme effort, and practice thrift to obtain something the Government will give gratis to the other fellow, who squanders both time and money.

Recently I received from a constituent a letter urging me to indicate by word and deed that I was "a liberal progressive Republican." I don't know whether that person knew what he was talking about. Certainly I did not. The words "liberal" and "conservative" have been kicked around until Noah Webster or any student of English would be fit material for a psychiatrist if he attempted to rationalize some of the statements we hear made today regarding them.

Those who favor centralized government, and who, strangely enough, now refer to themselves as "liberals," encourage the natural tendency most people have to let someone else take responsibility—so, increasingly, eyes turn to Washington for answers to the questions that plague either individuals or groups. As a result, Congress is asked to give authority to Government agencies to confiscate the property of the landlord under the terms of a rent-control law which in thousands of instances will make illegal a fair return on the investment—and this under the guise of war. The Constitution forbids the taking of private property without just compensation.

Abraham Lincoln, that poor boy who sought no subsidy—no Federal assistance—in speaking of property said, "Let him not who is houseless pull down the house of another, but let him work diligently and build one for himself; thus, by example, assuring that his own shall be safe from violence when built."

Because, in the common course of human events, sickness and even death invade the homes of all of us; Government bureaus dream up scareheads for newspapers and statistics for radio broadcast regarding the horrible prevalence of malnutrition, heart disease, etc. We are given to understand that malnutrition in our State, as well as others, is due to poverty, when, as a matter of fact, it is a condition almost as common among the wealthy as among the poor. Frequently it is the result of lack of thought, rather than of cash to buy proper food, that creates the difficulty. But Government planners and professional do-gooders would assure the hypochondriac that more power in and money from Washington will quickly solve the problem, and we must have, they tell us, compulsory health insurance.

If Federal supervision and control of the individual and business—government by bureaucracy—and relinquishment of personal liberty are liberal policies, then most certainly I shall remain what advocates of such things scathingly term "reactionary" and "conservative."

Wherever these social and socialistic schemes have been tried, they have failed miserably to produce either happiness or progress. What use is there in reading, if



we do not note and profit by the experience of others? History is of little use if it records and does not teach. The New Deal and the Fair Deal were new to us, but were experiments that had been tried and discarded elsewhere. The old saying that "Experience is the only school for fools" labels us definitely as at least immature, unwilling to learn from others, tinkers with rejected theories, and not worldly wise realists. Social planners—some no doubt with the best intentions—will bring this country to economic and moral bankruptcy if our present course is long followed.

In Washington last week, mayors held a convention at which Mr. Truman stated he holds out hope for some of his so-called Fair Deal. As there was nothing new about the New Deal, so there is nothing fair about the Fair Deal. As the word "deal" implies, both involve the element of chance, as in any card game. To gamble with freedom, liberty, and national solvency is not only wicked—it is suicidal.

In speaking to this same conference of mayors, Mr. Bernard Baruch, the elder statesman with whom many Presidents have taken counsel, asked this question: "Everybody wants to lean upon the Central Government, but who is the Government to lean upon but the people?"

General Eisenhower also spoke, warning local government against being tempted to pass things unnecessarily to the Federal Government, lest in surrendering their responsibilities they surrender their authority. He said they may undermine the American concept of democracy if they depend upon the Federal Government to solve their problems.

I again quote Mr. Baruch, who said, "You have seen planners of all sorts in every country, and look at the mess. Some of the worst mistakes of modern times have been committed by Government planners."

So far as I can figure out, the main difference today between what they are pleased to call a liberal and a conservative is one of method. Presumably both desire the attainment of the greatest possible good for the greatest possible number, but a conservative believes in giving the individual freedom and letting him find the answers, while the so-called liberal of today believes in giving the central government both the power and privilege of furnishing the answers.

Mr. Baruch suggests that we look at the condition in which other countries find themselves; to observe what government planners can accomplish in the way of chaos and confusion. Baruch is definitely a conservative, I should say. He, too, believes that to ignore history and the awful experience of other countries is to deliberately court disaster with a view to marriage with calamity and ruin. Our Government and our way of life evolved through observation of the bitter experience of others with their forms and their ways.

The last outposts of freedom in this country are our religious institutions and our schools. We have prided ourselves on our freedom of religion and education, and others have envied us. But recently I heard the statement that more and more people are taking their problems to the labor unions for solution. And you and I know that more and more they are taking their questions to the Government for answer. What a commentary.

Where is our vaunted individualism? Where have our homes, our churches, and our schools failed? Failed they certainly have, if that statement is correct. No child acquires knowledge by letting his parents do his home work, and no athlete keeps in

physical trim by allowing someone else to take his work-outs and sit in his place at the training table.

Reliance on our own initiative and acceptance by each of us of responsibility for our own economic future and that of less fortunate relatives and friends is sound procedure. The founding fathers thought it made for good morals and good government. It may mean I am a conservative—even a reactionary—but I agree with them.

Our Constitution recognizes no common or uncommon man, but endows each of us with self respect, a certain dignity, and guarantees us freedom and opportunity to work out our own political and economic salvation. It recognized that the desire for freedom of thought and action—the urge to function as an independent entity, and acquire property is inherent. It is as ridiculous to fail to perceive the laws of nature as it is to break them, for no act of Congress can repeal these natural laws.

Let us think on these things, while we join with one of our Maine poets in saying—

If we should pray and pray and pray  
From now until next Christmas Day,  
We could not ask God's intervention  
In half the ills which merit mention.

And so, to save God's time, and ours  
To concentrate our utmost powers  
We have composed a simple prayer  
For all our friends to bring to bear.

God, give us grit and grant us grace  
To push Saint Paul from Jesus' place.  
Make purpose firmer, action wiser,  
To save us from the Organizer.

Without recourse to any plan,  
Let each one do the best he can.  
May here be where, and now be when,  
Christ's way be how, peace why, Amen.

Andrew L. Somers

#### EXTENSION OF REMARKS

OF

HON. ABRAHAM J. MULTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 11, 1949

Mr. MULTER. Mr. Speaker, following is an editorial which appeared in the Brooklyn Eagle of April 7, 1949. It is but one more deserving tribute to a faithful public servant.

ANDREW L. SOMERS

With the death of Representative Andrew L. Somers, Brooklyn lost its second Congressman within the past half year. The son of a distinguished Brooklynite, Mr. Somers embarked on a political career as a young man and was first elected to represent the Tenth District in 1924. Last fall he was reelected for a thirteenth consecutive term. In the nearly a quarter of a century that he served in the House, Mr. Somers always took particular interest in those matters that closely concerned Brooklyn and her people. He won special recognition, however, as a champion of a Jewish national homeland in Palestine. He helped organize the Jewish Army, made a 2-week inspection tour of the Israeli battlefield, and was in the forefront of the fight for full recognition of the young nation by the United States. The passing of this experienced legislator at the age of 54 will be mourned by a host of friends and admirers.

#### Economic Cooperation Act

#### EXTENSION OF REMARKS

OF

HON. WILLIAM P. BOLTON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Saturday, April 9, 1949

Mr. BOLTON of Maryland. Mr. Speaker, the Economic Cooperation Act will have my support because I firmly believe the operation of the ECA over the past year has demonstrated that it is the most effective way of preventing the drawing westward in Europe of the iron curtain.

Everyone realizes that \$5,500,000,000 is an extremely heavy burden on the American taxpayers, but it is small when compared to the cost of a World War III. It is estimated that \$5,500,000,000 would not pay for more than 41 days of another world war. This program, having been inaugurated and having led the anti-Communist groups in Europe to take hope, should be continued, through the most critical period since the end of World War II and the most critical year of the ECA. The unification and confederation of Europe should be the aim of all peace-loving peoples, and the ECA has proven to be a decided step in that direction. This program has demonstrated that it possesses the sinews of resistance to the advance of communism, it is the Voice of America calling a halt to the further spread of communism. Furthermore, it is an effective way in which to protect our own economy, but I firmly believe its administration should have close scrutiny in order that certain segments of our economy are not destroyed, and I refer particularly to the American merchant marine.

The passage of this bill should result in increased activity in our American merchant marine and put back to work some of the thousands of American seamen who are now unemployed. In the port of Baltimore alone, we have more than 3,000 unemployed seamen, and I am told there are 30,000 unemployed seamen throughout the United States today. I want to do everything possible to help the war-torn countries of Europe rebuild their economy, which is so essential to our own economy but, clearly, no foreign industry should be developed at the expense of an American industry, particularly one so important to our national economy and national defense as the American merchant marine.

The Congress has stated and repeatedly affirmed that "It is necessary for the national defense and development of its foreign and domestic commerce" that the United States foster, develop, and maintain the American merchant marine as an indispensable arm in its national defense, and to provide shipping service on all routes essential for maintaining the flow of a substantial portion of the water-borne export and import foreign commerce of the United States. The United States Government has spent many years and many millions of dollars



in the hope of attaining this objective and, with the impetus given shipbuilding and American-flag ship operation during and subsequent to the war, the entire American fleet is at the crossroads. In effect, we have had a rebirth of what was formerly a great industry, and that industry, as reborn, is now in a position where present help is most essential. There is neither time nor necessity to outline the many advantages of a strong and balanced American flag fleet to the thousands of American seamen now employed, the rather extensive shore staffs of those companies, the shipbuilding industry, and all of the other allied industries and crafts which contribute to its maintenance and operation.

The House Merchant Marine and Fisheries Committee recently held extensive hearings in connection with the determination of the advisability or necessity for a fair allocation of the overall ECA cargo movement to American-flag vessels. That committee concluded that such allocation was both desirable and necessary and presented for approval of Congress in H. R. 1340, the principles of which should have been incorporated in the pending measure. That bill would guarantee American-flag participation in the entire ECA program to the extent of carrying 50 percent of all cargoes wherever originating or terminating.

However, strong opposition to this provision in the bill was interposed by Mr. Paul Hoffman, director of the ECA, and after lengthy conferences between administration representatives, Mr. Hoffman and representatives of the shipping industry, the Magnuson amendment was agreed upon, with a definite understanding that if the ECA Administrator did not comply strictly with the terms of the Magnuson amendment, then H. R. 1340 would be presented to the House and the chairman of the Merchant Marine and Fisheries Committee would press for its immediate passage.

It would seem to me that opposition to carrying 50 percent of all cargoes wherever originating or terminating is both shortsighted and overreaching in the demand that the American-flag fleet be, in effect, relegated to its prewar status in order that the foreign fleets, or certain of them, may be rebuilt and maintained beyond their respective prewar sizes and resume their prewar trades to the exclusion of American vessels. There would seem to be but little logic in providing for the internal recovery of European nations not only at the expense of the American taxpayer but also at the expense of a very important American industry. It seems only right and equitable that our vessels be given an equal opportunity to participate in the movement of cargoes financed and paid for by the American taxpayer.

The demand that, if there be an allocation of 50 percent of cargoes to American-flag vessels, the allocation be limited in respect of cargoes originating in the United States is clearly improper.

The proposed elimination of American-flag vessels from participation in the "cross trades" would do violence to a 50-percent requirement and would greatly reduce the percentage of American-flag

participation. It has been estimated that 35 percent of all ECA cargoes move in the cross trades. This figure does not include the vessels on which freights are paid for the movement of non-ECA cargoes. It was testified by the ECA representatives during the hearings in connection with H. R. 1340 that of the American-flag percentage of ECA cargoes about 10 percent of that figure is carried by Army vessels. Obviously, this further reduces American-flag participation and does not reflect the carriage of certain ECA cargoes on the 57 commercial-type tankers now operated by the Navy. While on the subject of tankers it might be well to point out that the Economic Cooperation Act requires that petroleum requirements be obtained from sources outside of the United States wherever possible. Automatically, therefore, such carriage is in the cross trades, and acceptance of Mr. Hoffman's proposal would practically eliminate American-flag tanker participation. ECA has reported that American-flag tankers have participated in but 23 percent of the entire petroleum movement. Admiral Smith, of the Maritime Commission, has testified that there is a world surplus of tankers at the present time and that all possible aid should be given this segment of the industry. The New York Journal of Commerce for February 6, 1949, carried the following significant article dealing with the tanker situation:

Coastwise tanker chartering continued dull during the past week, as mild weather cut further the demand for tonnage. Rates generally ranging from 15 to 20 percent below USMC scale. No appreciable improvement is now expected before next winter.

London reported a decline in both activity and rates during the week, Lincoln Ship Brokerage Co. reports. British and French charterers now find themselves in a very stable position, and have no pressing requirements. They have indicated, however, that May-June Persian Gulf vessels might be considered at 10 percent to 15 percent under schedule rates. The 10 percent for Transatlantic March-April positions, and are gradually covering these needs. The Swedish have fixed four dirty carriers at the flat MOT rate to fill February and March loadings, while vessels were fixed for creosote and crude oil cargoes for Italian destinations.

Standard of New Jersey has announced it will cut back imports of crude oil from the Middle East up to 50 percent, according to Ocean Freight and Brokerage Corp., which reports that Standard is also planning to lay up about 25 tankers and redeliver approximately 58 ships, mostly T-2s, between now and September.

The foregoing statements are at variance with the statement contained in a report on recovery progress and United States aid published by the ECA in February, 1949. At page 248 therein the following appears:

In the tanker field these pressures are not likely to be important. The balance of ships and cargo will require that United States flag tankers be fully used, and if dollars must be paid for tanker freights in order to secure the movement of the cargo, it is a matter of small interest to the foreign countries whether such tankers are employed in the small United States export trade or in the larger movements from offshore areas. Furthermore, tanker rates are set in worldwide market and there are no cash discrepancies between United States flag and foreign-flag rates as appear in the dry-cargo tramp market.

Mr. Hoffman explained during the hearings on H. R. 1340 that the inclusion of American-flag vessels in the cross trades would include services in which United States-flag vessels are not now and have not traditionally been engaged. It would seem that this is small reason for exclusion of American-flag vessels. The philosophy that we must develop our merchant marine would seem to indicate that if there be an opportunity to extend our ships into new fields, every opportunity to that end should be encouraged.

A very apparent reason for the concerted effort to exclude American-flag vessels from the cross trades appears at page 248 of the ECA report just above described. It is here stated:

Second, the dollar shortage of the European nations will continue to be acute. This means that they will have very strong incentives to economize on the use of dollars by avoiding American-flag vessels and using soft-currency vessels whenever possible, and to attempt to earn dollars by offering their own vessels for employment in the United States export trade at low rates.

Phrased another way, it means that the foreign recipients of our aid, paid for with our dollars, would like to reserve for themselves the exclusive benefits of the cross trades, preserving their traditional position, and, at the same time, employing their excess tonnage in competition against American-flag vessels in the United States export trade at low rates.

Yes, I am going to support the ECA program but shall be alert to its administration as it affects the American merchant marine.

### Social Security Fund

#### EXTENSION OF REMARKS

OF

**HON. B. W. (PAT) KEARNEY**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 11, 1949

Mr. KEARNEY. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to include the following editorial which appeared in the Gloversville (N. Y.) Herald for Monday, March 7, 1949:

#### WOULD BE INTERESTING

Should the Federal Government tell the people what it is doing with the money the workers of the country have paid in for social security?

Rather a strange question, you might ask, yet it is a legitimate one, for the Government spends this social security taxation money just about as fast as it comes—and not for social-security purposes.

The matter was brought into the spotlight on the floor of the House the other day by Representative KENNETH B. KEATING, of Rochester.

Mr. KEATING pointed out to his colleagues that although employers and employees have built up an accumulation of \$10,700,000,000 in old-age and survivors insurance funds in the past 12 years, the money simply isn't there—with the exception of a paltry one hundred and fifty million. The re-



mainder has all been spent for one thing or another.

Oh, yes; the Government has put in its I O U's for the money it has taken out of the social-security trust fund. These I O U's are in the form of Government bonds; and they are just as sound as the Government itself.

But in order to pay out benefits, it is necessary either to sell some of those bonds, make new appropriations, or tap future pay rolls still more. In other words, the cash would have to be raised by some method all over again.

Representative KEATING believes that we should discontinue the practice of the Government collecting money for one purpose and using it for another.

"But if," he told his colleagues in the House, "we are going to follow that questionable practice, let us tell the people who put up the money frankly and openly what we are doing."

That would be fair enough, in all conscience. Actually, what has been happening is that the Government has collected staggering sums from pay envelopes to run the Government "on the pretext and the representation to workers that this is an insurance fund," to use the words of the Rochester solon.

Maybe, we all like being kidded along that way.

### Brooklyn's Woman of the Week

#### EXTENSION OF REMARKS

OF

### HON. ABRAHAM J. MULTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, April 11, 1949

Mr. MULTER. Mr. Speaker, I am indeed proud that another one of my constituents has been chosen by the Brooklyn Eagle for laudatory comment. The Brooklyn Eagle of Sunday, April 10, 1949, nominated Mrs. Gazelle Joblin as the woman of the week. The following article tells only a few of the many worth-while activities to which she devotes herself. May she continue to serve her community for many years to come.

**BROOKLYN'S WOMAN OF THE WEEK—BOROUGH HOUSEWIFE LEADS 18,000 HADASSAH WOMEN**  
(By Arthur Pollock)

This is the story of Mrs. Gazelle Joblin of 8519 Bedford Avenue, president of the Brooklyn chapter of Hadassah, women's Zionist organization of America, though it is also more or less the story of 18,000 other Brooklyn women. They stand back of her.

They raise money for Israel, in pennies, in thousands, with parties, luncheons, bazars and in a hundred other ways. And they are constantly at work making themselves better citizens, which is one of the reasons for the existence of Hadassah.

In Brooklyn there are 54 groups of these women. In the United States Hadassah women number 250,000 and thousands are still enrolling. There is a Hadassah in 47 States, all but Idaho.

Of the chapters in the 47 States Brooklyn's is the largest. One month recently Mrs. Joblin signed a check for \$83,000, the sum her co-workers had raised that month. Some such sum her people raise month after month.

The money goes for health work in Palestine, for the purchase of land.

"Even for the land that has been won by military victories," Mrs. Joblin says, "the Arab owners will be paid."

#### CLIMAXED BY LUNCHEONS

The drive that has been keeping 18,000 Brooklyn women busy this year culminates in four donors luncheons at the St. George Hotel on May 2, 3, 4, and 5. One luncheon would not accommodate all who want to come. The chapter's 54 vice presidents draw lots for a day for their group. Mrs. Joblin will make a report each of the 4 days, and each day Frank Kingdon, recently returned from Israel, will speak. At least \$700,000 should be the year's fund-raising total.

"The need is greater than ever," says Mrs. Joblin. "And the understanding is greater, too."

Hadassah is 37 years old. It had an ambitious program long before there was talk of a Jewish state. Its program was—and is—in two parts. It aimed to rehabilitate the thousands of Jews in Europe who came to Palestine. And it strove here to further education, create leadership, teach Jewish history, work for a peaceful, democratic world.

"There can be no strong Israel," is the way the women's spokesman puts it, "unless democracy is maintained here."

Leading 54 groups of women and acting as a member of the National Board is not child's play. Eighteen thousand women can get terrific inspirations at all hours of day and night. And every inspiration is a potential jewel. Mrs. Joblin is therefore a busy woman all day every day and all evenings. If she were a businesswoman she would be less busy.

#### SHE'S EASY TO TALK TO

What is this woman like whom so many thousands chose in 1947 as their leader, re-elected for 1948?

She is relaxed, easy to talk to, gracious, intelligent, and without pose or affectation. She is 5 feet 4 inches tall and slender. Weighs the same today as she weighed at 16. She has gray-green eyes.

"I guess you'd call me rusty," she says. "I've always been called that." Her hair is rusty, a kind of tender auburn. She freckles when the sun shines on her. But she does not mind freckles. When she was a child she was told they were "sun kisses," and she rather likes them. Her nails are long and red, well cared for. And when you look at her in profile she could be Jean Arthur or Gloria Swanson or Eleanor Holm, however the resemblance strikes you at the moment.

As a child in Philadelphia, where she was born, she wanted to be a pianist or a dancer and was being groomed for both. She loves to dance now. She would have gone to Europe for a musical education, but when she was 13 her father died and she went instead to business school. She was working as a bookkeeper and secretary when she married Emanuel M. Joblin, also of Philadelphia. They moved to Brooklyn 26 years ago. Her business training comes in well now.

She has two children. Son Shelby, 23, got his M. A. from Cornell last June. He's 6 feet 2. Daughter Nancy, going on 17, 5 feet 9, and troubled by the high-heel problem when going out with short young men, goes to Brooklyn College. Mrs. Joblin owes her success in Hadassah to "the tolerance of my husband and children."

When she is cross at the end of a day, Mr. Joblin, a business executive, says, "Well, it all comes under the heading of Hadassah." That is, no doubt, the reaction in the 18,000 other Brooklyn Hadassah households.

#### JOINED IN 1933

Since June 1947, she has been a composite of housewife, mother, and executive.

When she was installed, the outgoing president said, "You will have the privilege of being president in the first year of the Jewish state." It seemed nebulous then. But UN acknowledged the right of the Jewish people to state status in November 1947, the Jewish state was established May 14, 1948, and the following day President Truman

gave it de facto recognition. It celebrates its first anniversary the week after the donors luncheons.

"It has been a historic time for me," Mrs. Joblin says with pride. "I'll be able to tell my grandchildren about it."

She joined Hadassah in 1933, when Hitler was threatening the world. She formed the Esther group here in 1938. She likes to cook. She cooks Hungarian style. Her parents and grandparents were from Budapest. Her mother, 74, lives in Atlantic City and comes from time to time to stay with the Joblins. Gazelle Joblin is named after the Hungarian Princess Gazella.

She collects, has ever since she was married, antique, silver, and jewelry. "It's the Hungarian Gypsy in me," she says, speaking of the jewelry.

"When I get up to address a meeting the women look to see what ring I'm wearing, not what hat."

#### NOT TIRED ANY MORE

Mostly, she has a trim, tailor-made look. When the occasion is right, however, she is very feminine.

She looks tired. "But when I know that 35,000 homeless Jewish children of Europe have settled in Israel and are now living like normal human beings, I don't feel tired any more. When I count up the number of trees we've planted and the acres of barren land we have transformed into fertile soil, when I reckon the number of families now making a decent living tilling that soil, I can attend meetings day and night. When I know that 4,300 wounded Israeli fighters and civilians were treated by the Hadassah medical staff in Jerusalem alone, no effort is too great."

These 18,000 Brooklyn women of Hadassah are proud women. For Hadassah is going to build the first hospital in the Negev, to be called the Hadassah Yassky Memorial, after Haim Yessky, Hadassah staff member killed by snipers. It will be begun this month. Hadassah is also the first to build a medical school in conjunction with the Hebrew University in Israel. Students are being screened now and enter in May. In honor of Rabbi Stephen A. Wise's seventy-fifth birthday Hadassah will dedicate an apprenticeship building in the Brandeis Vocational Center in Jerusalem.

Their summers the Joblins spend at Longshore Country Club in Westport, Conn., golfing, swimming, and going to the Westport Playhouse.

Mr. Joblin's golf does not show the strain appreciably. He plays in the low 90's. With a life less active he might cut a few strokes off his score. Say one stroke—on a good day. Still, he'd prefer Hadassah to the 80's.

### James Wolfenden

#### EXTENSION OF REMARKS

OF

### HON. HUGH D. SCOTT, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Saturday, April 9, 1949

Mr. HUGH D. SCOTT, JR. Mr. Speaker, the death of our former colleague, Jim Wolfenden brings sorrow and grief to those of us who knew him so well. I had the highest regard for his outstanding ability as a legislator and public servant and was happy to work and consult with him as a friend and colleague during my service in Congress.

It is very seldom we are privileged to associate with a more patriotic and loyal American. Jim not only took an











Mr. FERGUSON. I am sure they are contained in the statement.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. KEFAUVER. The figures presented by the junior Senator from Michigan would include also the investment for flood control, navigation, and the fertilizer program. Whereas, on an average, only 40 percent of a multipurpose dam is charged to electric operation. So I think the figure of investment for the purpose of the electric business is about \$450,000,000 instead of the \$800,000,000 as stated by the Senator from Michigan.

The Senator did not mention the other calculation, which is that \$75,052,000 of earnings of the TVA had been reinvested, with the approval of Congress, for electrical purposes, such as transmission lines.

Mr. HILL. Yes. In other words, TVA has been in a growing, expanding stage, and instead of putting the money into the Treasury, Congress has permitted the TVA to expend it on power facilities, transmission lines, and other investments in the project.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. MAGNUSON. Of course, the Senator will agree that multiple-purpose projects pay back the most money on the investment, and the returns are the quickest.

Mr. HILL. There is no question about that.

Mr. MAGNUSON. The power is readily available in these areas, and is in demand. Should the bonds of such projects be put on the private market they would sell far above par, because they are the finest kind of investment, whether it be private or public business. A similar situation exists in my section of the country. There we have the Grand Coulee and the Bonneville projects. They operate under the same schedules as TVA, though not at the same cost, and they make the same type of repayment. I should say that Grand Coulee and Bonneville are 9 years ahead of their 40-year schedule in repayment to the United States Government.

Mr. McKELLAR. Mr. President, it is evident we cannot have a vote on the amendment tonight.

Mr. HILL. Mr. President, is it the purpose of the Senator to move that the Senate take a recess?

Mr. McKELLAR. Yes.

Mr. HILL. Mr. President, I should like to say a few words before the Senator makes the motion. I desire to emphasize that the New Johnsonville plant is a very integral part of the national defense system of the United States. It has been said here that we built the Watts Bar steam plant as an emergency or war measure. We built that plant 17 months before we went into war. When we built that plant we had no selective-service law on the statute books. There was then no draft law on the statute books as there is today. We were not then expending nearly \$16,000,000,000 a year on our Army, Navy, and Air Force. We had not then appropriated, less than 7

days before, five and a half billion dollars for the nations of Europe as a defense measure. Our Foreign Relations Committee was not considering the Atlantic Pact or any such pact, or anything of such significant or far-reaching importance or effect.

Mr. Churchill said in his speech in Boston a few night ago that we were not at war now because we held and possessed the atomic bomb. When he spoke of the atomic bomb he was speaking of the atomic energy plant at Oak Ridge, Tenn., which must secure a large part of its power from the Tennessee Valley Authority. That plant is dependent upon the Tennessee Valley Authority for the additions and expansions which it now feels necessary to make. The Atomic Energy Commission advised in its letter to Mr. Clapp that it must have this New Johnsonville plant if it is to have the power for these additions and these expansions. We must build this plant, Mr. President. We must build it for the defense of our country.

Mr. McKELLAR obtained the floor.

Mr. MAGNUSON. Mr. President, I wanted to ask the Senator from Alabama a question, but I can make this observation on my own account.

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Washington for that purpose?

Mr. McKELLAR. I yield.

Mr. MAGNUSON. I am glad the Senator from Alabama discussed the important defense angles, because there is no doubt in the mind of anyone familiar with the projects at Oak Ridge and Hanford that had it not been for Tennessee Valley power and Bonneville Authority power the atomic bomb would not have been built in the time it was built. The great advances in the science of nuclear fission are going to require more power. There is no question about that.

These two great developments, one in the southeastern part of the United States and the other in my area, are just as important today, in the judgment of the Joint Chiefs of Staff or of any military man, as are tanks, battleships, or airplanes.

Mr. HILL. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. HILL. Does not the Senator from Washington agree that they are far more important.

Mr. MAGNUSON. They are far more important.

Mr. HILL. Because we are in the atomic age.

Mr. MAGNUSON. Yes.

Mr. HILL. I thank the Senator.

#### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the bill (S. 1209) to amend the Economic Cooperation Act of 1948, with an amendment, in which it requested the concurrence of the Senate; that the House insisted upon its amendment; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. KEE, Mr. RICHARDS, Mr. JOSEPH L. PREIFER, Mr.

EATON, and Mr. VORYS were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 1741) to authorize the establishment of a joint long-range proving ground for guided missiles, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. BROOKS, Mr. RIVERS, Mr. PHILBIN, Mr. COLE of New York, and Mr. ANDERSON of California were appointed managers on the part of the House at the conference.

#### ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolutions:

H. R. 220. An act to amend section 3 of the act entitled "An act to revise the Alaska game law," approved July 1, 1943, as amended (57 Stat. 301);

H. R. 555. An act conferring jurisdiction upon the District Court of the United States for the Northern District of California, Northern Division, to hear, determine, and render judgment upon the claims of all persons for reimbursement for damages and losses sustained as a result of a flood which occurred in December 1937 in levee district No. 10, Yuba County, Calif.;

H. R. 572. An act for the relief of Sylvia M. Missetich;

H. R. 576. An act for the relief of Arthur G. Robinson;

H. R. 581. An act to confer jurisdiction upon the District Court for the Territory of Alaska, to hear, determine, and render judgment upon the claim, or claims, of Hilda Links and E. J. Ohman, partners, and Fred L. Kroesing, all of Anchorage, Alaska;

H. R. 591. An act for the relief of Mrs. Lucille Davidson;

H. R. 592. An act for the relief of James W. Keith;

H. R. 618. An act for the relief of Eugene J. Bearman;

H. R. 659. An act for the relief of Mrs. Elizabeth B. Murphy;

H. R. 729. An act for the relief of John J. O'Neill;

H. R. 739. An act for the relief of Mary Jane Harris;

H. R. 745. An act for the relief of B. John Hanson;

H. R. 1036. An act for the relief of R. C. Owen, R. C. Owen, Jr., and Roy Owen;

H. R. 1043. An act for the relief of Mrs. Wesley Berk (formerly Mrs. Ruth Cameron);

H. R. 1061. An act for the relief of Bernice Green;

H. R. 1066. An act for the relief of James Leon Keaton;

H. R. 1094. An act for the relief of Nellie M. Clark;

H. R. 1113. An act for the relief of James A. Stapleton, Ruth Bunk, and Mildred Ovren, copartners, doing business under the name and style of Stapleton Lumber & Piling Co.;

H. R. 1164. An act for the relief of the estate of H. M. McCorvey;

H. R. 1176. An act for the relief of Mr. and Mrs. Leroy Hann;

H. R. 1280. An act for the relief of Mrs. Judge E. Estes;

H. R. 1286. An act for the relief of Elizabeth Rowland;

H. R. 1755. An act to authorize a \$100 per capita payment to members of the Red Lake Band of Chippewa Indians from the proceeds of the sale of timber and lumber on the Red Lake Reservation;

H. R. 1959. An act for the relief of the county of Allegheny, Pa.;



H. R. 1998. An act to amend the act entitled "An act to provide for the conveyance to Pinellas County, State of Florida, of certain public lands herein described," approved June 17, 1948 (Public Law 666, 80th Cong.), for the purpose of correcting a land description therein;

H. R. 2708. An act for the relief of the legal guardian of Joseph De Souza, Jr.;

H. R. 3856. An act to provide for a Commission on Renovation of the Executive Mansion;

H. J. Res. 186. Joint resolution to extend the time for use of construction reserve funds established under section 811 of the Merchant Marine Act, 1936, as amended; and

H. J. Res. 212. Joint resolution authorizing appropriations to the Federal Security Administrator in addition to those authorized under title V, part 2, of the Social Security Act, as amended, to provide for meeting emergency needs of crippled children during the fiscal year ending June 30, 1949.

#### EUROPEAN RECOVERY PROGRAM

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. CONNALLY. Mr. President, I move that the Senate disagree to the amendment of the House; agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CONNALLY, Mr. GEORGE, Mr. THOMAS of Utah, Mr. VANDENBERG, and Mr. WILEY conferees on the part of the Senate.

#### RECESS

Mr. McKELLAR. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 20 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, April 13, 1949, at 12 o'clock meridian.

#### NOMINATIONS

Executive nominations received by the Senate April 12 (legislative day of April 11), 1949:

##### COAST GUARD

The following-named cadets to be ensigns in the Coast Guard, to rank from the 3d day of June 1949:

William Talmadge Adams II  
Ernest Brenton Altekruze  
Norman Brown Binns  
Charles Lincoln Blaha  
Gordon Warner Brockway  
George Kenderdine Burkman  
Charles Yardley Chittick, Jr.  
John Marshall Clark  
William Edward Clark  
Henry Anthony Cretella  
Richard Sargent Dolliver  
Jules Berthold DuPeza  
William Royde Fearn  
John Aberle Flynn  
Anthony Francis Fugaro  
James Steele Gracey  
Robert Walton Hampton  
Herbert Maurice Hartlove  
Thomas Edward Hawkins  
Laurence John Hoch  
Collins Stewart Hyers  
Nicholas Ivanovsky  
Herbert Adolph Johnson  
Jack Mgum Jones  
Harry Hexamer Keller, Jr.

Charles Earl Larkin, Jr.  
David Francis Lauth  
Royce Almon Lewis  
Gordon Kendall Loftin  
Richard John Mayer  
Paul Wayne Meyer  
Herbert Hyland Mulvany  
Lee Charles Nehrt  
Irwin Russell Pahl  
Harold Arthur Paulsen, Jr.  
Richard Thurman Penn, Jr.  
Karl Fairbank Peterson  
Reginald Winfield Raynor, Jr.  
Donald Bruce Russell  
George Melville Rynick III  
Norman Marshall Sawyer  
Robert Schuerch, Jr.  
William Sheldon Schwob, Jr.  
Robert Curtis Sedwick  
Wilfred Hubert Shaw  
William Hollis Shaw, Jr.  
Frank Lawlor Shelley  
Arne Johan Soreng  
Kenneth Roger Spreen  
William Hart Stewart  
Clarence Henry Tannel  
Ernest Ray Tindle  
Sidney Arthur Wallace  
Joseph William Eckley Ward  
John Ellsworth Wesler  
Neal Earl Williams, Jr.  
Albert David Young, Jr.

##### DIPLOMATIC AND FOREIGN SERVICE

The following-named Foreign Service officers for promotion from class 2 to class 1:

Theodore C. Achilles, of the District of Columbia.  
John W. Bailey, Jr., of Texas.  
Cavendish W. Cannon, of Utah.  
Vinton Chapin, of Massachusetts.  
Oliver Edmund Clubb, of Minnesota.  
William P. Cochran, Jr., of Pennsylvania.  
Albert M. Doyle, of Michigan.  
Gerald A. Drew, of California.  
Homer S. Fox, of Michigan.  
Jullan C. Greenup, of California.  
George J. Haering, of New York.  
Raymond A. Hare, of Iowa.  
Gerald Keith, of Illinois.  
Hervé J. L'Heureux, of New Hampshire.  
Frederick B. Lyon, of Michigan.  
Lester De Witt Mallory, of California.  
Hugh Millard, of Nebraska.  
Sheldon T. Mills, of Oregon.  
Harold B. Minor, of Kansas.  
Jefferson Patterson, of Ohio.  
Guy W. Ray, of Alabama.  
Robert Lacy Smyth, of California.  
Edward J. Sparks, of New York.  
Edward T. Wailes, of New York.  
John E. Peurifoy, of South Carolina, for reappointment in the Foreign Service as a Foreign Service officer of class 1, a consul general, and a secretary in the diplomatic service of the United States of America, in accordance with the provisions of section 520(a) of the Foreign Service Act of 1946.

The following-named Foreign Service officers for promotion from class 3 to class 2:

Glenn A. Abbey, of Wisconsin.  
E. Tomlin Bailey, of New Jersey.  
LaVerne Baldwin, of New York.  
William H. Beach, of Virginia.  
Carl H. Boehringer, of Michigan.  
Daniel M. Braddock, of Michigan.  
Charles R. Burrows, of Ohio.  
A. Bland Calder, of New York.  
John Willard Carrigan, of California.  
Augustus S. Chase, of Connecticut.  
Norris B. Chipman, of the District of Columbia.

Montgomery H. Colladay, of Connecticut.  
Henry B. Day, of Connecticut.  
Edmund J. Dorsz, of Michigan.  
Walter C. Dowling, of Georgia.  
Dorsey Gassaway Fisher, of Maryland.  
Andrew B. Foster, of Pennsylvania.  
Randolph Harrison, of Virginia.  
Norris S. Haselton, of New Jersey.  
Knowlton V. Hicks, of New York.  
Frederick W. Hinke, of New York.

John F. Huddleston, of Ohio.  
U. Alexis Johnson, of California.  
George Lewis Jones, Jr., of Maryland.  
George D. LaMont, of New York.  
E. Allan Lightner, Jr., of New Jersey.  
Raymond P. Ludden, of Massachusetts.  
John J. Macdonald, of Missouri.  
Thomas J. Maleady, of Massachusetts.  
Edward S. Maney, of Texas.  
Paul W. Meyer, of Colorado.  
Arthur L. Richards, of California.  
Donald W. Smith, of the District of Columbia.

Horace H. Smith, of Ohio.  
William P. Snow, of Maine.  
Philip D. Sprouse, of Tennessee.  
Carl W. Strom, of Iowa.  
Francis H. Styles, of Virginia.  
Clare H. Timberlake, of Michigan.  
Marshall M. Vance, of Ohio.  
Joe D. Walstrom, of Missouri.

The following-named Foreign Service officers for promotion from class 4 to class 3:

Charles W. Adair, Jr., of Ohio.  
Barry T. Benson, of Texas.  
Maurice M. Bernbaum, of Illinois.  
Reginald Bragonier, Jr., of Maryland.  
Stephen C. Brown, of Virginia.  
Thomas S. Campen, of North Carolina.  
Carl E. Christopherson, of Iowa.  
Harlan B. Clark, of Ohio.  
Bernard C. Connelly, of Illinois.  
Robert T. Cowan, of Texas.  
Leon L. Cowan, of Texas.  
Earl T. Crain, of Illinois.  
Richard H. Davis, of New York.  
Andrew E. Donovan, 2d, of California.  
Edward A. Dow, Jr., of Nebraska.  
James Espy, of Ohio.  
William E. Flournoy, Jr., of Virginia.  
Richard D. Gatewood, of New York.  
Jule L. Goetzmann, of Illinois.  
Robert F. Hale, of Oregon.  
Landreth M. Harrison, of Minnesota.  
Miss Constance R. Harvey, of New York.  
Richard H. Hawkins, Jr., of Pennsylvania.  
Theodore J. Hohenthal, of California.  
J. Jefferson Jones 3d, of Tennessee.  
Randolph A. Kidder, of Massachusetts.  
Perry Laukhuff, of Ohio.  
Andrew G. Lynch, of New York.  
Edward P. Maffitt, of Missouri.  
Thomas C. Mann, of Texas.  
Roy M. Melbourne, of Virginia.  
John Frémont Melby, of Illinois.  
Miss Kathleen Molesworth, of Texas.  
John Ordway, of the District of Columbia.  
Elim O'Shaughnessy, of New York.  
Maurice Pasquet, of New York.  
Paul H. Pearson, of Iowa.  
Walter Smith, of Illinois.  
David A. Thomasson, of Kentucky.  
Ray L. Thurston, of Wisconsin.  
John W. Tuthill, of Massachusetts.  
Gerald Warner, of Massachusetts.  
T. Elliot Weil, of New York.  
H. Bartlett Wells, of New Jersey.  
Fraser Wilkins, of Nebraska.  
Kenneth J. Years, of the District of Columbia.

The following-named Foreign Service officers for promotion from class 5 to class 4:

V. Harwood Blocker, of Texas.  
William C. Burdett, Jr., of Georgia.  
C. Vaughan Ferguson, Jr., of New York.  
Boles C. Hart, Jr., of Connecticut.  
Roger L. Heacock, of California.  
William J. Porter, of Massachusetts.  
Harold Sims, of Tennessee.  
Walter J. Stoessel, Jr., of California.  
George Lybrook West, Jr., of California.

The following-named Foreign Service officers for promotion from class 5 to class 4 and to be also consuls of the United States of America:

Stewart G. Anderson, of Illinois.  
William Barnes, of Massachusetts.  
W. Wendell Blancké, of Pennsylvania.  
Byron E. Blankinship, of Oregon.  
Findley Burns, Jr., of Maryland.  
Don V. Catlett, of Missouri.



Mr. Speaker, now that important appropriation measures, reciprocal trade agreement continuation, and rent control extension, ECA authorization, and other legislation of great importance for the welfare of our Nation will have been acted upon and favorably by the last of this week, I take the floor today to express hope that the Democratic leadership of this House later this month will bring before us legislation to repeal the Taft-Hartley Act. I propose to vote for repeal of the Taft-Hartley law and restore the Wagner Act plus pending amendments proposed by our Democratic leadership.

#### EXTENSION OF REMARKS

Mr. MADDEN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include an editorial from the Chicago Tribune.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

#### CHICAGO TRIBUNE VERSUS TAFT-HARTLEY LAW

Mr. MADDEN. Mr. Speaker, today another strike ties up the Washington newspapers. The newspapers in Chicago and some of the surrounding area have been engaged in a disastrous strike for over 18 months and it is still continuing. Thousands of newspaper employees have been idle during this period of time. Millions of dollars have been lost by the newspapers, the unions, and the members of the unions. The Taft-Hartley Act has promoted untold chaos and bitterness in labor-management relations as it pertains to the newspaper business. The newspapers and unions in the District of Columbia are now in the throes of a second strike within a week.

I am herewith submitting an editorial from the Chicago Tribune of November 22, 1947, wherein they state editorially that they were opposed to outlawing the closed shop as provided in the Taft-Hartley bill. The same editorial could apply to every industry in America as far as the closed shop is concerned.

#### AFTER 95 YEARS

"In 1852, the Chicago Tribune entered into contractual relationship with Chicago Typographical Union, No. 16, which has continued until this day, without interruption of so much as an hour."

We are quoting from a memorial presented by the union to the Tribune on its hundredth birthday last June. The union went on to speak with pride of "this unparalleled record of industrial peace extending over 95 years."

We regret that this record, as a matter of great pride to us as well as to the union, has now been interrupted. It has been interrupted because the union now wishes us to proceed on the theory that the Taft-Hartley law is not the law of the land.

When the law was under discussion in Congress, as our readers will recall, we advised against outlawing the closed shop. We did so, among other reasons, because we knew that the closed shop worked well in our own plant and had worked well for half a century or more.

Congress did not take our advice. Neither the Tribune nor the typographical union writes the laws of this country. Congress does. We will risk a great deal in the interest of uninterrupted service to our readers and

advertisers, but we will not violate the law of the United States.

The Tribune hopes that the present difficulties will be resolved speedily. We shall continue to make every effort to come to an understanding with the union. We have faced a good many problems of many sorts in the course of a hundred years. In solving them, we have never before lacked the cooperation of the printers' union. We hope that this time we won't have to find a solution in spite of our friends in local 16.

#### CORRECTION OF THE RECORD

Mr. CARNAHAN. Mr. Speaker, on page 4385 of the RECORD one sentence in my remarks should read "The cost of repairing the destructions of war," and another sentence should read "The sobering responsibility of democratic world leadership is ours." I ask unanimous consent that the RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

#### COMMITTEE ON VETERANS' AFFAIRS

Mr. RANKIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RANKIN. What bill are we going to take up tomorrow morning?

Mr. McCORMACK. After the consideration of the ECA bill is completed, the armed services appropriation bill is in order, and after that the independent offices appropriation bill.

Mr. RANKIN. How much general debate will there be on the armed services appropriation bill?

Mr. McCORMACK. I am unable to state, but from information I have received I think they are trying to agree on 3 hours.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the Committee on Veterans' Affairs may sit tomorrow during the session of the House during the general debate.

Mr. McCORMACK. There may be some general debate today, I may say to the gentleman.

Mr. RANKIN. I know, but if there is an hour or two of general debate in the morning we can sit then.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

#### COMMITTEE ON HOUSE ADMINISTRATION

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that the Committee on House Administration be permitted to sit during the session of the House tomorrow morning during general debate.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

#### CALL OF THE HOUSE

Mr. RICH. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

#### [Roll No. 74]

Allen, La.	Jones, Ala.	Rains,
Baring	Kean	Reed, Ill.
Buckley, N. Y.	Kearney	Regan
Bulwinkle	Kirwan	Sabath
Celler	Lane	Simpson, Pa.
Dingell	Larcade	Smith, Ohio
Eberharter	Lyle	Smith, Va.
Elliott	Lynch	Teague
Elston	McSweeney	Thomas, N. J.
Fernandez	Morrison	Walsh
Fulton	Morton	Werdel
Gamble	Murphy	Whitaker
Gilmer	Norrell	White, Idaho
Hall,	Pasman	Withrow
Leonard W.	Poulson	

The SPEAKER. On this roll call, 383 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### INVESTIGATION OF CERTAIN ECONOMIC PROBLEMS

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution (H. Con. Res. 54, Rept. No. 426), which was referred to the House Calendar and ordered to be printed:

*Resolved by the House of Representatives (the Senate concurring), That the Joint Committee on the Economic Report, or any duly authorized subcommittee thereof, is authorized and directed to conduct a full and complete study and investigation into the following problems of the economy:*

(1) The problem of investment, including, but not limited to, (A) the role of investment institutions in the investment markets, in industry, and in the economy generally; (B) changes in sources of investment funds and the reason therefor; (C) availability and character of investment funds for national, local, and independent enterprise and the effect of such investment or lack of investment upon different classes or size groups in industry; (D) and needs, by industry, for various types of capital.

(2) The problem of the effectiveness and coordination of monetary, credit, and fiscal policies in dealing with general economic policy.

(3) The problem of low-income families in relation to economic instability.

(4) The problem of unemployment trends and their significance in current economic analysis.

SEC. 2. The joint committee shall report to the Senate and the House of Representatives not later than December 31, 1949, the results of its study and investigation, together with such recommendations as it may deem advisable.

SEC. 3. For the purposes of this resolution, the joint committee, or any duly authorized subcommittee thereof, is authorized (1) to appoint and fix the compensation of such experts, consultants, and clerical and stenographic assistants as it deems necessary and advisable, but the compensation so fixed shall not exceed the compensation prescribed under the Classification Act of 1923, as amended, for comparable duties; and (2) to hold such hearings; to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Eighty-first Congress prior to January 1, 1950; to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents; to administer oaths; to take such testimony, to have such printing and binding done; and to make such expenditures as it deems advisable. The cost of stenographic services in reporting hearings shall not be in excess of 25 cents per one hundred words. Subpenas shall be issued



under the signature of the chairman or vice chairman of the joint committee and shall be served by any person designated by them.

SEC. 4. The expenses of the joint committee under this resolution, which shall not exceed \$30,000, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman. Disbursements to pay such expenses shall be made by the Secretary of the Senate out of the contingent fund of the Senate, such contingent fund to be reimbursed from the contingent fund of the House of Representatives in the amount of one-half of disbursements so made.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

Mr. KEE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 3748) to amend the Economic Cooperation Act of 1948.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 3748, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, April 11, the Clerk had read through section 8 of the bill. Are there any amendments to section 8?

Mr. SMITH of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Wisconsin: On page 8, lines 11 and 13; on line 11, strike out the figure "\$1,100,000,000" and insert the figure "\$1,000,000,000"; and on line 13, strike out the figure "\$4,280,000,000", and insert the figure "\$4,000,000,000."

Mr. SMITH of Wisconsin. Mr. Chairman, I ask unanimous consent that I may proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

Mr. KEE. Mr. Chairman, I am constrained to object.

Mr. SMITH of Wisconsin. Mr. Chairman, I am very sorry that the chairman of my committee has objected to my having five additional minutes to speak on this important matter.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Wisconsin. I yield.

Mr. CANFIELD. As one who is supporting this program to the fullest, I, too, am very sorry that the chairman of the committee has taken that position today, and I wonder if he will not change his attitude thereon.

Mr. KEE. Mr. Chairman, I do not want to change my attitude. We are endeavoring to get this bill through. There are two other bills following this before the Easter vacations. We want to finish this bill this afternoon, if possible, and as soon as possible.

Mr. SMITH of Wisconsin. Mr. Chairman, I can hardly present my argument for this reduction in 5 minutes.

However, I want to bring you up to date on just what the situation is. This

bill reached the committee under H. R. 2362, and called for an amount of \$5,580,000,000. When the committee finished marking up the bill, we had reduced it \$200,000,000. My amendment calls for a reduction of \$380,000,000, which, when you take into consideration the \$200,000,000 cut in committee, the gross cut would then amount to \$500,000,000. At the outset I want to say that I am supporting this program and that this cut will in no way impair the efficiency of the program.

Now, I want to bring you right down to the point that I am trying to make, which is this: That we have heard a great deal about the efficiency of the program and of the remarkable recovery that has been achieved in Europe. With that I agree. Paul Hoffman says in his report, a report on the recovery progress and United States aid, on page 1:

Today there is a record to stand on, a record of achievement both for the Republicans and for the American people. It is by this record that the request for further funds should be adjudged.

I accept that as a premise for my argument to justify this cut.

Mr. Hoffman's own report indicates that, as far as actual shipments are concerned, as of January 31, 1949, \$2,300,000,000 worth of goods had been shipped. To bring you right down to date, as of March 31, 1949, just 2 weeks ago, the amount of goods shipped aggregated only \$3,800,000,000. We have had all this recovery, if you please, this fine showing with expenditures up until the 1st of March, of \$3,800,000,000. It seems to me that with \$1,200,000,000 still in the till—and I say "in the till" because I am talking about the shipment of goods—that we could well afford to go along for the balance of this quarter even without appropriating one dollar; but this bill, even under my amendment, would still leave a billion dollars to be expended for the shipment of goods. How can we justify the appropriation of this large amount for the final quarter, justify it to the taxpayers of this country when on the face of the record, their own record, if you please, they have made a remarkable showing by spending \$3,800,000,000? Do you believe that this small cut I am asking, a cut of \$380,000,000, is going to impair the program? It does not seem that way to me; and, certainly, we must face the facts. Today we are in a recession. Will you agree to that? We cannot go to our people any more in the face of Mr. Hoffman's own record and say that we need \$5,580,000,000; so I ask you to consider this cut that I am proposing, a cut of \$100,000,000 in the payments for the last quarter, and \$280,000,000 for the fiscal year 1950. This is an amount which we ought not to leave for the sole consideration of the Committee on Appropriations. Some have come to me and asked, "Why not leave this matter of the cut to the Committee on Appropriations?" My answer is, Let us face our own responsibility in this Committee.

Mr. Chairman, the first consideration in this legislation is the financial position of the United States. That is the law.

So let us take a brief look at our situation:

The President's budget calls for-----	\$41,800,000,000
Estimated receipts (liberal)-----	41,000,000,000
This leaves a deficit of-----	800,000,000
Total foreign aid-----	6,700,000,000
Military expense-----	15,800,000,000
Arming of Europe-----	2,000,000,000
Total-----	25,300,000,000
Increased taxes-----	4,000,000,000

Total-----	21,300,000,000
Social-security program-----	(?)
Normal cost of Government-----	(?)
Veterans' Administration-----	(?)
Housing-----	(?)
Federal aid to education-----	(?)
Farm-subsidy program-----	(?)

How much can we spend, Mr. Chairman, without jeopardizing our own economy?

There are two ways to meet this gigantic spending program: First, by increasing taxes; or, second, by cutting the budget all along the line, and that means a cut in this program. I am not for increasing taxes. If we refuse to cut here, we should not cut on items affecting our own economy.

Is there anything sacred in the amount requested? I do not think so, and certainly a reasonable cut will not jeopardize the whole program. We are working on the balance-of-payments theory, nothing else. We pay, with dollars, the deficits that the ERP countries cannot meet.

There is a real danger to our economy when the money we give goes into the building up of industries which compete with industry in this country. Industry here is established with money invested by private individuals, with their own savings. Business people in Europe do not have to worry about saving money to establish their enterprises; we furnish it under the program without cost. Government-owned automobile plants in Italy and France which do not worry about fixed charges, will soon compete with American firms who must consider costs.

I am reliably informed that we are giving the British the money to build a complete airplane industry which is subsidized by the Government. It will, of course, compete with a like industry in this country. Under this Marshall-plan aid, England sets aside 20 percent of her national income to rehabilitate and extend factories of all kinds. This is a lot of money—more than industry sets aside in this country.

Today the British have from 15 to 20 percent greater production than they had before the war. In view of this situation there is a danger in overdoing the capital-investment program.

We must realize that the Marshall plan program is or should be a self-reducing one. If we are to believe the testimony at the hearings, that all of the participating countries have increased their production, then our giving should be reduced.

A dollar deficit means that people are not producing enough to maintain them-



selves at the standard of living which they would like to enjoy.

Sir Stafford Cripps, in England, operates a planned economy. It is all on paper and sets forth what everybody in Britain is obliged to do, what they are going to eat and wear, and what they are going to make. Do we have to accept this plan? That is what we do if we approve this legislation without reduction in the amount. The British reach their requirement figures because of the plan they have approved.

Is it fair to ask, what is their plan? Here it is. With a total national income of £13,000,000,000 they set aside 20 percent for capital investments, 15 percent on exports, and 65 percent on domestic consumption. This means food and clothing and rents for housing. It includes subsidies on food. A subsidized food program in the United States would cost \$8,000,000,000. It also includes their health and welfare services, which would cost us \$6,000,000,000.

This program can be reduced on the basis of the figures submitted by ECA.

Last Saturday, during general debate, and again today, there were statements about the fine record made by Mr. Hoffman and his associates. I agree that this is so. However, I call your attention to an irrefutable fact that the remarkable recovery made by these countries was actually accomplished by shipments of \$3,800,000,000 as of March 31, 1949.

I am not speaking of allotments, contracts, or authorizations. Recovery must be based on the goods and services that the countries have received. And up until the 1st of April we had shipped \$3,800,000,000 out of a total appropriation of five billion. I hope my amendment will be adopted by a substantial majority.

#### ECA OBLIGATIONS, SHIPMENTS AND EXPENDITURES

AS OF FEBRUARY 28, 1949

Allotments to countries, \$4,953,000,000—all of the funds available for commodity authorizations out of the \$5,010,000,000 total. Obligations (procurement authorizations), \$4,567,000,000.

Estimated actual shipments, \$3,300,000,000. Expenditures (paid shipments), \$2,634,000,000.

After procurement authorizations are issued, there is normally a lag of between 2½ and 3 months before shipments are made; after shipments are made, there is a normal lag of 1½ months until the necessary documents are submitted and payments are made.

In November 1949, procurement authorizations were issued in an amount three times as great as normal. Payments under these procurement authorizations will be made in March and April, which months will therefore show unusually heavy expenditures.

ESTIMATES AS OF MARCH 31, 1949

Obligations, \$4,900,000,000, all of the funds available for commodity authorizations except a small amount which may be unobligated for technical administrative reasons.

Estimated actual shipments, \$3,800,000,000, a lag of \$1,100,000,000 in unshipped goods, approximately a 2½ to 3 months' pipe line. Payments, \$3,100,000,000.

ESTIMATES AS OF JUNE 30, 1949

Obligations, \$6,000,000,000, the sum of \$4,953,000,000 plus \$1,100,000,000 appropria-

tion for the period April 3 to June 30, 1949, minus a small amount unobligated for technical administrative reasons.

Actual shipments, \$4,900,000,000; a lag of \$1,100,000,000 in unshipped goods.

Payments, \$4,300,000,000.

[From the Washington (D. C.) Post of April 9, 1949]

#### ECCLES SEES STABILITY AS UNITED STATES PROBLEM

SAN FRANCISCO, April 8.—Current challenges to democratic capitalism were discussed today by Marriner S. Eccles of the Federal Reserve Board. He addressed the Commonwealth Club of California.

Eccles said the challenges arise from Russia's Communist leaders and from the failure of democratic capitalism to achieve and maintain stable economic progress.

"Sustainable economic stability is the foremost long-run problem of democratic capitalism," Eccles said. "Democracies have not yet succeeded in solving it. On the contrary, recurrent depression has been a chronic tendency of western capitalism."

He reiterated previous statements that the Nation is in a "phrase of deflationary readjustment" which is not only inevitable but desirable after such a prolonged period of inflation.

"Our economy is being stimulated by fortuitous developments and temporary stopgaps," he continued. "We are depending on a heavier investment in certain capital goods sectors than can be sustained in steady volume. We are increasing dependence on a public subsidy through high price supports and stock piling."

"Most important of all, we are bracing up our levels of activity by a huge military preparedness program and a world aid program, both without foreseeable terminal points as to time or amount."

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. MANSFIELD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I respect the gentleman from Wisconsin very much, and I know that he has the best interests of his country at heart when he offers the amendment that is now before us. He has, however, told you that in our committee we did cut this amount in the sum of \$200,000,000. He has made the further statement that not one dollar is needed to carry on during the 3 months' period before us; nevertheless, he has cut that amount by only \$100,000,000. If that were the case, I would suggest that it would have been more logical had he moved to strike the full \$1,100,000,000.

I wish also to bring to the attention of the Committee the statement which I made last Saturday to the effect that this is the time to hit hard for European recovery:

The full momentum of the recovery program, which has been so dearly bought, must be carried forward and the United States must back the efforts of the European countries to the full during this coming critical year.

It is for this reason that I urge the Congress to approve the full amount of the authorization provided in the present bill. If the Congress, because of the recovery progress achieved, attempts an unwise economy at this time, the momentum of recovery will be dissipated and recovery itself will be postponed. In the long run, such a course would cost the United States taxpayers more money rather than less.

The amounts authorized in the present bill for the recovery program, during the coming 3 months and the next fiscal year, are firm estimates screened many times, on the basis of almost a full year's experience with the aid program, and with the assistance of the several organizations which Congress in the original ECA act expressly created or contemplated.

As a result of this screening and rescreening, the European recovery program proposed to the Congress for the next 15 months is, as Mr. Hoffman has said, "a tight fit."

In addition to all these studies, the committee examined in considerable detail the program submitted to it. It questioned the Administrator and his principal subordinates, the special representative in Europe and the principal ECA mission chiefs. The committee report refers to the attention given by the committee to such particular questions as the effect of recent price changes, the problem of wheat prices under the prospective international wheat agreement, and the question of prices paid for Middle East oil under the ERP.

Mr. Chairman, I should like to bring to the attention of the Committee a letter from the Honorable Paul G. Hoffman, Administrator of the program, in which he states as follows:

In our discussions of the recovery program with the Congress we have made it clear that we are willing to go into the greatest detail in discussing the amounts required for the various country programs. At the same time, we have tried to make it clear that an arbitrary percentage cut might well result in shifting the program from recovery to relief. This would defeat the very objective for which Congress established the Economic Cooperation Administration and would be contrary to my understanding of the job I was asked to do. It is still true that if a man is drowning in a well and you need 20 feet of rope to save him, 18 feet won't do.

The authorization approved by your committee was based on minimum estimates of the amounts that would be needed for the last quarter of this fiscal year and for the next fiscal year. The proposal for an arbitrary cut suggests that the amount in the authorization bill is an arbitrary figure. This is by no means the case. Our estimates were the product of a careful and lengthy process of review and screening. In arriving at these estimates, we had nearly a year's experience to rely on. The amount we believe is needed is not a guess but a realistic appraisal of facts. The figures reflect tangible recovery objectives and are the amounts we honestly think are required to achieve those objectives. Any arbitrary reduction in such amounts can mean only one thing: It will mean that many of the specific steps toward European recovery simply will not be taken.

The Congress itself provided for the machinery by which our estimates were arrived at. ECA missions in each of the participating countries worked in the closest cooperation with those countries in developing estimates of the import requirements for the next year and a quarter. The individual country estimates were then transmitted to the Organization for European Economic Cooperation in Paris, where the Europeans themselves reviewed the figures in the light of the total economy of western Europe. In short, the OEEC helped to convert them into a single estimate for the total program. The resulting figures and recommendations were then reviewed with the greatest thoroughness in the office of the ECA special representative, Mr. Harriman, and when that review was completed the program was sent to Washington to be subjected to further detailed analysis and consideration. In Washington the ECA's own staff studied and altered the estimates of requirements to accord with our



views of what is necessary for European recovery and the ability of the United States economy to meet such requirements. Also in Washington the National Advisory Council on International Monetary and Financial Problems established by the Congress subjected the figures to the closest scrutiny and advised us with respect to the minimum actually required. Finally, with the benefit of all the recommendations secured through this process of review, it was my task to determine the amounts to me requested from the Congress. This I have done. The European recovery program finally proposed to the Congress and approved by your committee is a tight fit.

The effect of an arbitrary 10 percent cut will be far greater than a mere reduction of the program by 10 percent. Europe is living today in austerity. Even to continue on that basis, foodstuffs and other essentials of life must continue to be imported. There is little "give" in these items. It is therefore clear that any reduction in the authorization would have to be borne largely by the projects aimed at making Europe self-sustaining by 1952. And the serious effects of an arbitrary cut will not end there. Imports of industrial raw material and equipment are used in the factories of the participating countries to produce goods both for domestic consumption and for export. Through such exports those countries earn money with which to purchase additional imports. Therefore a 10 percent cut in imports under the European recovery program would result in a greater cut in the total imports of the participating countries and would impair recovery by that much.

In short, as I have said, an arbitrary cut would tend to make the European recovery program another relief program. In the long run such a course would cost the United States taxpayers more money rather than less.

I want to emphasize again that I believe the amount we have requested is essential if Europe is to achieve recovery by 1952. I assure you that I don't want to spend any more money for European recovery than is necessary. If the amount we have requested is more than we need I will not spend it, and if recovery is achieved more rapidly than we now estimate it will be the amounts requested in the future will be less. The way to reduce the cost of this program is not to hamper recovery by arbitrary cuts in this authorization, but instead to do the job as quickly as possible with the minimum amount needed to provide the essential supplies.

I believe that economic aid to western Europe is just as important as money for military expenditures. Until world peace and security are assured through the success of measures we decide to undertake, including the European recovery program, it is dangerous to resort to an unwise economy which might defeat our efforts.

Sincerely yours,

PAUL HOFFMAN,  
Administrator.

#### AMOUNT OF FUNDS

##### LAST 3 MONTHS FISCAL YEAR 1948-49

Program for fiscal year 1948-49 as screened by OEEC and further screened by ECA totals \$4,823,500,000.

Funds allocated by ECA to 1948-49 program out of amounts made available last year total \$3,673,500,000.

Deficiency is thus \$1,150,000,000.

Committee cut this by \$50,000,000 so that bill authorizes an amount of \$1,100,000,000.

The amount of \$1,100,000,000 is \$400,000,000 less than the amount sought last year for the same period.

##### FISCAL YEAR 1949-50

Individual country programs totaled \$4,690,100,000. OEEC recommended total of

\$4,347,000,000. ECA requested and the bill authorizes \$4,280,000,000. The amount of \$4,280,000,000 is \$1,020,000,000 less than the amount requested for the first 12 months of the program a year ago and \$730,000,000 less than the amount Congress made available for the first 12-month period.

The CHAIRMAN. The time of the gentleman from Montana has expired.

(Mr. MANSFIELD asked and was given permission to revise and extend his remarks.)

Mr. JAVITS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to join with my colleague from Montana in saying that I respect very highly the dispositions of the gentleman from Wisconsin who has proposed this amendment and his complete good faith in proposing it. I think more than that, a very useful purpose is served in the House by requiring the committee to, in debate, justify the figures which it brings before the House. I thoroughly agree that there is nothing sacred about these figures just because the Administrator for European Economic Cooperation has asked for them. The House has an entire right to an accounting and I shall hope to contribute in some small measure to that accounting; but I would like to emphasize just one fact. We are asked by this amendment and the argument which supports it to substitute irresponsibility for responsibility.

If the Members will look at the morning papers—unfortunately there are none in Washington, but they can look at the New York and Philadelphia papers—they will see evidence of what is responsibility in seeking to cut funds. Yesterday before a committee of the other body testimony was given as to why funds sought for our defense appropriations were excessive, and those who spoke in support of that position, former President Hoover and Mr. Ferdinand Eberstadt, gave by book and page in exact detail to the dollar, and specified individual instances which made them believe that the request for funds was excessive and that, therefore, a cut was warranted.

We are asked to make a cut, and I say this with no invidious connotation whatever upon the basis of irresponsibility because we are not given any specification of where a cut may be made. We are given the actual shipments of goods as of the 31st of March 1949, as about \$3,800,000,000. Every Member knows, whether in business or not, that the mere shipment of goods does not constitute a complete program—such a program starts far behind the water's edge.

I ask the committee to consider the fact that the allotments to the countries in the European recovery program, to wit, the authority that they have with which to buy and with which they actually do buy, including what is in the pipe line, either on contract or on order or being prepared for shipment, aggregates approximately \$4,950,000,000 out of a total amount made available by the Congress in the first year of the program of \$5,010,000,000, a difference there of about \$50,000,000. Your committee was so careful that at the request of the gen-

tleman from Ohio [Mr. VORYS] that \$50,000,000 was taken out of the request of \$1,150,000,000 made on the committee by the Administrator for European Cooperation for the 3 months between March 31, 1949, and June 30, 1949, and that amount is eliminated from the bill which is before the House in the Committee of the Whole today which calls for \$1,100,000,000 for that period.

I invite the Members to look at page 18 of the committee report as bearing the actions of ECA and of OEEC. It shows the screening process which the allocations for the initial period of the program had gone through. The national governments themselves which were affected requested \$5,839,000,000. As screened by their own organization the OEEC it came down to \$4,875,000,000, and as finally screened by the ECA itself it came down to \$4,823,000,000 of proposed allotments, or a cut of \$1,000,000,000 below what these governments themselves thought they needed.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. Will the gentleman please tell us to what extent unshipped goods have contributed to the present recovery that now exists in Europe, according to his own statement?

Mr. JAVITS. The gentleman should know that when a country gives the figures as to the extent of its recovery, it includes everything it has contracted for in connection with its operations, as well as what has been shipped. The gentleman should know very well that the picture we are being given of the European recovery program includes not only shipments, but everything that these countries have contracted to get, and that that includes \$4,900,000,000 and not \$3,800,000,000.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Ohio.

Mr. VORYS. The gentleman has said that OEEC has screened these. I want to call his attention and the attention of the House to the basic document, page 72, which says that it has been necessary for the ECA to prepare this year's program "before the OEEC has screened the individual national programs and made its own recommendations." There is considerable confusion I find even in the committee. There is considerable confusion I find even in the committee. This year we do not have individual screening by the OEEC estimates of the countries' requests.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. JACKSON of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am very much in favor of the present legislation. It is very unlikely that under any circumstances, unless considerable evidence is produced to the contrary, I would support a reduction in the amount asked for. However, I do feel that on this most important point, the real crux and the only serious point of contention in the entire program,



that the membership of the House should have every opportunity to hear everything there is to be said with respect to the appropriations which are being asked for.

Mr. SMITH of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. JACKSON of California. I yield to the gentleman from Wisconsin.

Mr. SMITH of Wisconsin. Mr. Chairman, I want to call the committee's attention to the fact that I have before me a statement prepared quite recently by ECA which gives us the estimates up to and including June 30, 1949 of the amount of actual shipments and the lag in shipments. The actual shipments as of June 30, which are estimated, indicate \$4,900,000,000, a lag, therefore, of \$1,100,000,000 in unshipped goods.

Now, it is my contention, Mr. Chairman, that, in view of the statement by the ECA administration alone, there are sufficient funds to carry this program through, and that my amendment reducing the amount in the present bill by \$380,000,000 is a drop in the bucket. It will have no effect of impairing the program and I do not want it impaired. As I said at the outset, I believe that Mr. Hoffman and his staff have done a remarkably fine administrative job. Thank goodness, this country is not plagued as it was in lend-lease and in the UNRRA program. Here we have a program of administration based upon realism rather than upon theory.

Now, Mr. Chairman, before we leave this debate on this cut, we ought to call attention to the fact as to just what we are up against in this whole program so far as our own financial resources are concerned. I take it as a fundamental proposition that we are concerned with our own country first and the effect of this program on our economy. You recall that the President's budget called for \$41,800,000,000. The estimated receipts, and I am liberal, are \$41,000,000,000, leaving a deficit of \$800,000,000. We have not considered it yet, but we will soon be called upon to appropriate for military aid to Europe. Tomorrow we are going to have before us a \$16,000,000,000 defense bill. We are going to have total foreign-aid programs amounting to approximately \$6,000,000,000, to say nothing about Social Security, the normal cost of operating the Government, the Veterans' Administration, housing, Federal aid to education, and the farm subsidy program which is before us. How can we spend this amount of money, Mr. Chairman, without jeopardizing our own economy? I think it is up to this committee to approach this matter of a \$380,000,000 cut with a good deal of realism as to what is facing the country. \$380,000,000 lopped off this bill will not impair its operation.

I thank the gentleman from California for his kindness in yielding to me.

Mr. PRESTON. Mr. Chairman, I offer a substitute amendment to the Smith amendment.

The Clerk read as follows:

Substitute amendment offered by Mr. PRESTON to the amendment offered by Mr. SMITH of Wisconsin:

On page 8, line 11, strike out "\$1,100,000,000" and insert in lieu thereof "\$990,000,000."

On line 18, strike out "\$4,280,000,000" and insert in lieu thereof "\$3,852,000,000."

Mr. PRESTON. Mr. Chairman, I offer this substitute amendment as one who is supporting this legislation. The gentleman from Wisconsin has offered some very good reasons why this authorization should be cut. I call your attention to what I think are some other very good reasons why the authorization should be cut.

As a member of the Committee on Appropriations, I have seen brought into the full committee, day after day, reports by the subcommittees cutting our domestic appropriations by 10 percent and cutting our construction program for all of our vast projects throughout these 48 States by 15 percent. The only bill brought in which has not done this is the armed services bill, which increases the President's budget considerably.

We have done this on the theory that the dollar will purchase more today than it would purchase at the time when the estimates were made. We believe that during the coming fiscal year the dollar will purchase even more. The Marshall plan is a purchasing program. The principal function of the program is to purchase. The majority of the purchases will be made in this country. If a dollar is going to purchase more during the coming fiscal year, surely we can make a cut in this authorization. I have no doubt but that the bill will be cut in the Committee on Appropriations, and I am confident it will be cut, but I think the House should give the Committee on Appropriations some sentiment upon which to go on here today.

I call your attention to the fact that we will soon have to implement the Atlantic Pact. It is generally thought by those who think conservatively that it will involve a billion and a half dollars. That money will further relieve the economies of the participating nations. We must find this money somewhere. We are faced with the proposition of deficit spending this year, while it is confessed before the Committee on Foreign Affairs in the hearings that the budget of Great Britain will be balanced this year and they will actually have a surplus in the treasury of Great Britain. Not only that, Great Britain has found itself able to spend \$1,900,000,000 for a consumer food subsidy, something we do not have in this country. It has found itself able to spend \$2,000,000,000 a year for a socialized-medicine program, something we do not have in this country. It is spending 20 percent of its national income on capital improvements within its country; more than we spend. Their dollar trade balances have been improved by one-third, and as to their sterling balance, they have no deficit; they have a surplus in the sterling areas.

From the invisible standpoint they have to offset their dollar deficits with dollars raised through the tourist trade and through other means. This is a country whose economy is in good shape, or at least in much better shape. We completely overlook the fact that two men who are high-ranking statesmen of the party in power in Great Britain have said publicly that recovery has been ef-

fectured in Great Britain; yet we turn blindly away from those statements. Yes, there is a lot of justification for cutting this appropriation. We will be faced in this very session with the problem of deciding whether we will increase taxes by \$4,000,000,000. The Committee on Ways and Means is today standing by waiting to see what the total appropriations will be by the Committee on Appropriations before deciding whether or not there shall be an increase in income taxes in this country. Surely we do not want that to happen. When you consider the fact that we are increasing our national-defense expenditures, spending a billion dollars for atomic energy and a billion dollars for occupied countries this year, plus the Marshall plan, we are going to find ourselves at the end of the fiscal year 1950, with a deficit in our own Treasury.

I submit that we should take our eyes off of Europe occasionally and search the horizon in America and find out how we are at home. I am for this legislation. I supported it initially. I shall vote for it today regardless of whether my amendment or the amendment offered by the gentleman from Wisconsin is adopted. I say to you, however, that this program can be carried on at a reduced rate. If one-third recovery has been effected in one year, then certainly there is no need to extend this program over a period of 5 years at the same rate. We can reduce the authorization of the amount of money to be appropriated this year and carry it on through 5 years, but at a lesser rate.

Mr. Hoffman said before your committee:

It was initially understood and agreed that the program for the second year would cost less than the first year.

As I view the figures, having appropriated \$4,300,000,000 in the Eightieth Congress, we are not reducing it this year.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. TABER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I wonder if the Congress realizes that the adoption of these amendments reducing in a very slight degree this authorization does not mean a slackening of the program or a reduction of the program. The shipments to the 1st day of April, and the first 12 months, averaged \$325,000,000 a month, and that is all there is to go by, except the allotment question. On that basis, with \$5,000,000,000, practically, added to the \$1,200,000,000 already available, the program can be carried until the middle of October or the 1st of November 1950.

Let us see what this allotment business means. In an article from Frankfurt, which was published in the New York Herald Tribune, and which was received from their own correspondent, a week ago last Sunday, it appeared that \$519,000,000 have been allocated to the Bizone section of Germany, and that only \$248,000,000 would be used or obligated by the 1st of July. What does that mean? That means you cannot accept the figures of allotments in considering such an item as this. You must consider



the needs. But this is what I am afraid of: If you turn this thing loose with too much money, you will have the same result that Winston Churchill has described as happening in Britain. He wrote a letter to a constituent of one of the conservative candidates. It appears that the funds are being used for the building up of socialism in England. My own information is that a lot of these funds are being used to take care of the deficit of the socialistic operations in France. The result of creating socialism throughout western Europe will be to destroy the very thing that we are aiming for, because it will result in a dictatorship and there will be no free people left in western Europe and in England to help us if world war III should, perchance—and I pray to God it will not come onto us—ever come about. That is the kind of thing we must think about. On top of that, we must think about the tax situation in America. Today the taxes are taking, through State, Federal, and local taxation, 37 percent of every disposable dollar that comes to the American people. I pray that this House will show some signs of responsibility and will adopt these amendments reducing in a very small degree these proposals, because it is necessary that we show to the country a sense of responsibility. They are expecting us to meet our responsibility and not be guided by pressure and by propaganda. Let us stand up and let us be counted square.

By unanimous consent, the pro forma amendments were withdrawn.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, any argument that either one of these two amendments is hostile to the bill would not in my opinion be a sound one; on the other hand, I think it would be unwise for the Committee of the Whole to adopt either of the amendments. My very dear and valued friend from New York [Mr. TABER], and no one respects and admires him more than I, made a very eloquent appeal that we have "certain things" to think about. Yes; what he said is correct, but we have got to think about two world wars in which our country participated and which the world underwent. We have got to think about the possibility of another world war; we have got to look back and realize that it was failure on the part of men in public life here and elsewhere throughout the world, their failure to see; or seeing, their failure to do the things we now know could have been done that might have averted World War I and in all probability World War II. The question is, Are we going to take the road now that will be a contributing factor to world war III, or are we going to take the road that, based upon two terrible experiences, we know, or ought to know, we should take as the only road that might avert world war III? World war III is going to be averted, as I see it, only if the power of America is used affirmatively. Whether we like it or not, that is the situation in the world of today. I dislike it with all the feeling I am capable of entertaining, but I cannot ignore the reality as to what world conditions are; I cannot overlook

the fact that the generation of young Americans who fought in World War I were overlooked and forgotten after World War II. They discussed money values then, they appealed to emotions, they made appeals that divided our people, and they failed to exercise our powers affirmatively and effectively to bring about a world peace. Are we going to do it now? That is the basic question. We know what the world situation is; our way of life is challenged; the world looks either to the Kremlin or to Washington. They look to Washington with hope; they look to Moscow with despair. If we do nothing, the countries now outside of the control of the Communists will be taken over one by one against their will. The only way they can live is if America helps, if America acts affirmatively. By acting affirmatively we are not doing something from a charitable angle; we are acting, as I see it, in the national interest of the United States.

Let us pause for a moment and think: If tomorrow, or a month from tomorrow, all of Europe were taken over by the Communists, or if 6 months ago it had been taken over by the Communists, the internal enemies within each country with the assistance of the Soviet Union taking over various countries, and then in control of governments with the force and fear they would impose upon people, compelling them to subject themselves to such regimentation, would you and I be as happy today, as contented even in our disturbed state of mind, as we are? Do you and I think if all of Europe went communistic or became subject to Communist control, that that would not be against the national interest of the United States?

The Committee on Foreign Affairs has considered this bill well. I have got to weigh the report of the majority of the Committee. Both members offered amendments, not hostile—I want that understood—but on the evidence as I see it I have got to accept the view of the majority of the Committee on Foreign Affairs. There is a presumption in favor of their report where there is a difference of opinion among the members. We must also consider that the Atlantic Ocean is no longer a barrier to attack. There was a time when the Atlantic Ocean was our first line of defense, but no longer. Those are the things we have got to think about and pass upon. If my judgment errs, let it be on the side of strength and security rather than on the side of weakness and insecurity.

Mr. GAVIN. Mr. Chairman, I move to strike out the requisite number of words and I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. KEE. Mr. Chairman, I object.

Mr. GAVIN. Mr. Chairman, I am rather disappointed at the attitude of my distinguished friend from West Virginia. This bill involves a large amount of money, \$5,500,000,000, and I think the membership should be permitted an opportunity to be heard. The committee has monopolized most of the time and

we who want to be heard cannot be heard and I think we should have some additional time.

Relative to these amendments, may I say that I think the amendment to cut this appropriation three hundred eighty million should be for about a billion and a half and then that billion and a half be placed in the 70 air group to build up our national defense to be in position to meet any emergency that might arise. That would be the answer to the problem confronting us today.

Mr. Chairman, I want to call the attention of the membership of the committee to a pamphlet issued by the British Information Service, an agency of the British Government, as follows:

#### U. K. STARTS \$500,000,000 OIL PROJECT

LONDON, April.—In four commercially strategic corners of Britain work is going ahead on one of the United Kingdom's most ambitious and important recovery projects—an eightfold increase in her oil-refining capacity.

At Shellhaven on the north bank of the Thames near London, at Stanlow on the Manchester Ship Canal, at Llandarcy near Swansea in South Wales, and at Grangemouth on the Firth of Forth in Scotland, great new refineries and their complementary byproducts plants are either being newly built, or added to. In the coming months work will be started on a further three oil-refining projects.

The capital cost of those seven important plans will be some £125,000,000 (\$500,000,000). This is part of the \$7,600,000,000 which Britain will be spending this year on capital investment. When completed they should be treating nearly 20,000,000 tons of crude oil a year, compared with little more than two and a half million tons in 1947. And work is being pushed ahead so rapidly that by next year annual throughput should have reached 8,000,000 tons of crude oil.

While the growing demands for oil products partly account for this activity the most important objectives are the saving of dollars, and the practical contribution to European recovery. By expanding her refining capacity at home and overseas, Britain will eventually save on imports. It is cheaper to buy crude oil and refine it, than to buy finished petroleum products. Purchases from the United States of America will be cut down. At the same time British oil companies will be able to play an increasing part in supplying sterling area countries, western Europe, and other parts of the world with petroleum products which can be paid for in sterling, and not in dollars. As her refining capacity expands Britain will also be able to increase her production of petroleum byproducts, many of which are now imported from the dollar area.

Another important reason is that it is part of the development of Britain's and western Europe's basic industries on which successful production of so many finished goods depends, and in which oil is taking an increasingly vital place, with coal, steel, chemicals, and cement. Oil refining is in fact developing into one of western Europe's major industries.

Western Europe like the rest of the world is coming to rely more and more on oil for so many of its needs. A measure of this reliance is the fact that while oil has not replaced coal, it now supplies one-third of world energy.

War and postwar needs have accelerated demands for oil. Whereas between 1919 and 1945 world consumption multiplied more than five times to over 1,000,000 tons a day, demands in 1947 were nearly six times those of 1919. At present rate of progress it is estimated 1919 consumption will have been



multiplied seven times by 1951. Compared with 1938 world demand is now more than 70 percent greater.

A significant development in this onward march is that recently the United States of America, which is the world's biggest consumer and producer of oil, has turned from being a net exporter to net importer. It is true the United States of America is still exporting large quantities of crude and refined products to Europe and other parts of the world but on a decreasing scale. Growing home demands have on the other hand raised her imports. British oil concerns are taking a big share in filling the gap which this has created.

Britain's oil expansion program is not confined to multiplying her home refining capacity. British concerns are heavily interested in Middle East oil fields which are rapidly increasing production. British companies are also producing in Latin America, West Indies, India, and elsewhere. Including the Royal Dutch Shell group, a partnership of British and Dutch undertakings, the oil production of British concerns rose from 46,000,000 tons in 1946 to 54,000,000 tons in 1947 and was probably about 64,000,000 tons last year—by 1953 it will possibly be double the 1947 total.

The plans now in hand for increasing overseas resources include a new refinery in Venezuela, and the enlargement of existing refiners in the Middle East and East Indies. It is hoped to increase refining capacity overseas 40 percent by 1953. Increasing output from the Middle East will entail additions to existing pipe lines and the laying of new ones. Including current maintenance, all the various plans will call for 3,500,000 tons of steel between now and 1953.

The expanding world demand for oil has meant the call for more tanker ships. Britain is playing a leading role in meeting this need. From 242,000 at the end of 1946, the tonnage of tankers being built in British yards rose to 414,000 at the end of 1947 and to 608,000 at December 31, 1948.

The latter was nearly one-half of all tanker tonnage being built throughout the world.

The savings in dollars which these projects will bring eventually must not overshadow the immediate cost to Britain. Until adequate supplies come from nondollar areas she must continue to import a lot of dollar oil, while at the same time financing a large expenditure on steel and other materials for the expansion program, much of which has to be in dollar and other scarce currency. Also as she is now supplying western Europe with about 40 percent of its oil, she is in effect not only contributing to European recovery, but is doing so only at the cost of a substantial drain on her gold and dollar resources.

Mr. Chairman, it is apparent that the final steps will be taken today to authorize the extension of the ECA program and to set a top limit on the appropriations for that purpose.

There are certain results of this program which are becoming visible. I want at this time to call attention to one very marked trend which we are going to have to have in the future, perhaps in the near future. That is the competition which is being created by the use of American taxpayers' money for the petroleum industry of the United States.

It is not a question of merely keeping our own oil at home, in our markets, and letting the supply for the Marshall-plan nations and others with whom we have friendly relations come from foreign sources of supply. There is every evidence of an ambition to invade the markets of the United States with still more foreign oil.

In other words, the American taxpayer is about to furnish the money to sharpen the razor which eventually will cut his economic throat. I am in sympathy with this program and expect I will vote for it; however I believe it should be cut down considerably, otherwise we may eventually find ourselves facing bankruptcy. I heard my distinguished friend refer to the two wars. I want to say that in both wars we in the United States floated to victory on a sea of oil. The petroleum industry was in a position to meet the terrific demand that was made upon it. Now, we intend to cramp the oil industry of the United States by bringing about a competitive situation so that these European countries and the Arabian and South American oil fields will be brought into the picture. In that event it might bring about a depressed situation in the petroleum industry in this country and reach a point where no further exploration would be undertaken to discover new fields to build up our reserves in this Nation.

We might become dependent upon South American and Arabian oil and European refineries with whom we may be unable to compete. The results would be that if we were catapulted into another emergency and our supplies from the South American and Arabian countries cut off, we would not be in a position to meet the demands that would be made upon the petroleum industry.

This is a very serious question and the curtailing of our development programs in the United States because of the inability of the industry to meet the competition that may be brought about, and is one that should be given very careful consideration.

The question of petroleum imports has for some months past been growing more acute and the independent producers have placed the problem before several committees of the Eightieth and the Eighty-first Congresses. Imports have risen to more than 600,000 barrels per day in recent months, which is four times the prewar rate during the years 1935-39. In several States, the conservation agencies have ordered reductions of the production of oil, amounting, since the first of this year, to about three-quarters of a million barrels daily. Further cuts in the domestic production of oil are in prospect. The oil industry, the landowners, labor, the economy of the oil-producing States and the national security are involved in whatever is done to depress the domestic industry. The producer who has no market for his oil will not drill to discover and develop the reserves in this country.

Heretofore, the imports of petroleum came from the concessions held by large corporations in South America and in the Middle East. In themselves they possessed the ability to alter and affect the welfare of the domestic industry and all the economic and national defense considerations that are dependent on the course of the domestic industry. But we are entering a new phase. Competition by foreign governments with the private oil industry of the United States is in the making.

The British Information Services' statement made here in Washington a

week ago and to which I referred to and again repeat, is headed, "UK starts \$500,000,000 oil project." It revealed the plans of the United Kingdom as an eightfold increase in her oil refining capacity. When completed, the plants, it was said, will be refining 20,000,000 tons of crude oil a year, compared with little more than two and one-half million tons in 1947. Mention was made also of the rapid expansion of production of crude oil by British concerns. By 1953, the statement said, it will possibly be double the production of 1947. Latin America, the Middle East, the East Indies, and India were named as areas of greater development. A new refinery will be built in Venezuela and refineries in the Middle East and the East Indies will be enlarged. This, I might say, is something for the petroleum industry to think about.

As a further aid to this program, it was published recently in a petroleum trade journal that through ECA we are now recruiting a party of 18 geologists for service in British east African possessions. ECA will pay the costs. The purpose is to help develop natural resources, including oil.

Apart from ECA, there is a program under way to finance governments in the Western Hemisphere in the development of oil. The Mexican Government wants millions of dollars—through the Import-Export Bank—to put its oil industry on its feet. An official of the Mexican petroleum monopoly—a government concern—was quoted to the effect that they hoped to have a surplus of oil for export, with the aid of United States funds. Into which market may we conclude the exports would come?

Everybody seems to want to get into the oil business. The tidal wave of oil imports has already driven the producers in the United States out of their own markets to the extent of about 10 percent of the production which was coming from our fields near the close of 1948.

The oil producers in my district, the region where the oil-producing industry of the United States started in 1859, have had one price cut after another in recent months. Their price has gone down 30 percent. A one-barrel well in Pennsylvania cannot compete with a 50,000-barrel well in the Middle East.

We have a Joint Committee on Foreign and Economic Cooperation in the Congress. I invite their attention to the fact that our Government is sharpening the knife to cut the throat of our own petroleum industry. It has been doing this for a long time. The Congress, sooner or later, will have to face the issue. The sooner it does, the greater the assurance that we will continue in existence an industry that has never failed, in peace or in war.

(Mr. GAVIN asked and was given permission to revise and extend his remarks.)

Mr. SMATHERS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and members of the Committee, several months ago down in Texas there was a terrible automobile accident. It involved the greatest golfer that the world has ever known. His name was Ben Hogan. He lingered in the hospital for many weeks and finally,



after receiving the best medical attention that money could get, he was sent home. But before he went home the doctors looked at him and they had this to say about him: His blood pressure was better than it had ever been before the accident, his heart functioned better than it had ever functioned before, his digestive system was better than it had ever been before. "But" said the doctor, "this man is not a well man. His system has suffered a severe and devastating shock, and therefore this man needs the attention, and all the care we can give him."

Now, I tell you that story because it seems to me the countries of western Europe are very much in the same position. They have suffered by reason of the war a tremendous ravaging and devastating shock. It is true that since we have been looking after them, in effect, been doctoring them with this Marshall aid plan, they have made great strides toward recovery, but they have not yet recovered. They are not yet durable or completely self-sustaining. The gentleman from Georgia says that Great Britain's production is up, there are other countries of Europe whose production is up, but the fact remains, and I want to emphasize that these countries of western Europe have not yet recovered from the shock of war. Therefore we must go forward in this period of convalescence, and give them every bit of assistance that they need in order to completely recover, so that they will be off our backs in 1952.

All agree, as the Members who have spoken down in this well have indicated, that no one desires to cut this figure of money allotted to Europe if they thought it was going to interfere with the recovery of these European democracies. We do not want to be penny-wise and pound-foolish, and yet those of us who come up here and offer amendments to cut this figure are in danger of being guilty of that charge. Those who offer amendments to cut are, in effect, saying that they know exactly what each one of the countries of western Europe actually needs, and they know it better than we, the members of the committee, and they know it better than do the officials of the ECA, who have been studying the minute as well as the big and long-range problems. I submit to you that the officials of ECA are just as good and patriotic and true Americans as any one Member sitting in this House today. They are just as anxious to save the taxpayers' money as is any one of us. I say that they have recommended these figures. There is not one of us here who can stand up in good conscience and say that those men are wrong and that they do not know what they are talking about, and that we will substitute our quick judgment and impressions for their accurate studies and specific recommendations.

The gentleman from Georgia has talked about Great Britain. I think, as most everybody does, that Great Britain is the key to this European recovery program. Great Britain has asked for \$940,000,000. Last year Great Britain got \$1,239,000,000, so we can see that al-

ready Britain is taking a cut of 25 percent this year. And why cut it 25 percent? someone may ask. Because this program is designed to apply for 4 years, and if Great Britain cuts 25 percent every year, at the end of 1952 she will be off our backs, and self-sufficient.

The question is, Can Britain get along with \$940,000,000? Britain says that she can, and yet anyone, who has taken the trouble to look at the austerity program under which the people of Britain are living, it is wondered if she can do it. But the British people are people of determination, character, and of courage, and they say they can do it. Today they have 25 percent less clothing than they had in 1938; they are rationed to 20 cents a week of meat; they are allotted 2 ounces of bacon a week; they are authorized to have 10 ounces of sugar a week. Where and how can anyone cut that amount of food and clothing and still make it possible for the people of Great Britain to live? Already, as has been referred to, and I think properly so, this is known as the misery program in Great Britain.

How did Great Britain get into the shape that she is in today? In 1938 she had \$17,000,000,000 of external assets. Today she has a deficit of \$6,000,000,000 of external assets. In 1938 she had 470,000 more houses than she has today, and today she has 3,500,000 more people than she had in 1938. In 1938 she had \$5,000,000,000 more of capital assets than she has today. It is well to remember that the way Great Britain lost these assets and suffered this loss was by going to war in 1939, in defense of the rights of little peoples to choose their own government.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I should like to make my remarks as direct as possible to the specific issues that have been raised.

First, with respect to the matter the gentleman from Florida just mentioned with regard to Great Britain, it is true that Great Britain has asked for \$940,000,000 and by the table on page 18 it is proposed to give her under the ECA allotment her full request. If the gentleman will go up and down the list of all the other countries, he will find there have been reductions from the requests of the other nations for the proposed ECA allotments. Last year Great Britain got almost what she asked. And before that, she got a \$3,000,000,000 loan. Great Britain has done pretty well at the hands of the United States taxpayer and will even if the total is cut.

Now, for another point. The gentleman from New York [Mr. JAVITS], in his remarks on the figures that have been requested by the national governments, said they had been reviewed by OEEC and then had been reviewed by ECA, and that altogether there had been a reduction of a billion dollars from the original requests. That is not correct. As the gentleman from Ohio [Mr. VORVRS] did point out, OEEC has not reviewed the 1950 requests. The figures the gentleman from New York used were

the 1948-49 figures, which were reviewed. And the \$1,000,000,000 cut was for the current year—not 1950 with which the pending bill deals.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. Sorry, but I cannot yield because of the limited time.

Every member of the committee can refer to page 18 of the committee report and see that the billion-dollar reduction was in the original requests for the current year. It is proposed by the pending bill to cut 1950 only by a very small amount, about \$300,000,000 which is nowhere near a billion dollars. If we do as much reviewing as they did last year, we can go far deeper. Are you not going to do that?

The gentleman from Georgia has aptly pointed out that the domestic appropriation bills which are coming before the committee and the Congress are cut 10 percent, and 15 percent on construction. Of course, this is a dollar-exchange proposition, but the things these countries are going to buy here are cheaper for them, too.

Third, I want to bring to your attention something that has just happened. Yesterday the President of the United States sent a special communication to the Congress in the form of a new budget estimate, a supplemental budget estimate, that asks for \$595,890,000. What for? For readjustment benefit for veterans. In that connection, what is said in the letter from the Budget Bureau which was placed before the House only last night?

Costs of the readjustment (unemployment) allowance program have also exceeded previous estimates due to higher numbers of veterans receiving these benefits than had been expected. This higher degree of participation has become evident since January 1, 1949.

In other words, since January 1, 1949, veterans in the United States have been running out of jobs, so the President sends up a supplemental estimate and asks for \$595,000,000, almost \$600,000,000, more for unemployment allowances and readjustment benefits for veterans in this country.

In that connection, let me give you a sentence from the letter of Winston Churchill, to which the gentleman from New York [Mr. TABER] alluded. Churchill said the Socialists "boast they have cured unemployment and at the same time admit that but for the immense American subsidy there would be between one and two million unemployed today."

If the President finds it necessary to ask us for \$600,000,000 to take care of veterans out of jobs in this country, a situation that has become apparent since January 1, 1949, are you going to go back to those veterans and say, "We are going to tax you to cure an unemployment problem in England?"

Now, finally, the gentleman from Massachusetts made an eloquent plea on the basis of stopping communism, but it is not this program that has stopped the westward advance of the Kremlin. Rather, it is what Churchill said, fear of



the atom bomb and our ability to deliver it, which stopped the westward advance. Building up western Europe is desirable and works toward desirable ends of unification, world stability, and all that—but merely to make western Europe more prosperous and healthy would, in the words of my Ohio colleague, only make those countries fatter for the kill if the Kremlin moved west. The European aid program alone would only sweeten the invitation to the Russian bear to come and get it, were it not for the atomic bomb and the 70-group Air Force.

The hope of world peace is the hope that war can be made so evidently a losing proposition for any nation that no nation will try it while we develop the machinery and methods of peace. Let us adopt these amendments and apply to our foreign-aid program the same prudent pruning knife that we are applying to domestic expenditures more and more these days. That will protect our ability to maintain our own economy and to help others as well.

Mr. KEE. Mr. Chairman, I wonder if we cannot agree on a time to end this debate. We have gone on now for 55 minutes. Therefore, I ask unanimous consent that debate on the pending amendment and the substitute amendment thereto close in 40 minutes, the last 5 minutes to be allotted to the committee.

Mr. BROWN of Ohio. Mr. Chairman, I object.

Mr. RICH. I object.

Mr. KEE. Mr. Chairman, I ask unanimous consent that debate close in 50 minutes.

Mr. BROWN of Ohio. Mr. Chairman, reserving the right to object, there are 13 Members standing. Fifty minutes would give them 4 minutes apiece. I presume members of the committee will wish to speak, including the chairman. There are some of us who have said nothing on this bill whatsoever. I am of the opinion that you want to finish this afternoon, and I suggest this is the most important amendment you will have to consider, and perhaps you would be wise to permit the membership to express themselves to some extent.

Mr. KEE. Mr. Chairman, I ask unanimous consent that debate on this amendment and the substitute amendment close in 1 hour, the last 5 minutes being reserved for the committee.

Mr. MILLER of Nebraska. Mr. Chairman, reserving the right to object, how much time will that give to individuals who desire to speak on the amendments?

I ask that question because the RECORD of yesterday will show that 75 percent of the time in debate was used by the proponents, and the opponents were only permitted about 25 percent of the time. I would like to see the Members have at least 5 minutes apiece.

The CHAIRMAN. On the basis of the Members who are now standing, and among whom the time will be divided, each Member will have about 3 minutes.

Mr. MILLER of Nebraska. Then, Mr. Chairman, I object.

Mr. KEE. Mr. Chairman, I move that debate on this amendment and the substitute amendment close in 1 hour.

Mr. KEEFE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KEEFE. Mr. Chairman, if this motion should carry, is the Chairman going to recognize, as a matter of privilege, the members of the Committee on Foreign Affairs to the exclusion of Members who are not on that committee?

The CHAIRMAN. It will be the purpose of the Chair to recognize within the time fixed those Members who are now standing, the time being equally divided between the Members standing.

Mr. RICH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RICH. Mr. Chairman, from the time that debate began on these amendments, I have been seeking recognition, and that is for 45 minutes. I have been unable to secure the recognition of the Chairman. Is the Chairman going to recognize the Members who are now standing, or will the Chairman recognize those who have been trying to get 5 minutes' times for the last 45 minutes?

The CHAIRMAN. The Chair has answered the inquiry of the gentleman from Pennsylvania in response to the inquiry of the gentleman from Wisconsin [Mr. KEEFE].

The question is on the motion offered by the gentleman from West Virginia [Mr. KEE].

The question was taken; and on a division (demanded by Mr. RICH) there were—ayes 88, noes 60.

Mr. KEEFE. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. KEEFE and Mr. KEE.

The Committee again divided; and the tellers reported that there were—ayes 130, noes 78.

So the motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. BREHM].

Mr. COUDERT. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. COUDERT moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. COUDERT. Mr. Chairman, apparently the only way that a junior Member of this House can be heard is by offering a preferential motion. Between the precedence of the committee members and those who are senior to him in service he is very lucky under the present control of this committee to be heard when we get down to the 50 seconds per Member period of debate; and I did not care to get down to that.

Mr. Chairman, I think this is one of the most important bills which we are going to have. The issue involved here is of profound importance. If we are here today discussing relatively minor amendments to the bill, discussing minor reductions in amount, if we are here talking in terms of 12 months ago, it is because this committee, the Committee on Foreign Affairs, has elected by its procedure to put blinders on the Members of this House, to merely repeat the de-

bate of 12 months ago, to completely ignore the facts of life, the facts of life that each one of us is possessed of until he walks into the hall of this House; and then under the procedure of the Committee on Foreign Affairs and the rules of the House he finds himself compelled to check his knowledge of the facts of current life outside with his hat and coat.

Mr. Chairman, this debate might just as well have been lifted bodily from the minutes of the debate 1 year ago when we enacted the 1948 law. The committee has completely ignored the new major revolutionary fact that has come into this European aid picture since we enacted the 1948 bill. That, of course, is the Atlantic Pact and the coming demands for military aid to Europe.

When this committee last year reported out a bill, it reported a bill which provided for both military and economic aid. This year, for some reason best known to its majority, because the minority did not agree the majority reported out a bill that makes it impossible for this House to consider in one pattern on one occasion the competing demands for economic aid and military aid.

It is hardly necessary to say that the only possible way to exercise intelligent and reasonable judgment in such matters is to have before us a bill that is of such broad scope that the House can work its will on the entire European aid program, so that the House can determine whether or not, first, it wants to authorize foreign military aid to European countries and if it does want to authorize something for that purpose, it will be in a position to determine whether some of that cost should come out of the ECA proposed authorization. As it stands today, we are not free to act as our intelligence and our judgment might dictate.

Later I am going to offer an amendment to strike out the 1950 appropriation, leaving in the 3 months provision, as a notice to the Committee on Foreign Affairs that the House wants a single package bill, that the House wants that committee to come back here with a bill that will enable the Members to act freely in accordance with the facts of life. In the meantime, I am in favor of reducing the amount. It is the only alternative this committee leaves us. It does not solve the problem, it does not deal with the problem in a realistic, intelligent fashion. It puts blinders on our eyes and makes us check our knowledge of the facts of life outside. All we can do is to attempt to reduce this amount somewhat in preparation for what we know is coming in the way of demands for foreign military aid.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SMATHERS. Mr. Chairman, I rise in opposition to the pending motion.

Mr. KEEFE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Florida yield for a parliamentary inquiry?

Mr. SMATHERS. I yield.

Mr. KEEFE. Mr. Chairman, I was on my feet as a member of the Committee of the Whole requesting time to speak



in opposition to this proposal. Now, the Chair is indulging in exactly the same practice under the limitation voted that any time a member of this Committee on Foreign Affairs rises any other Member of the House who wants to speak is precluded under the rules from speaking.

I ask if the gentleman now in the Chair is required under the rules to continue that same practice in view of the limitation of time that has been voted by the Committee?

The CHAIRMAN. The gentleman from Wisconsin has stated his parliamentary inquiry, and the Chair understands the parliamentary inquiry.

The Chair advises the gentleman, in answer to his parliamentary inquiry, that under the rules of the House recognition of Members by the Chair is within the discretion of the occupant of the chair. In this particular instance the gentleman from New York has offered a motion to strike the enacting clause. The Chair, acting within the discretion accorded it by the Rules of the House, has recognized a member of the Committee on Foreign Affairs to speak in opposition to that motion.

The gentleman from Florida will proceed.

Mr. COUDERT. Mr. Chairman, I ask unanimous consent to withdraw my motion.

Mr. SMATHERS. I object, Mr. Chairman.

Mr. Chairman and members of the Committee, I would like to say to the gentleman from Wisconsin [Mr. KEEFE] I will be glad to yield him 2 minutes, provided that the colloquy which has just transpired is not deducted from my time.

Mr. KEEFE. May I say to the gentleman that I think I have made my position very clear on this bill, and I want to enforce it as we go along. I have sat here by the hour without any opportunity to speak because the time is being monopolized by the members of this committee. I should think the Committee itself would like to hear from some of the other Members who are in support of this legislation and who might have an idea to offer. I cannot do it, in due deference to the gentleman, in 2 minutes.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. SMATHERS. I yield for a question.

Mr. RICH. Well, I just want to make the same request, in a measure, that the gentleman from Wisconsin made. When we first started debate on this amendment, there were only three of us standing. I asked the Chair to be recognized and I was not recognized, but every time some new Member would stand up he recognized him.

Mr. SMATHERS. I thank the gentleman from Pennsylvania for his comments.

As regards the Atlantic Pact, Mr. Chairman, which has been mentioned by the gentleman from New York, I think it well that we remember that the Atlantic Pact has not yet been passed by the other body. It would be impossible to appropriate any money or in any way implement an Atlantic Pact until such time as

the other body has considered it. We do not even know whether it will be adopted by the other body, so how under this legislation, we are now considering, can we possibly implement or even discuss the Atlantic Pact.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. SMATHERS. No; I cannot yield any further.

One other point I would like to make in reference to the Atlantic Pact is that it would not make a whole lot of sense for this country to adopt the Atlantic Pact, and to implement it with a billion dollars' worth of arms and munitions, if the countries of western Europe were not sustained as democracies and friends. If the countries of western Europe were controlled by the Communists, or had weak and vacillating political governments then there would be no occasion to have an Atlantic Pact, because the countries of western Europe could not do us any good and we, in turn, could not do them any good.

To return to Great Britain for a moment, I would like to point out, while Great Britain is being criticised severely, here today it is will to remember what brought about the condition in Great Britain. She lost \$23,000,000,000 in external accounts before lend-lease started. She spent \$8,000,000,000—

Mr. HOFFMAN of Michigan. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN of Michigan. As I understand, the question was on the motion offered by the preceding gentleman to strike the enacting clause. The gentleman now addressing the House is not talking on that motion. He is just monopolizing the time.

The CHAIRMAN. The gentleman from Florida is within his rights. He may discuss the provisions of the bill, because every section and line of the bill is involved in a motion to strike the enacting clause. The gentleman may proceed.

Mr. SMATHERS. I thank the Chairman very much.

To continue with what I was going to say, Great Britain spent \$8,000,000,000 of her own money in 1939 before lend-lease started for arms and munitions, and where did she spend it? She spent it over here in the United States, for the implements of war in order to fight dictatorship and tyranny; in order to fight our own common enemy Adolph Hitler and his Nazis. It was their valient fight against our common enemy that bled them white and put them in such dire economic straits, that they need and require our temporary assistance.

Mr. COUDERT. Mr. Chairman, I ask unanimous consent to withdraw my motion.

Mr. HOFFMAN of Michigan. I object, Mr. Chairman.

The CHAIRMAN. The question is on the motion offered by the gentleman from New York [Mr. COUDERT] that the enacting clause be stricken out.

The motion was rejected.

Mrs. DOUGLAS. Mr. Chairman, I ask unanimous consent that the time

allotted me be yielded to the gentleman from Wisconsin [Mr. KEEFE].

The CHAIRMAN. Is there objection to the request of the gentlewoman from California?

There was no objection.

Mrs. BOSONE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Utah?

There was no objection.

Mrs. BOSONE. Mr. Chairman, there are some disadvantages in being in Congress and in living in Washington, but one of the great advantages is meeting and knowing the people who make, not only this country tick, but also the world. It was my very good fortune to attend a small dinner party one evening shortly after I arrived in Washington. The speaker at this dinner party was a man of international reputation who had been loaned to ECA by his government. Because the group was small, this gentleman said he was going to let his hair down and give us the dope on the ECA as he saw it. He said, first of all, that the 16 countries receiving ECA aid worked smoothly together, and that the leaders of these nations were agreed that the money of taxpayers of America should be withdrawn from Europe at least by 1952. The most heartening statement on the European Recovery Program I have heard was made by this man when he said, "For God's sake, take the taxpayers' money out of Europe by 1952." I thought this point of view would be encouraging to those of you who are seeking to cut down the amount of money which is specified in this bill.

The gentleman also said that he believed both the leaders and the people of Europe were aware of the fact that, in order for them to pull themselves up by their own bootstraps, they would have to accept a lower standard of living.

I had been afraid that maybe the people of Europe would get accustomed to the huge amount of money that was pouring into their countries and they would lose their initiative and wish to go on forever receiving assistance from the United States.

Let us not cut the appropriation in this bill. I am afraid it would do more harm than good. Let us instead adopt a firm policy and make sure that we have concluded this program by 1952. I believe that when Europe realizes that our yeas are yeas and our nays and nays, they will provide for their own recovery and rehabilitation after 1952—thereby relieving the tax load in this country and giving our own country a breathing spell in our tremendous tax load.

I hope there will be no change in the authorization of funds designated in the bill.

Mr. DAVIS of Georgia. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. DAVIS of Georgia. Mr. Chairman, I voted for the Marshall plan last



year. When I voted to place this burden upon the shoulders of the American people, I did it with the full realization that the burden would be a heavy one. It was a step in the dark. There was no possible way to know whether the spending of this tremendous amount of money would insure peace and would stop the spread of communism, or not. The decision which I finally had to make, regardless of my doubts and misgivings, was whether or not the possibility that the Marshall plan would stop communism and preserve peace was great enough to justify our giving away these billions of dollars.

It was a question of balancing off on the one hand the billions of dollars required to finance the program against the chance on the other hand of avoiding a third world war and of preventing the further spread of communism throughout the world.

I feel, as the great majority of American people feel, that our money cannot be spent for a better purpose than that of preserving peace. If money can be properly spent to prevent the spread of communism, that also is one of the most worthy purposes for which we could use our substance.

While there is no point whatever to frittering away money, or spending it uselessly, nevertheless it is worth billions of dollars to avoid another war.

I have felt for a long time, and still feel, that war with Russia is inevitable, if communism continues to spread. Communism is so repulsive to our American sense of freedom and liberty, that we would never permit it to overthrow our Government, either by force and violence, or by infiltration.

Since 1917, communism has taken over 12 or more countries, and is constantly reaching for more. I believe that every country which goes behind the iron curtain lessens just to that extent our chances of stopping communism.

I realize, as we all do, that this program increases our tax burden; that it is going to have a definite effect on our economy in the future, because in this recovery program we are building up future European competition for American industry, American manufacturers, American workmen, and American agriculture.

Nevertheless, I believe that we can endure these things better than we can endure communism. We can endure these things more easily than we can endure another war.

I am willing to endure them, if by so doing, there is a reasonable prospect that we may realize the objective of this European recovery program, namely, the stopping of communism and the maintenance of peace.

After weighing these things, one against the other, my conclusion was that it is worth while to give the Marshall plan a trial, and I so cast my vote at that time.

I hope I reached the right conclusion, and that my vote was proper.

We are now about to vote on the pending amendments to reduce the figures provided in this bill as the maximum

amounts which can be appropriated during the next fiscal year to finance the European recovery program. It is true that this is not an appropriation bill. It is simply an authorization bill. However, there is no reason why the Members of this body in considering this bill cannot or should not determine at this time whether a reduction of 10 percent or a reduction of 15 percent, or a reduction of any other size is proper with reference to this program. It is proper to keep in mind now as well as later when the appropriation is being made, that, after all, this money comes from the pockets of the American taxpayers. It is proper to bear in mind, now and at all other times, that no tax money should be wasted. I have a feeling that the higher we make this authorization ceiling, it will to that extent encourage larger appropriations.

In helping Europe to get on its own feet, I do not intend to so impoverish America, that at the conclusion of this European recovery program America will stand in need of a recovery program of her own. If we should thus deplete our own resources, there would be none to extend a helping hand to us. It is just as important, and to my mind, far more important, to keep our own country and our own economy sound and stable as it is to restore the economy of western Europe.

In considering whether or not a reduction of 10 percent can be made in Marshall plan funds for the next fiscal year, one of the first factors to be considered is the cost of materials to be purchased by the participating countries. It cannot be denied that prices are lower now than they were when the Marshall plan was voted. As has already been pointed out by the gentleman from Georgia [Mr. PRESTON], appropriation bills are being reduced in some instances 10 percent, and in some instances 15 percent. This reduction is made possible because of lower prices and because of increased purchasing power of the dollar.

I do not believe it will impair this program in the slightest to reduce the amount of money 10 percent. Certainly I do not intend to vote for new taxes this year for any purpose short of preventing national disaster. If we do not save money wherever savings are possible, we are going to face the necessity either of deficit financing, or of increased taxes.

In my opinion a reduction of 10 percent in the amount of this authorization is proper. I do not believe such a reduction will impede European recovery in the slightest. It will help to lighten the load of our taxpayers, and I intend to support such a reduction in this bill, as well as in the appropriation bill which will follow.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. KEEFE].

Mr. KEEFE. Mr. Chairman, I thank the distinguished gentlewoman from California for yielding me her time.

Mr. Chairman, it does seem to me that some of us who are tremendously interested in the welfare of our country should

have an opportunity to express our views freely. When the chairman of this committee predicates his opposition to allowing a Member to speak for more than 5 minutes on the fact that we must finish this legislation in order that we can have a recess Thursday and go home, I think it is being placed upon grounds which the American people will not approve. I am serving notice now that if any unanimous-consent request is made it will be objected to. I think we can afford to take time, if necessary, to let the American people have all the facts and let those who are in opposition to this know all the facts.

I spoke yesterday on this bill and announced my support of it and gave my reasons. This does not mean, however, that I am going to oppose every amendment that may be offered and every suggestion that may be offered for the betterment of this situation for your country and mine.

See what we are now confronted with. Will you not listen? Do you know what is facing us, or are we, in our efforts to get away from here and get this thing through, not going to consider the vital facts?

Read the bill and ask yourself this question: Right in the first section it is provided "that no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States."

Can you answer that question honestly to yourself without knowing what the demands are going to be in total for the total foreign aid? You have nothing here to implement the Atlantic Pact. You do not know how much is going to be asked. You do not know what is going to be asked for the Greek-Turkish aid. You do not know what the emergency children's fund is going to ask. You do not know what may be asked for China aid or some other aid program.

I cannot answer my people honestly and say I voted for this thing with my eyes shut, just because Mr. Hoffman and his group have seen fit to send up here a request for the amount specified in this bill.

Let me ask the acting chairman of this committee whether or not you intend by the passage of this authorization legislation to take to the country the word that that maximum of authorization must be the amount to be appropriated later in the appropriation bill.

Mr. RICHARDS. I am sure I can speak for myself and every member of the committee in saying that it was never the intention of the House Committee on Foreign Affairs to present this figure to the House as a fixed sum, as a maximum. It has always been the understanding, and it has been repeatedly set forth here, that the House Committee on Appropriations would revise those figures in the light of the international situation as it develops.

Mr. KEEFE. Did the committee examine meticulously the estimates as to the actual need, or did you take the figures that were submitted by ECA?

Mr. RICHARDS. Our committee examined those figures meticulously for a



period of 6 weeks, sometimes at night and sometimes during the day.

Mr. KEEFE. What confuses me, then, is the statement in the minority report, signed by the Republican members of the committee, which gives an entirely different impression and very definitely cautions the Congress and the country. They use the following language:

There must be no repetition of last year's attempt to distort limitations into commitments, or the legislative maximums into appropriation maximums.

What I am worried about is that if you pass this bill with these so-called legislative maximum authorizations, the story is going to be just what it was last year, and when the Committee on Appropriations makes an honest attempt to examine the estimates, they will be charged with sabotaging the program.

Mrs. DOUGLAS. Mr. Chairman, much has been said about the terrible thing that was done a year ago when the Congress and the force of American public opinion reversed the Appropriations Committee of the House in its decision to make the 12-month authorization do for 15 months—to cut the program thereby 25 percent—to make it a relief and not a recovery program. The terrible thing was not the reversal. It was the error in concept so narrowly averted. We of the committee claim no sanctity for our figures. Nor do we recognize the sanctity of any other committee's figures.

The record in the first year of this program shows that the authorization recommended by the Committee on Foreign Affairs was substantially correct. The figures submitted this year are tight figures. They are subject only to changes such as price changes—which may occur between the authorization and the appropriation.

I want to discuss now certain aspects of British trade relations with Russia. East-west trade is essential for recovery. Wheat, coal, lumber, and minerals must be imported by western European countries to sustain their economies. Dollars are not used to promote this trade—the local currencies of the countries are used. I would like to point out, Mr. Chairman, that the United State cannot begin to supply all the raw materials that are needed to carry forward the recovery of western Europe.

On March 31, 1949, the newspapers carried an account to the effect that the United Kingdom budget included an allowance of \$36,000,000 to Russia.

Actually the mention of dollars was incorrect. The money involved was £9,000,000. This £9,000,000 allowance is not a new credit for future deliveries. It is an arrangement for regularizing transactions which originated during the war. It provides an advance against which payments by Russia for nonmilitary goods ordered by Russia from the United Kingdom and for the most part delivered during the war, may be concluded when the final contract details are settled.

The £9,000,000 item arises out of wartime relations between the two countries.

A trade and payments agreement signed by the two governments on Au-

gust 16, 1941, provided that the Russians would pay 40 percent in hard currency for nonmilitary supplies and would obtain the balance through repayable sterling credits extended by the British.

Under the urgency of the war, many of the items were manufactured and delivered without final determination of contract terms. The manufacturers had to be paid, however, and the British Government advanced money to pay the manufacturers. At the end of the war, negotiations on the contracts lagged, delaying final settlements. A trade and payments agreement signed with the Russians on December 27, 1947, changed the method of settlement under which further trade would be handled.

Since the wartime authority under which the British made advances to the Allies has expired, it is now necessary to secure additional parliamentary authority and appropriations to cover the remaining advances required to settle the wartime accounts. It was estimated in the budget presentation for 1949-50 that the amount required for this purpose in 1949-50 would be approximately £9,000,000 in sterling.

On settlements previously concluded, the Russians are making repayments in accordance with the agreements. This year Russian payments of this character will amount to about £5,000,000.

#### BASIC TERMS OF BRITISH-RUSSIAN TRADE

The basic terms of the United Kingdom's trade with the U. S. S. R. are set forth in the trade agreement of December 27, 1947, which adjusts and revises the earlier agreement of August 16, 1941. The trade agreement of 1947 has both long- and short-term aspects and has no stated terminal date. The countries have agreed to discuss developments under the terms of the agreement and recommendations for further developments of trade at least once a year.

It is anticipated that trade between the two countries will balance in the long run. In the short run, however, a lag of balance can be expected. The financial arrangements in the trade agreement provide that the Russian State Bank account with the Bank of England, established under the trade agreement of 1941, should be balanced off every 3 months, with any debit favoring the Russians for an excess of shipments over receipts by them to be settled by British repayable advances of sterling.

The agreement of 1941 also provided that the total advances outstanding under the payments arrangements then included should not exceed the sum of £10,000,000. When the outstanding advances should approach the £10,000,000, the two parties would negotiate for additional credit.

The short-run aspects of the trade are quite specific. For example, in 1948 Russia agreed to supply the United Kingdom with 750,000 metric tons of coarse grains and the British agreed to supply rails, largely from surpluses.

In the long run, Russia will supply basic foods, timber, and similar products, whereas the United Kingdom will supply industrial equipment. Deliveries on industrial equipment involve considerable lags, in some cases as much as 2 to 2½

years following the placement of orders. It was estimated at the end of 1948 that, of the long-term goods desired, the Russians had so far placed only between 10 and 15 percent of the total orders necessary.

Trade between the United Kingdom and the Soviet Union in 1948 resulted in the United Kingdom receiving more goods than it sent to Russia.

*United Kingdom trade with Russia stated in dollar equivalent*

Imports.....	\$109,000,000
Exports and reexports.....	28,400,000

Grain, flour, and other food supplied more than 80 percent of British imports from Russia; machinery made up two-thirds of British exports of domestic produce.

#### PARTICULAR COMMODITIES IN BRITISH-RUSSIAN TRADE

Doubts about United Kingdom trade relations with Russia have been expressed in relation to a number of specific commodities and to strategic materials in general. The allegations and the answers in relation to specific commodities are stated below. The general question of British-Russian trade in strategic items is then discussed at greater length.

**Aluminum:** It is alleged that the United Kingdom has supplied aluminum to Russia.

The answer: Total shipments by the United Kingdom to Russia of nonferrous metals and manufactures, which include aluminum, amounted to less than the equivalent of \$3,000 in 1948 according to the British Government's publication *Accounts Relating to Trade and Navigation*. This figure indicates that aluminum shipments from the United Kingdom to Russia in 1948, if any, were insignificant.

**Jet airplane engines:** It is alleged that since early in the program the United Kingdom has sold jet airplane engines to the Russians.

The answer: The engines referred to were transferred by the United Kingdom to Russia prior to the time ECA came into existence, and under a contract entered into in 1946.

**Steel rails:** It is alleged that the United Kingdom sold 18,000 tons of steel rails to Russia, and these rails were included in the steel which the United States had supplied to Great Britain.

The answer: Only 1 percent of British steel is supplied by the United States. The steel shipped to Britain under ECA is of a special class, used mostly for steel pipe. No steel suitable for rails has been shipped from the United States. United States export-control policy does not bar the shipment of steel rails from the United States to eastern Europe. Since there is no security consideration and since the United Kingdom produces enough steel rails so that there are some for export, there is no objection to some of these rails being shipped to Russia—particularly since vitally needed wheat and other essential materials are received by the United Kingdom in return.

**Tin:** It is alleged that the United Kingdom has been shipping large quantities of tin to the Soviet Union.

The answer: International commerce in tin is controlled by an allocation sys-



tem under an international combined committee, on which both the United States and the United Kingdom are represented. During the period in which the European recovery program has been in effect no allocation of tin for the Soviet Union has been made. The Soviet Union has applied for no allocation of tin.

#### STRATEGIC MATERIALS IN GENERAL

As to strategic materials in general, the United Kingdom exercises export controls limiting exports of goods of strategic value. It does not ship munitions, military equipment, or articles of strategic military value to Russia.

On March 31, the British Government announced that export licenses would be required in the future for a long list of additional products not previously limited. The countries of the British Commonwealth and the other participating countries, as well as the United States, are exempted from these licensing procedures so that it is clear that they are directed largely toward restriction of the movement of goods of strategic value to countries in eastern Europe.

The new list included certain metals, nonmetallic minerals, tools, chemicals, and certain kinds of machinery and equipment.

The implications of this new export license policy are indicated in an excerpt from an item from the Christian Science Monitor, April 2, 1949:

#### BRITAIN TO TIGHTEN CONTROL OVER EASTWARD EXPORTS

(By John Allan May)

LONDON, April 2, 1949.—Britain will greatly tighten its control over the exports of possible war potential to eastern Europe as of April 8.

Almost every type of machine tool, wide range of chemicals, and many items of scientific apparatus are included on the new schedule of goods needing export licenses thereafter if eastward bound.

The following colloquy between British Foreign Secretary Bevin and an American newspaperman at the National Press Club in Washington, April 1, 1949, is in point:

Question: Last night's press stated that Great Britain loaned Russia \$36,000,000 to purchase British goods. Is this true, and, if so, why?

Mr. Bevin's reply:

We certainly haven't lent any dollars. They wouldn't even give me any to spend here. No, we haven't lent. What we have done is to have east-west trade, which is in keeping with the decision of the OEEC in Paris. We have restricted certain goods in the same manner as you have yourselves. I do feel that the absolute and exclusive cutting off, particularly of the people inside the curtain, in Poland and the rest of it, from all contacts is not a wise way to bring about recovery. Do please remember that there are millions of people in Czechoslovakia and in all these countries who are only looking for the day when the curtain will be rent and the light can go through again.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, I tried to get you to recognize me for an hour and a half, hoping to get 5 minutes. Now I

am recognized, and because of the fact that the chairman of the committee wants to gag the House of Representatives, I get the great long time of 3 minutes to cut down this authorization. I want to say here I think the Committee on Foreign Affairs is showing little respect and consideration for the House of Representatives in the way they are conducting this legislation. I hold no ill feeling in my heart toward the committee or any of the individual members, but I think the proceedings here in the last day or so are just bad, terribly bad.

I am so provoked by the way things are going here in the House of Representatives, and the way you are handling this great Nation of ours, that sometimes I get worried to the extent that I just get sick at heart, knowing the way our country is being led to the slaughter, to bankruptcy and ruination. I do not know what is going to happen to us. While we think and talk about the greatest country on the face of the earth, if we follow this Congress any longer, you are going to see the greatest ruination that any nation on the face of the earth has ever seen, and that will be just because of the statement which was read to you here by my colleague from Wisconsin in the first paragraph of the bill.

You are not taking that statement the way it should be taken, and you are not fully recognizing what it means. It says:

*Provided, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States.*

You are ruining us, the obligations you are and have assumed toward other nations are not aiding them or us. I say you are wrecking America.

I do not believe that the majority of the Members of Congress know actually what they are doing in the expenditures of the funds of the American taxpayers, when we are trying to obligate the people of this country with a debt of \$252,000,000,000, and taking them down deeper and deeper, when this year you are going into the red for at least two and one-half or three billion dollars. Then what is going to happen? If you think about the Atlantic Pact and the other things that you are trying to give to these foreign countries, I predict disaster in America. You talk peace and prepare for war. The Foreign Affairs Committee seems to me is more foreign than domestic.

Talk about Great Britain; I heard on the radio this morning a commentator say that Great Britain was working now to get the ECA to give them money so that they would be in a good financial position to help Great Britain and all of their industries, and that with this aid and assistance that you are giving to those countries, to build plants, and guarantee them economic recovery, the first thing you know Great Britain and all these other countries will have the markets of America; American industry will be closed down and American labor will be on the relief rolls and you will be in bad shape, and it will be your fault. I am for the amendments to cut down the amount, and even if they do pass—

and I do not anticipate anything even that good—I will vote against the bill. I want it to be known, after listening to the debate and taking all facts into consideration, this bill is so bad for our country that I do not want to support it. It is not a relief bill; it is economic death to America and the private-enterprise system.

Twenty years ago one who would have proposed such a plan would have been considered out of his mind, and I am sure he would have been right, and I have not changed my mind by time. To my colleagues, is it not time we get some sense and look after our own America, the land of freedom, the land we do and should love? God save America.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, I suspect that the membership of the House, depending upon their inclination at the moment, could take either side of the questions concerning the amendments that have been offered, and make sincere and fervent pleas for either position, because I know every Member of the House recognizes the difficult and opposing facts involved in this matter.

This is an authorization bill. It is not an appropriation bill. As the gentleman from Wisconsin [Mr. KEEFE] and the gentleman from South Carolina [Mr. RICHARDS] pointed out a moment ago, the proper figure can be set when the appropriation bill comes here, assuming that it is not claimed then that this is intended to set or fix the appropriation.

I would like to put in my view by pointing out that the ECA measure is a part and only a part of a strategic plan, or strategic concept, originated by the distinguished gentleman who became our Secretary of State, and who was formerly Chief of Staff of our armed forces. It involves, in this particular portion of that plan, the recovery of the nations of Europe, so that they may withstand the forces to the east of them, and be able to contribute substantially to their own defense in case they are attacked, and hence not require so much of our own forces. I think if we look at it from that standpoint, we may feel a little bit different about it. It is a part of a great strategic concept. In my view, it can save the people of the United States, perhaps, much blood and tears in the long run. I am willing to vote for the authorization that is brought here and reserve my judgment as to the appropriation until the Committee on Appropriations has heard all the evidence in a justification and brings in its recommendation. It hurts me in my conscience to do anything to support any Socialist government anywhere in the world. I do not like to do that. But so long as that socialistic government is going to oppose Fascist socialism, called communism, which seems to be creeping upon the world, then I would rather support that socialism in its efforts to destroy communism, that force which would itself destroy freedom in the world. I cannot, therefore, go along with the amendments designed to decrease the



authorization in this bill, although I will reserve the right to vote for a decrease in the appropriation if, when that bill is brought before us, the situation appears to warrant such action.

The CHAIRMAN. The time of the gentleman from California has expired.

The gentleman from Texas [Mr. WORLEY] is recognized for 3 minutes.

(Mr. WORLEY asked and was given permission to revise and extend his remarks.)

Mr. WORLEY. Mr. Chairman, I was particularly impressed a few moments ago by the statement of the gentleman from Florida to the effect that the British ration is 2 ounces of meat per person a week. I did my best yesterday to tell the committee where quite a large amount of good canned beef owned by this country is available which could be well used to supplement their diet.

It does seem strange to me, Mr. Chairman, that with the surpluses which we have here in the United States, not only of meat but of basic agricultural products as well, the ECA does not dispose of as much surplus as it can before buying from other countries, particularly from nonparticipating countries.

Mr. ANDERSON of California. Mr. Chairman, will the gentleman yield?

Mr. WORLEY. I yield.

Mr. ANDERSON of California. I have asked the gentleman from Texas to yield to me in order that I may address a couple of questions to the chairman, the acting chairman, and members of the committee.

I have here an article from one of the New York newspapers which concerns me. It is dated Paris, March 7. It reads as follows:

Dr. Frederic Joliot-Curie, French high commissioner for atomic energy and a self-avowed Communist, today endorsed the newly announced Communist line of siding with Russia in event of war. He directs all atomic research in France and is in charge of building France's first atomic pile, the basis for atomic bombs.

I should like to know from the members of the committee if they can assure the House that none of the moneys or materials that are carried in this bill which, by the way, I am supporting, will find its way into the Communist-dominated portions of France which might eventually fall under the domination of Russia, and that we can be assured that these materials will not be directed toward the building of an atomic pile which may threaten this country in the future?

Mr. VORYS. I can give the gentleman that assurance.

Mr. ANDERSON of California. I appreciate the gentleman's assurance. I should like to add this, I am sure the Members of the House will be interested. I wrote to Mr. Hoffman about this question and I have the following answer from him. He writes:

In reply to your letter of March 15. I have investigated the question of whether ECA funds have contributed to the development of the French atomic pile. I find that the policy of our Government is opposed to shipping atomic-energy materials to France and that as a result no ECA-financed goods have been used directly or indirectly for this purpose.

He states that he understands that is the policy, but I believe that the Congress and the country should know definitely that it is not the policy of this country to ship any atomic-energy materials to the Communist-dominated portions of France.

Mr. VORYS. I can merely say that we investigated that in executive session, and I repeat the assurance that I made.

Mr. ANDERSON of California. I appreciate having the assurance of the gentleman from Ohio on this important question. Certainly we do not want to repeat the mistake we made prior to Pearl Harbor when scrap iron and other materials were shipped to Japan and returned with interest in the form of planes, guns, and bullets.

Also I wish to thank the gentleman from Texas [Mr. WORLEY] for yielding me this time.

The CHAIRMAN. The time of the gentleman from Texas has expired.

The gentleman from Ohio [Mr. BROWN] is recognized for 3 minutes.

Mr. BROWN of Ohio. Mr. Chairman, I will note take the full 3 minutes, because it is impossible to discuss this question in that short period of time. I do, however, desire to say that I will support the amendments to reduce this authorization, because I am not unmindful of the fact that while this Congress a year ago was told by the Committee on Foreign Affairs it was simply an authorization that we were voting for, when it came time to consider reduced appropriations the statement was made that we had committed our country to the other nations of the world to furnish these amounts, and that to refuse to appropriate them would be an act of bad faith on the part of the Congress and the American people. I am certain that the same thing will occur again if we authorize this full amount and the Committee on Appropriations, in its good judgment and wisdom, attempts to reduce the appropriations to a more realistic figure.

Mr. PHILLIPS of California. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Ohio. I yield.

Mr. PHILLIPS of California. Is it not always possible, should the amount turn out to be a little less than necessary, to increase it in January or in a deficiency bill?

Mr. BROWN of Ohio. Certainly; and we have done just that time after time, both through authorization bills and through deficiency appropriations.

The CHAIRMAN. The Chair recognizes the gentleman from North Dakota [Mr. LEMKE].

(Mr. LEMKE asked and was given permission to revise and extend his remarks.)

Mr. LEMKE. Mr. Chairman, let us reason carefully which way we are going. When the Marshall plan first came up for consideration the Committee on Foreign Affairs assured us that it would reduce our national-defense expenditures. Yet now we are asked for over \$16,000,000,000.

We have just been told by a member of the Committee on Foreign Affairs that they got certain assurance and information in executive session. I might

suggest that that committee has unwittingly been holding too many executive sessions with Mr. Hoffman and other ECA administrators, together with the heads of the State and Commerce Departments. These international industrialists are out to fleece the American people. I am quite positive that few, if any, of those representing the American ideologies of the founders of our Nation, outside of the group mentioned above, were heard in executive sessions. I feel that in the future this committee should hold its hearings in public.

I want to be frank and say to that committee that I wish to inform their friends, the foreign nations, that this insane program will end in 1952, and I also wish to inform the international gangsters, the one-worlders for profit and their unwitting innocent victims on the Committee on Foreign Affairs, that it will end in 1952 when the American people realize that we have taxed and mortgaged the soul of every baby to the extent of \$4,756. That is each individual's portion of the national indebtedness with future commitments. The time has arrived when we should think soberly and not smilingly and sneeringly because of the fact that some foreign nation or some foreign plutocrat has showered a smile upon you or because you may have seen the Queen of Greece.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Pennsylvania.

Mr. RICH. Does not the gentleman think our Foreign Affairs Committee is more foreign than domestic?

Mr. LEMKE. I feel that some members are more interested in and represent other countries more than our own.

Mr. RICH. I have heard members of the Committee on Foreign Affairs say that this appropriation could be cut down without injury to the foreign program that the Foreign Affairs Committee is considering. When you hear members say that individually, then everybody stands up and says it cannot be done. I want to say that there is something wrong with the Committee on Foreign Affairs.

Mr. LEMKE. I have seen some members of the Committee on Foreign Affairs vote against most everything for Americans and for most everything for foreigners.

This Marshall plan authorization for some \$5,300,000,000 will pass, but not with my vote. This bill provides for the exploitation of the European people by the international manufacturers and bankers of the United States. It guarantees these investors to the extent of \$300,000,000 not only against loss but a profit.

This all at the American taxpayers' expense. According to the Bureau of the Budget we already owe \$663,000,000,000 with future commitments. This is about four times what all the other nations in the world owe. Every baby from the moment it is born is mortgaged for \$4,756. That is the share of the Federal debt for every man, woman, and child.



It is true that you have not signed a note or a mortgage, but the Federal Government has a lien on all your property and all your earnings and the future earnings of the baby for \$4,756. It will collect the lien via income taxes and a hundred other unseen and hidden taxes. You cannot, while you live, escape from helping to pay that lien. It is about time that we stop playing Santa Claus to other nations and forgetting our own people.

Here are a few of the big boys that profited out of the \$5,500,000,000 previous Marshall plan. Five hundred and fifty million dollars of the ECA dollars spent in the United States went to Anderson, Clayton & Co. The head of that company is William Clayton, former Under Secretary of State, who did more than any other person to get the approval of the plan in Congress.

Five hundred and sixty-five million dollars went to the Standard Oil Co. of New Jersey. The Rockefeller family played an important part in creating a favorable consideration by Congress for the plan. The Rockefellers interested worked through a committee called the Marshall plan to aid Europe recovery. The principal promoters of this plan were Winthrop W. Aldrich, brother-in-law of John D. Rockefeller, Jr. On that committee was Nelson A. Rockefeller, the son of John D. Rockefeller, Jr.

Nearly two-thirds of all the ECA money spent in the United States went to the States of New York and Texas. We could fill several pages on those who advocated the Marshall plan and sold it to the administration, and profited financially. It may truly be said that America was sold down the river by the financial interests that expected to and did profit from the Marshall plan.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, if I understand these two amendments correctly, one would cut the appropriation to the extent of about \$110,000,000 from April 3 to June 30, 1949, and the other would cut the over-all appropriation from \$4,280,000,000 down to \$3,852,000,000. If that is the purpose of the two amendments, I propose to support both of them if I am given a chance to vote.

Mr. Chairman, I want to take this opportunity to speak for the majority of the people in my district who are weary of carrying tax burdens that are unnecessary. This is my fifteenth year as a Member of this House and today more than ever before I am convinced that the Congress of the United States, including the other body and this body, is far too ruthless in its use of dollars provided by the taxpayers and the bond buyers.

In my opinion, two terrible forces are at work on this Hill. One is where men are compromising with themselves by taking the position that in view of these foreign-country appropriations which we make, and which they oppose, they are for any and everything that can be asked for by the people of the United States. I think that is getting on dangerous ground. Secondly, that if they are opposed to bills of this particular type,

which involves armament, they are in favor of any kind of a bill that is brought in here for the armed services of this country. I think that is terribly dangerous ground on which to stand also.

The people of this country expect us to have some personal convictions and some ordinary goose sense. We have thrown billions to the winds in the last 15 years until every branch of the Government has become immoral in its extravagance; therefore I use this opportunity to set the brakes just a little bit. There is no need of our sticking our own people in the back by appropriating funds or authorizing funds until they are absolutely justified beyond any question. I feel that when any Member disregards his own responsibility in that respect, he is committing economic treason against the people who sent him here and those people who are now too young to consider what these questions involve.

Mr. Chairman, these are my reasons for supporting the two pending amendments.

The CHAIRMAN. The Chair recognizes the gentleman from Utah [Mr. GRANGER].

(Mr. GRANGER asked and was given permission to revise and extend his remarks.)

Mr. GRANGER. Mr. Chairman, it is my intention to vote for this bill whether or not this amendment or any other amendment is adopted. However, I approach the problem with a great deal of doubt, and certainly agree that there is a great calculated risk. I fervently hope this will be the last authorization of such great sums we will be called upon to make. I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. GRAHAM].

Mr. GRAHAM. Mr. Chairman, I ask unanimous consent that the time allotted to me be yielded to the gentleman from Pennsylvania [Mr. FULTON].

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania [Mr. GRAHAM]?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, I am speaking from the committee table, but I am not speaking for the minority of the committee. I am speaking for myself. I am in favor of the Smith amendment to cut this authorization \$380,000,000 and am opposed to the Preston amendment. I am for ERP; I am for the Atlantic Pact and expect to support military aid in connection with that pact. I expect the Committee on Appropriations to do their duty when this authorization comes to them, regardless of what happens on this amendment. As has been pointed out repeatedly here, there is no specific commitment in this authorization.

But, when it comes to this proposed \$380,000,000 cut I am mindful of certain things.

First, we have got to keep strong at home in order to keep helping abroad. We owe it not only to ourselves, but to

the other free nations to keep strong.

Second, we just do not dare have a big tax hike or go into the red this year, if we want to keep strong.

Third, we have two unknown quantities facing us involving this very authorization; we do not know what the OEEC organization itself thinks about these individual country requests that are before us, and the cost of arming Europe is an unknown, unbudgeted amount.

Fourth, in view of the remarkable recovery so far, Europe certainly can get along with the mild cut of \$100,000,000 from now to June, a period of about 2½ months, and \$280,000,000 for the rest of the coming year. If we have cut too fine, Congress is going to be in session next year. So, after a great deal of consideration, I am opposing the majority of the committee in supporting this amendment. ECA can get along and go forward with less.

[Mr. JENNINGS addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. O'HARA].

(Mr. O'HARA of Minnesota asked and was given permission to revise and extend his remarks.)

Mr. O'HARA of Minnesota. Mr. Chairman, when the distinguished gentleman from New York was speaking about the effects of propaganda, I could not help but recall in connection with the propaganda upon this bill some of the activities of certain groups in this country, governmental and otherwise. I happened to go back in my file and found a letter from the Committee for the Marshall Plan To Aid European Recovery, dated February 27, 1948. It had a very distinguished executive committee, consisting of Mr. Robert P. Patterson as chairman, Dean Acheson, Winthrop Aldrich, Frank Altschul, Alger Hiss and others. How intriguing.

I have noted in the Congressional Quarterly, to which I subscribe, the fact that in 1948, according to the report on lobby spending, the Committee for the Marshall Plan To Aid European Recovery spent \$131,435. That is under date of February 4, 1948.

The next step we have is this, and I quote from the Congressional Quarterly of March 18, 1949. The title is "Foreign Policy: What Lobbies Want."

Formation of an Atlantic Union Committee was announced by former Supreme Court Justice Owen Roberts, former Secretary of War Robert P. Patterson, and former Under Secretary of State Will L. Clayton. After Congress has acted on the Atlantic Pact, Roberts said, the committee will ask for passage of a resolution calling for an international convention to explore how far the United States and other democracies could wisely go at this time in forming a true federation of the Atlantic democracies \* \* \* within the framework of the UN. A similar convention was urged by Federal Union, Inc., whose president, Clarence K. Streit, is a director of the committee.

I think as long as we are considering the Marshall plan, which became ERP and which is now ECA, we had better get ready for what will next come—Union Now.



The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. VURSELL].

(Mr. VURSELL asked and was given permission to revise and extend his remarks.)

Mr. VURSELL. Mr. Chairman, one cannot say much on this very important subject in the short time available. I should like to say, however, I believe it to be an act of wisdom on the part of the Congress if we would support the substitute amendment and try to reduce this bill by about \$500,000,000. Then, if we fail in that, I think, in the interests of our own country and our own people, it would be the better part of wisdom to support the Smith amendment, which would reduce the amount by \$380,000,000.

I think we all have observed that the materials of every kind to be purchased in this country under the new authorization and under the new appropriations, after the amount is settled and brought before this Congress from the Committee on Appropriations, will require considerably less, due to lower prices. In other words, the money we are appropriating for the coming year will go further, and, inasmuch as we are trying to reduce our appropriations by about 15 percent for flood control and other various needs of our own people of America, why cannot we take the slim chance of reducing this authorization of aid under the Marshall plan by 10 percent, or \$500,000,000? That is the percentage, as I understand it, which the first and major substitute amendment would provide. I think we all, as individual Representatives, representing our various districts, should give particular thought as to how we can best serve our own people. If we can save \$500,000,000 here, or \$380,000,000, it will probably help prevent the further threat of tax raises on the American people. I hope that the majority of the Congress will support one or both of these amendments. If we support the first amendment, it will not be necessary to take action on the second.

We should reduce the amount by \$500,000,000 in the interest of our own taxpayers.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. FULTON] for 6 minutes, under the consent of the committee granted at the request of the gentleman from Pennsylvania [Mr. GRAHAM].

Mr. FULTON. Mr. Chairman, I wish to thank my good colleague, the gentleman from Pennsylvania, Lou GRAHAM, for this added time. As the committee knows, I have spoken but briefly on this bill.

We should look closely to see whether this amount of this authorization should be reduced. If it should not be reduced, then we should vote for the full amount which the committee has brought to us as its recommendation.

Being a member of the Committee on Foreign Affairs of the House of Representatives is one of the hardest tasks in these days that any Member has to bear. Not only because he is on the Committee on Foreign Affairs, and must thus protect the over-all United States strategy and policy abroad, which many Mem-

bers do not try to keep up with, but because the work takes many, many hours and there is very little thanks given publicly by some groups in the House for that work.

May I compliment the various Members on the Democratic side as well as the Republican side for the unlimited time that they have given to the exhaustive study, to look into these amounts, to check through the technical and complicated relations between the countries, and to come up with a bill as they did last year, which passed this House by a resounding majority.

Let someone who is opposed to this bill look back in the RECORD when they criticize the Committee on Foreign Affairs for doing its duty to the American people. They will find that on the Republican side of the House those Members who were Members of that Committee were least affected by the recent election. The Republicans who are on the Committee on Foreign Affairs suffered the fewest defeats in the last election. We lost less members than any other committee in the House. We, on the Committee on Foreign Affairs, on the Republican side, and who are standing up for this bipartisan foreign policy, are very proud of that fact.

Let some of the members of other committees, who are making such a great to-do today about the Foreign Affairs Committee's duty to the American people look back and see how many members they lost because of the lack of confidence of the American people in the policies that they were putting forward.

The first year of the European recovery program was a year when we were faced with emergency deficits of food and essentials, deficits of transportation which had to be met immediately or the people would starve; it was a starvation emergency program. The second year is to be the rehabilitation year and is to be the year of developing the industries and the farms of these countries so that they can look ahead in 1952 to supporting and feeding themselves and trading among themselves in this democratic society of nations.

You ask me: What is the amount by which the request has been cut to reach this figure of \$4,280,000,000? The request of the governments participating in ECA for the year 1949-50, that is the coming fiscal year, was \$4,690,000,000. The amount that has been set in the bill for the fiscal year by the committee's action is \$4,280,000,000.

If we look at this bill now and say, "We will cut the authorization further," we will then possibly find that we do not have enough money to proceed with the program and that Mr. Hoffman will have to come in before the year elapses and go through the same motions again. We should not risk dampening the enthusiasm and fast tempo of recovery.

The crop estimates, as we all know, can be best made later in the year. Every farmer knows, everyone knows, that it is simply a gamble as to what the current crops will be in Europe or this country, for that matter, at this time. The proposed international wheat agreement, as you know, will be considered in August.

Consequently the international price of wheat will be determined around August of this year. The Appropriations Committee must check these items closely in the succeeding weeks, as well as petroleum prices and many other factors.

How did Mr. Hoffman arrive at the figures which ECA approved and submitted to the Congress? He said to us on the committee:

I want to begin by explaining how we divided the aid provided by Congress among the participating countries and how we arrived at the estimate of the money needed for the coming fiscal year. To make intelligent judgment on the different questions we have had to have (1) a thorough knowledge of the domestic economy and the resources within each ERP country; (2) of the economy of Europe as a whole; (3) of the economic relationships among the ERP countries; and (4) their economic relationships with the rest of the world.

Those are the basic factors that our own United States representative, Mr. Hoffman, says are technically inherent in this program. We cannot decide those major premises at this level upon these amendments. The committee is giving you the over-all limit this time and saying that the details of specific items of the appropriation can be worked out with further bearings.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

The gentleman from Connecticut [Mr. LODGE] is recognized for 3 minutes.

Mr. LODGE. Mr. Chairman, I believe that the provision in the act which states that the act should not seriously impair the economic stability of the United States is extremely important. I believe, and I have frequently stated, that we must have a prudent regard for our own resources. I believe that the people of Europe have a great stake in keeping the American economy strong. I am against raising taxes, I am against deficit spending; but I do not believe that a cut here is the way to meet the problem of cutting our suit according to our cloth. I believe that the Hoover Commission report should be sincerely and energetically implemented. I understand that according to that report that we could save perhaps \$3,000,000,000 a year, and in the process increase the efficiency of our Government. I do not believe that this amendment represents a realistic appraisal of the situation. The point about unspent balances is like trying to determine your financial status by referring to your bank balance only and forgetting about your outstanding checks, your outstanding bills, and your prospective expenses. I believe that it is not realistic to consider simply what has been delivered and not to consider also what has been allotted, not to consider the procurement authorizations, not to consider what is in the pipe line.

In a huge technical program there is always a lag between undertaking and delivery.

I wish to call your attention to the fact that whereas the participating countries requested \$4,690,000,000 for 12 months, and whereas the amount requested of us by ECA was \$4,347,000,000,



the amount actually provided in the bill is \$4,280,000,000, which is \$410,000,000 less than the amount requested by the participating countries. Mr. Paul Hoffman has said that an arbitrary percentage cut might well result in shifting the program from recovery to relief. Let us bear in mind the objectives for which the Congress established the Economic Cooperation Administration. Let us take note of Mr. Hoffman's words:

It is still true that if a man is drowning in a well and you need 20 feet of rope to save him, 18 feet will not do it.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I am opposed to the pending amendments, even though in committee I voted for the first half of the amendment offered by the gentleman from Wisconsin, and for the amendment which cut the authorization by \$200,000,000.

The reason I oppose these amendments is because this is only an authorization and the stakes are so great in the fateful conflict in which we are engaged that I do not think we ought to take even the slim chance which a previous speaker advised. If I had pneumonia I would not want my doctor to say, "I will give you 10,000,000 units of penicillin, but if you are not well then, I will not give you any more." If we got into a war we would not say: "Well we will spend a hundred billion dollars, but if we have not won the war by that time we will give up and surrender."

Our whole future, perhaps our existence as a free and prosperous people is at stake in this program, and I would rather err on the side of providing a ceiling that may prove to be too high than to err on the side of providing a ceiling that is too low. The former can be easily corrected, the latter might have serious results indeed. I admit frankly that I do not know what the correct amount should be. The ECA officials told us they could not be sure either. We do not yet know what the crops are going to be this year; we do not know what is going to happen to commodity price levels here and around the world. Surely it is wisdom to provide a cushion to take care of any unforeseen emergency. The Appropriations Committee is commissioned and charged with the responsibility to review the situation and recommend the appropriate amounts in terms of the additional facts that will be available to that committee in June or July of this year.

I believe the amendments should be defeated. If they are, I want the record to show that authorization of the full amount in this bill is in no sense a commitment, an obligation, a promise. If later the Appropriations Committee, on the basis of its examination, thinks it advisable to change the figure, then I hope the newspapers and the commentators, as well as the administration and Members of the Congress, will not again mislead the public into thinking such action is reversal of any alleged commitment, or going back on a promise, or breaking faith with the ECA countries. There must be no repetition of the dis-

graceful performance we had here last year when that which we had set as a ceiling was interpreted almost universally as a floor, and great anxiety and apprehension were caused abroad and confusion here at home by irresponsible charges that the House was going back on the program, was reversing the policy it had established, and so forth. If the day comes, and I hope and believe it will come by June or July, when it is clear that we can with safety and even benefit cut down the appropriations below this authorization, it must be made perfectly clear even now that in any such action we are not changing a policy but are merely changing the amount of money that more recent facts indicate is necessary to carry out that policy.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Indiana.

Mr. HALLECK. What assurance, if any, can the gentleman give us that the performance of a year ago will not be repeated? That is, that it will not be said that the Congress has passed on the amount and any subsequent examination by the Appropriations Committee is in violation of the obligation and commitment of the Congress undertaken in the action on the authorization bill?

Mr. JUDD. I am sorry I cannot give any absolute assurance that mischievous persons may not try again to misinterpret such action. We can only do all we can to make sure that the truth is available on the record so that the whole situation will be accurately understood at home and abroad.

The CHAIRMAN. The Chair recognizes the gentleman from South Carolina [Mr. RICHARDS].

Mr. RICHARDS. Mr. Chairman, I know that my good friend, the gentleman from Georgia, and my good friend, the gentleman from Wisconsin, are 100 percent sincere in the amendments they have offered here.

This thing has troubled me too, as to how much money it will take to do this job in Europe, but frankly, I believe they are mistaken. I think it would be tragic if we accepted these amendments.

There is much talk about the Congress having pulled this figure out of the air; there is talk about what the House Foreign Affairs Committee did last year. As a matter of fact, these are tight figures with the lights before us. We have acknowledged in the report—you will find the acknowledgement there—that these figures may have to be revised even though we think they are the proper figures. We also acknowledge, Mr. Chairman, that it will be incumbent upon the Appropriations Committee to revise these figures.

We refer to wheat, we refer to oil, for instance, in the case of these two commodities we say that from the facts we have before us now we think so much money will be needed, but we do not know right now what the variations in price may be. Now, I mentioned the commodities, wheat and oil, because they are mentioned in the report specifically.

Now, Mr. Chairman and Members of the House, either one of these amend-

ments would be very easy to vote for from a political standpoint, because you could go back and tell your constituents that "I voted to save you money; I voted to quit sending money over there to feed a bunch of foreigners"; but do not forget that this authorization is just as essential to the welfare of the United States and just as essential to the defense of the United States as the Atlantic Pact or the bills for the armed services that will come in here shortly. My friends, we have put our hands to the plow and we cannot turn back. Yesterday the gentleman from Wisconsin said, "The die is cast." It is cast, and we have crossed the Rubicon.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. KEE] to close debate.

Mr. KEE. Mr. Chairman and ladies and gentlemen, I do not think I will use even the brief time allotted to me. I have listened to my friend the gentleman from Ohio [Mr. VORVY], who said that he was in favor of the pending amendments. I wonder when the gentleman started to favor these amendments. We passed this bill out of the Committee on Foreign Affairs with a unanimous vote. The gentleman from Ohio was present taking part in the meeting when the bill was voted out. We considered this amendment and similar amendments from every standpoint. We put in 5 or 6 weeks in the hearings, working day and night, considering every avenue of information to see whether or not we could make any cuts in the amount of the authorization. We followed the advice of the gentleman from Ohio and cut \$50,000,000 from the authorization for the first 3 months of the period. We had no advice from him with reference to cutting anything else from the bill, and we left the remainder, the \$4,280,000,000, as it was, and voted it out without a dissenting voice.

Ladies and gentlemen, as I said, we explored every avenue; we went into the price structure. In examining the price structure with a view of cutting this authorization, we found we were in a field of speculation and probabilities, something that might or might not happen in the future, and we decided we could not possibly vote upon something that no man could anticipate or prophesy. We left the final review to the Committee on Appropriations.

At one time I heard an Irishman say that if his hoe handle was too short he could splice it, but if it was too long he did not know what the heck he could do with it. I believe that when we are sending a hoe handle down to the Committee on Appropriations for their consideration we should send down a handle that is of the right length, or if it happens to be a little too long it can be cut off. This bill establishes a limit to the appropriation, so let us not send down a limit, a ceiling that is too low, and that will ruin absolutely this program.

The CHAIRMAN. The time of the gentleman from West Virginia has expired. All time has expired.

The question is on the substitute amendment offered by the gentleman from Georgia [Mr. PRESTON] to the



amendment offered by the gentleman from Wisconsin [Mr. SMITH].

The question was taken; and on a division (demanded by Mr. PRESTON) there were—ayes 68, noes 140.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SMITH].

The question was taken; and on a division (demanded by Mr. SMITH of Wisconsin) there were—ayes 86, noes 162.

So the amendment was rejected.

Mr. COUDERT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COUDERT: On page 8, line 13, after "1949", strike out "and not to exceed \$4,280,000,000 for the fiscal year ending June 30, 1950."

Mr. COUDERT. Mr. Chairman, it looks as if this bill is not going to be amended to reduce the amount of the authorization. The question still remains open, and this amendment presents it, as to whether or not this House wishes to be free to legislate independently and effectively. This amendment, if adopted, would free the House to work its will in the domain of European aid.

This amendment would strike out the provision for 1950 appropriations. It would strike out the \$4,280,000,000, leaving in the bill the \$1,100,000,000 for use through June 30, 1949, 4 months off.

The amendment, if adopted, would in no wise impair the operation of ECA, according to the program. It could go right on with that interim 4-month appropriation. During that period the House Committee on Foreign Affairs will have an opportunity, I have not the slightest doubt, to consider and act upon a Presidential request for a large additional authorization for a foreign military aid program. Now, I am not opposed to this program. I voted for it last year albeit with no little misgiving. I expect to vote for it again this year. But I should certainly like to vote for bills of this kind freely, in circumstances broad enough to permit exercise of an intelligent discretion. Everybody knows what is coming up. Every notice has been served upon us that we are going to get a demand for foreign military aid.

Mr. Chairman, there are strong arguments for taking some of this ECA appropriation and allocating it to military aid, if it be decided that such aid should be given. One has to keep an open mind on it until all the evidence is in, of course. But if we can postpone action on this long-term authorization until such time as we have an opportunity to consider all the factors involved, to determine first whether as a matter of wisdom and policy we want to authorize foreign military aid at all, and if it be decided in our wisdom that we want to authorize it, to determine whether our own economic conditions permit us to merely add it to existing requests—and that kind of mere addition, my friends, spells national bankruptcy—or whether in effect we want to transfer part of this proposed authorization to the military authorization because the two are inextricably entwined. That is the position this com-

mittee took last year when it gave us both economic and military aid in the same bill. There is no reason in the world why the committee should not do the same thing this year and give the Members of the House an opportunity to judge it intelligently and effectively. For that reason I have offered this amendment. I hope it will be supported. There is no reason in the world why anyone should not support it.

It will not impair the operation of ECA. It will not reduce amounts. It will not increase amounts. It will merely leave the Members of the House free to act as trustees of the American taxpayer—free to exercise their control of the purse intelligently. The minority members of this committee, in their report, filed a most effective brief in behalf of this amendment. They made a most persuasive statement of the wisdom and importance of a one-package approach. That is all I ask the committee to do—to give the House an opportunity to make a one-package approach to this bill.

Mr. KEE. Mr. Chairman, I rise in opposition to the amendment. The Members of the House have just passed upon the question not only of retaining the amount of \$4,280,000,000 in this bill, but they have passed upon the question of acting upon this bill now and not postponing it until a later day.

Mr. Chairman, I move that debate on this amendment now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. COUDERT].

The question was taken; and on a division (demanded by Mr. COUDERT) there were—ayes 43, noes 137.

So the amendment was rejected.

Mr. MILLER of Nebraska. Mr. Chairman, I move to strike out the last word.

(Mr. MILLER of Nebraska asked and was given permission to revise and extend his remarks.)

Mr. MILLER of Nebraska. Mr. Chairman, I have read, very carefully, all of the 12-day debate in the other body, on the European relief problem. This debate should be read by every Member, because the short time given to this important legislation in the House, makes it impossible to have a complete discussion and airing of all of the complicated problems in our relief program.

After reading the debate and weighing the pros and cons, it is my considered judgment that the Marshall plan ought to be tapered off far more than is proposed in our present legislation. I say this because I am convinced that events taking place in our own country will make it impossible for this country to continue its generous dishing out of our resources all over the world, and at the same time, stay economically strong at home.

Evidence in the other body indicates that out of last year's appropriation, there is still about \$2,500,000,000 in the pipe lines that have not yet reached the Marshall plan countries. It is my opinion that the proposed appropriation of \$5,500,000,000 for this year, ought to be drastically reduced.

I do feel that the aid so far under the European recovery program has been of much assistance to the Marshall plan countries, in regaining some of their economic stability and has helped them to war off communism. Our help has given these people new hope and confidence. I feel we underestimate how much they would have regained without our aid. They had hit bottom. There was no place to go but up. There is much evidence now in the testimony that these countries are reaching for our dollars—not asking for less, but demanding more and more. I just do not feel that we ought to be doing things for these countries that they can, but will not do for themselves. The Appropriations Committee so far has seen fit to reduce appropriations for our own domestic program of reclamation, flood control, and similar activities by 15 percent. No such reduction by the administration is proposed in our foreign-aid program.

Most of these European countries have already recovered 100 percent of their prewar production. Under the Marshall plan, we find England deliberately cutting her imports from the United States. The ECA spent \$354,000,000 last year for Canadian wheat, when the United States had the largest surplus in her history. Today wheat is selling below parity, yet the taxpayer's money buys wheat from other countries.

The Marshall plan countries have about \$14,000,000,000 worth of securities in the United States. Why should not they use some of this for their own recovery?

The evidence is unmistakable that our money has been used to finance experiments in socialism in Europe. England could never have adopted socialized medicine, nationalized her mines, her banks and transportation without the aid of our dollars. To me socialism, when carried to its final conclusion, is the first cousin to communism.

This country has been liberal in its help to Europe. The record shows that since 1945, we have made loans, grants, and mostly gifts, of over \$24,000,000,000 to assist Europe in its recovery. This does not include the \$6,000,000,000 of lend-lease to England or the \$6,000,000,000 of loans made under the Bretton Woods agreement.

Our aid program this year, including the military aid to Germany and Japan, will be nearly \$8,000,000,000 or about \$55 for every man, woman, and child in the United States. If you live in a county of 10,000 people, it means that the Congress will bond you for more than a half million dollars just for this one program. It means an indebtedness of \$71,500,000 for my State of Nebraska.

Mr. Chairman, our country has about 7 percent of the working people in the world, and this 7 percent has developed about 36 percent of the world's income. This leaves 93 percent of the people in the world having 64 percent of the world's income. I am fearful that the road we are now traveling is designed to divide the wealth of 140,000,000 Americans on a share and share alike basis with the other peoples of the world. If we do this, certainly we are lowering our own stand-



ard of living to a point where we will no longer be able to help those in distress, or even help ourselves.

Mr. Chairman, I did vote to send food, medicine, and clothing to European countries, to Greece and to China. I believe in that kind of relief. If they are still in need, I would want to carry it on. That is not the type of relief we are now giving under the Marshall plan.

Mr. Chairman, under the Marshall plan, the European countries were obligated to furnish us scarce materials for stock-piling. This provision has been a failure.

I am further concerned about certain trade agreements which the 16 Marshall-plan countries have with the iron-curtain countries. These countries have completed some 88 trade treaties with the countries behind the iron curtain. Most of them have been completed since World War II. Forty of these treaties are restricted and confidential. The evidence before the Senate is unrefuted that under these treaties, the Marshall-plan countries have sent nearly \$5,000,000,000 worth of equipment to the iron-curtain countries. This equipment includes jet engines, locomotives, steel rails, and all types of items that are certainly war potential materials.

I find, also, Mr. Chairman, that England just last week, has made arrangements to loan Russia \$36,000,000. It seems to me that some of the equipment and materials we are supplying to the 16 Marshall-plan countries is merely in transit, and has found its final resting place in one of the iron-curtain countries, in the form of manufactured goods.

Mr. Chairman, it is quite evident that this European aid bill will pass the Congress. I am convinced that some of my colleagues will vote for the measure because they think it may help to stave off a depression in the United States. It may help to do that for a short time. I shudder when I think of what might happen to our economy, which is now geared to tremendous production for the military, lend lease, and aid, all over the world, when all that aid is shut off at one time. Very soon we must pay the fiddler.

Mr. Chairman, last week, there was a meeting in Washington, attended by industrialists and manufacturers, considering ways and means of getting more gravy out of the Marshall plan. They are finding it rather difficult because of the red tape and restrictions to come under the provisions of this aid. If you followed the discussion of this group, you are convinced that they must either supply goods under the Marshall plan or curtail their production. One hundred and nine of these industrialists appeared before the committee insisting their products be included under the Marshall plan. In fact, the chairman of the committee declared, and I quote:

There will be a fight if the demands of the folks at home are not recognized.

In other words, ladle out the gravy and make big appropriations to the special interest, or the bill is in danger. The get-it-now boys feel it may stave off

a depression in the United States, and they may be right. But I am wondering if they are really interested in the recovery of Europe, or saving the economy in this country.

I am also amazed to find, that since the close of World War II, some 25 large industries in the United States have established themselves in Europe. They are making automobiles, washing machines, typewriters, vacuum cleaners, and hundreds of other products. They are taking the know-how of our country to Europe, and there produce goods in competition to our own. Our industries go there because they can take advantage of the lower labor costs, with labor that seems willing to work, and they can then ship these foreign-made goods back to the United States, over lower, or no tariff walls at all. Many of these products now flood our country. Take the case of automobiles. We find that in 1947, only 48 automobiles were imported into the United States. In 1948, more than 38,000 automobiles were imported, and we are just getting started. All of these industries establishing themselves in Europe will soon be flooding our country with their products. This is emphasized by the fact that just last year, our imports increased \$1,700,000,000 over 1947, and our exports decreased \$3,000,000,000.

Mr. Chairman, we have in the United States today about 4,000,000 people unemployed. There are another 9,000,000 people who are working part time. Unemployment is the first symptom of the job lost through imports of goods from Asia, Africa and Europe. The workers of this country had better wake up to what these trade agreements will do to their jobs. They just have no protection and under the Marshall plan we are gradually lowering our standard of living to those of the rest of the world.

I feel we ought to look further at the economy of the Marshall plan countries. The debt of this country is nearly twice that of all of the Marshall plan countries, and yet we dig into our pockets to help them pay their debts. The per capita debt of those countries is \$650, while ours is well over \$1,800. Their total debt is about \$150,000,000,000. Ours is more than \$250,000,000,000. I am sure these European countries do not understand that we have this large debt, and that our own economic structure is wobbling on shifting uncertain economic sands. There is no question but what there is a jittery condition existing on our economic front. I read in this act these words:

No assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States.

It is my considered judgment that this huge foreign-aid program, and our military spending is jeopardizing our economic stability. Prices in this country are down. Unemployment is rising. We may be facing more than just "disinflation." The handwriting is on the wall. It is time to stop, look and listen, before we find ourselves bogged down

in the morass and uncertain waters which will bring economic destruction.

To me it is a great hoax upon the American people, when we deal out our money to these Marshall-plan countries and let them make treaties as fast as they can to trade with Russia. Eighty-eight treaties since the close of World War II. We find our State Department has attempted to give the people the understanding that we have broken off negotiations with Russia and would send nothing which they could use in making war against us behind the iron curtain. That just is not true of the goods we send to Europe.

Mr. Chairman, it seems we ought to labor diligently to keep our democracy strong. It ought to be responsive to our needs, or we will find ourselves losing our freedoms. Certainly if we overextend ourselves and must levy higher taxes, which we must do if we continue with all of this spending orgy, it will mean certain depression in this country. It will bring unemployment and a disaster which none of us want. We cannot continue to dissipate our God-given resources in these unusual amounts. What if we do save Europe from communism and bankrupt our own Government and exhaust our natural resources? I am most apprehensive about the future economic stability of our own country. It is for that reason that I earnestly hope that the funds for the European recovery program can at least be cut in half. Should we find, within the next year, our assistance is bringing a deep and more serious impact on our economic stability, then our aid will cease. Our first duty is to ourselves and to future unborn generations who must pay for this program.

It is more important, Mr. Chairman, that the spending policy of our country be right rather than bipartisan. I know we want to have unity, but unity solely for the sake of unity can well be disastrous. The history of the world is strewn with the wreckage of countries that were supposed to be united, but in the wrong cause.

The propaganda which has been given to the country on this program makes my opposition more difficult. We who oppose this reckless spending of our resources will be branded as isolationists and smeared with all types of innuendoes and false accusations, but I submit, Mr. Chairman, that whenever loyal opposition is silenced, either by force, threats, or sundry smear techniques, or if it fails to speak, then the freedom of this country is lost. I have spoken because I have a sincere and earnest desire to do the right thing and I have come to the conclusion, after reading the hundreds of pages of debate in the Senate, that to continue this program on such a full scale will certainly bring us to the brink of economic disaster. If economic, spiritual, social, and political disaster comes, we lose much of our cherished freedoms. The folks at home and future generations who must bear this extra burden will wisely question the steps we are about to take.



The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. COX. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, the money which the pending bill authorizes to be appropriated does not represent bounty that is to be heaped upon needy people; it is an investment in our own national security. We are simply undertaking to help needy people help themselves, to rebuild their economy, to make it possible for them to fulfill obligations that they have assumed under a solemn compact into which they have entered.

Mr. Chairman, on Monday of last week notice was given to all the world that liberty has made its last retreat before the assaults of Soviet Russia and to the peoples of participating countries I would pay a word of tribute.

What courage! What sublime courage do they display. Suffering adversities never before experienced, they do not despair. The gnawing pangs of misery have not broken their will to survive as free peoples. Living beneath the angry muzzles of Russian guns they are still brave. And here at a time when our own security is imperiled what a blessing it is—a blessing from heaven—that we are privileged to make common cause with them in the fight for the rights of the whole human family. To such an everlasting rock of character can we not afford to moor the destiny of our own Republic?

Mr. Chairman, we are engaged in important business. Let those who would advocate surrender, who would purchase the bare right to live at the expense of liberty, call this a war budget if they may. That is a familiar cry that has been coming from the Kremlin and its minions in every part of the world for a long time and it frightens no one.

If this is war; it is war for peace; war for freedom and for humanity. It is war for God and country and against the monster that would devour the soul of man.

Mr. Chairman, let us go forward in this noble task to which we have set our hands and look forward to the coming morning with its brilliant rays of gladness and of peace.

Mr. KEATING. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, it is my intention to support this legislation. I speak, as I am sure all of the Members on both sides realize, as a friend of the program. But I want to ask a few questions about certain features of the bill, and as an emphatic believer in the program I cannot refrain from voicing my objection to the manner in which this legislation is being handled, not by the Chairman presiding who has been eminently fair, but by those in control of this legislation on the majority side.

The amendment, for instance, submitted by my able colleague, the gentleman from New York [Mr. COUDERT], a few minutes ago, was deserving of far greater consideration by this Committee than was given to it. To shut off debate summarily in the manner adopted was in my judgment, an abuse of legislative

power. I share entirely the views expressed yesterday by the gentleman from Wisconsin [Mr. KEEFE]. I know he is situated as I am. He intends to vote for this program.

Yet, Mr. Chairman, the people of the country expect us to consider both sides of this question. Let us not forget that the Members who oppose this program are just as patriotic, just as loyal Americans as those of us who favor it. When we allow ourselves in the heat of debate to lose sight of that fact we are faithless to the trust reposed in us by a great people. They expect us to give both sides every opportunity to express their views and to accord to this problem the careful and sincere consideration which this great piece of legislation deserves. Therefore, while agreeing with the majority members of the Foreign Affairs Committee in their objective, I condemn their tactics. After a little trip that my colleague, the gentleman from New York [Mr. RIEHLMAN], and myself made to Europe last summer, I was more convinced than ever that this program is working, that it is helping Europe, that it has made a significant contribution to the achievement of economic recovery in many of the countries of Europe. In my judgment, it is a controlling factor, probably the controlling factor, in stemming the westward sweep of communism across the continent of Europe. In both these respects, it is serving the best interests of our own people. That is necessarily so in a world that has become a parish. I believe, therefore, that the program deserves continuance. In considering it, however, it is a distinct disservice to ourselves, to those whom we represent, and indeed, to the countries benefited by the aid, to gloss over those respects in which it does not live up to expectations. These deficiencies should be brought out in the open and discussed frankly and freely, in the interests of everyone.

No one can help Europe unless Europe helps itself. This self-help can come about only if the countries of Europe indicate an increasing readiness to subordinate age-old rivalries, and even national prestige, to a common effort based on economic and perhaps eventual political unification.

I have a strong impression that the nations involved must do a great deal more to assist in the achievement of their own recovery than they have done to date, if the results on the proposed target date in 1952 are to measure up to our expectations. It is somewhat disillusioning to note that in a recent survey of the situation made by the European Economic Cooperation Organization, it is estimated that there will still be a \$3,000,000,000 deficit when the books are closed in 1952, with no money to meet it. As a result, the secretary of the organization has warned that unless the European nations take definite and drastic steps to meet this situation, they may face, at the end of the life of the program, political and economic consequences resulting in catastrophe.

The leaders of these nations have, in many instances, either been unwilling or unable to impress upon their people the

significance of the great changes which have come over their countries in this postwar world. Greater European economic and political unity is the only answer to this problem.

This feature was recognized when we enacted the bill last year, particularly in section 115, containing the undertakings to be entered into by the participating countries. We sought, under paragraph (b) (3) to bring about greater cooperation between the participating countries in stimulating an increasing interchange of goods and services among each other and with other countries, and in reducing barriers to trade.

As to this matter, may I ask either the chairman of the committee or the ranking minority member to enlighten us on what has been done, other than in the Benelux agreement, by these countries to improve that situation economically and to bring about a greater economic unity.

May I have a reply to that? What was the evidence before the committee on that subject, or is the record devoid of any evidence?

Mr. VORYS. Of course, the OEEC itself has become a much more operating organization, and the inter-European payment arrangement which is described, the additional grants arrangement, has stimulated about \$8,000,000 in trade, but the Benelux agreement has not yet been consummated. There is an Italian-French agreement which I believe has already been consummated.

The CHAIRMAN. The time of the gentleman from New York has expired.

[Mr. RANKIN addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on the section now under consideration do close.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer a preferential motion. The Clerk read as follows:

Mr. HOFFMAN of Michigan moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

Mr. VORYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. VORYS. Mr. Chairman, I believe no change has been made in the bill since that motion was made the last time.

The CHAIRMAN. The gentleman from Ohio makes the point of order against the motion offered by the gentleman from Michigan that no change has been made in the bill since the last motion to strike the enacting clause was made. That is the case. Thus, the point of order is sustained.

The Clerk read as follows:

SEC. 9. (a) Paragraph (6) of section 115 (b) of such Economic Cooperation Act of 1948 is hereby amended by striking out the period following the words "grant basis" and inserting in lieu thereof a colon and the fol-



lowing: "Provided, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States-flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates."

(b) Section 115 of such act is amended by adding two new subsections, as follows:

"(h) Not less than 5 percent of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.

"(i) (1) The Administrator shall, to the greatest extent practicable, initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources; and in furtherance of those objectives the Administrator shall, in addition to the local currency allocated pursuant to subsection (h), use such other means available to him under this title as he may deem appropriate.

"(2) In furtherance of such objectives and within the limits of the appropriations and contract authorizations of the Bureau of Federal Supply to procure strategic and critical materials, the Administrator, with the approval of the Director of such Bureau, shall enter into contracts in the name of the United States for the account of such Bureau for the purchase of strategic and critical materials in any participating country. Such contracts may provide for deliveries over definite periods, but not to exceed 20 years in any contract, and may provide for payments in advance of deliveries.

"(3) Nothing in this subsection shall be deemed to restrict or limit in any manner the authority now held by any agency of the United States Government in procuring or stimulating increased production of the materials referred to in paragraphs (1) and (2) in countries other than participating countries."

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Yesterday the gentleman from Michigan [Mr. FORD], replying to a statement made by the gentleman from Michigan [Mr. SADOWSKI] and to one which I had made, among other things said:

The European recovery program involves a calculated risk, but it is not a policy which in the past has been unquestionably a failure and which has led us to two disastrous wars, to the great detriment of the youth and future of this country.

That part of the statement of the gentleman from Michigan [Mr. FORD] which charges that the European recovery program is not a policy "which had led us to two disastrous wars" is accurate. The European recovery program, as everyone knows, came after—not before—those two disastrous wars to which he makes reference.

His statement carries a further implication. Permit me to repeat that statement, deleting words which are unnecessary to the point I am endeavoring to make. He said, and again I quote—deleting certain words:

The European recovery program . . . is not a policy which . . . has led us to two disastrous wars.

The implication in that statement is that, prior to those two wars, we were following a policy which led us into those wars.

The conclusion the gentleman makes is not borne out by the facts. Prior to World War I, this country, in the main, had adhered to the advice of Washington, who told us to avoid entanglements with foreign nations.

Just prior to World War I, we abandoned that policy and entered upon a policy of international meddling—we began to concern ourselves with the affairs of other nations, and we were propagandized into World War I, a war which we were told would end all wars. It did nothing of the kind.

We became involved in World War II because we continued to ignore Washington's advice; because we followed down the international road. Internationalism and the policies of the internationalists—not isolationism—is the policy which led us into World War I and World War II—wars which the gentleman correctly stated were, and I quote, "to the great detriment of the youth and future of this country."

Whatever may be the faults of the isolationists, whatever may be the failure of isolationism, neither World War I nor World War II can be charged to isolationists nor to the policy they advocated.

We went into both of those wars with our eyes open. We went in voluntarily. We went in, in spite of Washington's advice. We went in because we had abandoned the policy of isolationism.

No one, neither the distinguished gentleman from Michigan [Mr. FORD] nor the world-renowned statesmen of the other body, can change the facts.

We are still continuing to follow the internationalists, to adhere, to a certain degree at least, to the so-called bipartisan foreign policy which to date has brought us nothing but war, debt, and a commitment to furnish the munitions and the men for a third world war in which any one of the 12 signatory nations to the Atlantic Pact may involve us.

Early in the day the gentleman from Massachusetts [Mr. McCORMACK] stated in substance that we had become involved in two wars because of lack of foresight on the part of our leaders. It is not very often that I find myself in accord with the gentleman, but I think he is right about that one.

Either those statesmen who created the situation which caused us to become involved in World War I and World War II lacked foresight or they deliberately involved us in those two wars. I prefer to repudiate the second proposition; to think, rather, that they did not know the results of their action. But the lack of foresight of which the gentleman complains was that of the Members of his own party and those who were willing to commit us to "a great adven-

ture," "a great speculation," who now talk about "a calculated risk." Our involvement in those two wars was not due to the fact that we followed the policy of Washington and his advice to avoid foreign entanglements. We got into those two wars because we disregarded that advice. This recovery program to which the gentleman from Michigan [Mr. FORD] referred is part of the fruit of those two wars.

We are now reaping the harvest of those two wars, which were a prior harvest of internationalism. It would seem in all fairness as though those who advocate this policy of internationalism now, admitting that we have fought two disastrous wars and that we now have, as the gentleman from Ohio [Mr. VORYS], a member of the committee, yesterday stated, a program which will impair the economic stability of these United States—and I quote him: "Unquestionably this act last year impaired the economic stability of the United States by increasing inflationary pressures"—would now acknowledge the futility of their efforts, the unsoundness and the disastrous results of their policy of internationalism, and permit us to once more follow the advice of Washington.

A little later today the gentleman from Minnesota [Mr. O'HARA] spoke about this plan of Mr. Owen J. Roberts, Union Now. More than 7 years ago from the well of the House I exhibited a flag of Union Now. That was in January of 1942, when from Clarence Streit and others came the proposition that we appropriate a million dollars as a birthday gift to President Roosevelt, to be used to call a convention to draw up a constitution for a United States of the World—Union Now—or a World Federation—whatever you want to call it.

The advocates of that movement at that time sent to every Member of Congress a request calling for an appropriation of a billion dollars to finance the international organization which it then advocated creating. At that time Mr. Roberts and his associates were advocating the hauling down of the Stars and Stripes and the raising of an international flag. They are still at it. They are persistent all right, they are still at it.

There is just one question I want to ask, What is the difference in the result to future generations—not the present, but to future generations—between the policy of the Communists who advocate the overthrow of the Government by force and the result of the policy advocated by Owen J. Roberts and his associates who favor Union Now and the formation of this world federation?

In the one case, the Communists, if successful, would have a revolution—that would be bad—we would not get that under the Roberts plan, but in the end the Communists, if successful, would by force wipe out our Government, make us a subject nation, establish communism and slavery, atheism in the place of Christianity, freedom, and prosperity.

Under the Roberts plan, what would we get? Practically the same thing, insofar as our own form of government, our freedom, our prosperity, and our happiness were involved. The only dif-



ference would be that the Communists would force us to yield, while the outfit headed by Owen J. Roberts would seduce us into accepting a surrender of our sovereignty, into becoming part and parcel of a United States of the World—of Union Now—or of whatever high-sounding but deceptive title its advocates finally chose to call it.

In Union Now or whatever it is they advocate we would be but a part of the whole, subordinate to the will of our associates. We would furnish the money to them. We would supply them with not only the necessities of life, but with those things which would enable them to compete with us economically.

Yes, and worse than that, if we accept Union Now, or accept and implement the Atlantic Pact, we will pledge future generations of our young men to fight on foreign soil wherever, whenever, any one of the signatory nations becomes involved in a quarrel with its neighbor.

Make no mistake about the road on which we have set our feet. If we follow, if we do not repudiate the implementation of the Atlantic Pact, in the years to come we will find ourselves in war after war, and the only excuse offered is that we, the most powerful nation in all the world, are so fearful of our ability to defend ourselves that we join in an alliance with quarrelsome, warlike, impoverished nations.

If world war III is late in coming, we may in the meantime find ourselves bled white, a victim of our own stupidity, our own generosity, our own unsound reasoning.

Later today, the gentleman from Pennsylvania [Mr. FULTON] stated that the votes against this bill, or perhaps it was against some then pending amendment, would indicate the lack of strength of the isolationists.

It may be that the vote will indicate a lack of courage on the part of some isolationists, for the isolationists have been falsely charged with all of the ills which have come to this country since 1914.

But I would say to the gentleman from Pennsylvania [Mr. FULTON] at least give some of us credit for adherence to our convictions, for having the courage to voice the views which we believe most likely to give us future security.

Mr. VORYS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VORYS: On page 10, line 16, strike out the period and insert a comma and the following: "and the total of such allocations, together with loans and guaranties made under section 111 of this act, shall not be less than 20 percent of the total amount of assistance furnished under this title."

Mr. VORYS. Mr. Chairman, I feel it my duty at least to give the House a chance to pass on this amendment which I offered in committee. I am a little surprised at my dear friend, our chairman, for scolding some of us for exercising our right as Members to vote on amendments to this bill. I was for ERP last year. I am for it this year, and I have certainly been supporting this legislation. I voted for this bill in committee with the distinct understanding that I would not forego my right to vote my

convictions on any amendment on the floor. I offered amendments to cut the authorization in committee and naturally felt justified in voting for the Smith amendment when it came to the floor.

I offered this present amendment in committee and I feel I should call it to your attention now. Last year a \$1,000,000,000, or about one-fifth of the total for ERP was earmarked for loans and guaranties.

We have plenty of exports this year and if we could get paid for them, our problem would be far simpler. I think this principle of earmarking about 20 percent of this fund for pay-back money, instead of grant money, should be continued as a token recognition by the ERP countries of the drain upon our natural resources by this program and as a token of continuity of cooperation by those countries in the future when the United States has deficiencies in its own resources as a result of this program. This amendment would earmark 20 percent or about one billion dollars, \$300,000,000 is already earmarked for guaranties. We are told about \$200,000,000 in loans are planned and 5 percent, or roughly \$250,000,000 of the counterpart funds, the special local currency account, is earmarked by existing law and by the committee bill at the place where I have offered this amendment. Therefore, my amendment would require about \$250,000,000 more to be on some sort of repayable basis.

We were told that Europe is "loaned up." These countries, if you look at page 836 of the hearings, owe \$11,489,000,000 in the Western Hemisphere in dollar debts, including \$8,222,000,000 to the United States Government. They owe \$1,638,000,000 to other countries outside of the Western Hemisphere, except for the United Kingdom, which owes about \$13,500,000 in sterling, and of course, their problem is the most acute. Dollar debt service in the European countries in 1955 is estimated at \$456,000,000 a year. Our dollar debt service this year is about \$5,000,000,000. We have made no post-Marshall plan trade arrangements with the ERP countries yet. Until we do, I feel they can at least arrange to pay us back 20 cents on the dollar after they have recovered. I present this amendment for your consideration and urge its adoption.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. FULTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment offered by the gentleman from Ohio is deceptively simple. If we had countries who were able to pay and customers who were able to pay then we would want to receive something on account; but the purpose of ERP is to make up the deficiencies in payments that these countries cannot possibly make. The whole reason for this program is based upon the premise that there is approximately for the four-year period from 1948 to 1952 a \$17,000,000,000 to \$22,000,000,000 deficiency of dollars or dollar area, necessary goods and services which cannot be met either by their material wealth or by hard currency.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. FULTON. Not at the moment; I will yield later if I can.

Unless we look at the problem from the practical point of view, that this is actually a balance-of-payments deficiency matter we do not see what is wrong with the Vorys amendment.

Under the present bill the ECA Administrator, Mr. Hoffman, has the discretion to negotiate for these strategic materials so they can be obtained in countries where they can be found, and of necessity under this program where the level of living is high enough for the country to continue its recovery and pay for a portion of our dollars in kind by strategic materials.

There are, however, certain countries, such as Italy, that are short of strategic materials but which have a great deficiency in their balance of payments. You will be putting a burden upon this program in such countries by raising this requirement to 20 percent. The 5-percent requirement under the present act for strategic materials and also administering expenses has not even been reached thus far. The Administrator has not even approximated the 5 percent which is in the present act.

In addition to that, our strategic-materials program is necessary immediately and a 20-percent program would require long time development admittedly. We cannot wait for 2 or 3 years to get the strategic materials under this program. They can be, and are being currently bought under separate statutory authority, using dollar-purchase money outside of this particular program.

This program is for the purpose of making up deficiencies that the European countries participating cannot possibly make up themselves. If we take away from them at this time a great proportion of the products and strategic materials they produce we further keep their economies from rising to the level where they will be self-sufficient. This will delay the successful completion of the ECA program.

Mr. Chairman, I now yield to the gentleman from Massachusetts.

Mr. NICHOLSON. Mr. Chairman, I wish to ask how much has been borrowed from the World Bank by these countries.

Mr. FULTON. The over-all figure of the amount that has been borrowed from the World Bank is not part of this program. We are talking here about a deficiency that still remains after all the borrowings they can make from their citizens, the World Bank, and the Export-Import Bank.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. FULTON. I yield to the gentleman from New York, a member of the committee.

Mr. JAVITS. The gentleman and the House may be interested in the fact as to the terms of the loans already made, showing what the National Advisory Council on International Monetary and Financial Problems thinks about that. The terms are for 35 years at 2½ percent interest, but there is no amortization until June, 1952, and in some cases no amortization until June 1956 and not



even interest on these loans until June 1952. We questioned the representative of the bank closely and learned that whereas there was a billion dollars available for that purpose it had not been put into loans because of the severity of the requirements; and they could only legitimately use \$200,000,000 this year. These facts have a very definite bearing on the necessity for this bill this year.

Mr. FULTON. Mr. Chairman, may I close by saying that if the Vorys amendment is voted into this bill we are practically reducing this ECA program by 15 percent, because these countries do not have the wherewithal or the strategic materials to supply the United States. We have an outside program that is buying strategic materials at the present time.

The condition of these countries is such that there could be no requirement of repayment of principal or payment of interest until 1952 after a survey of the practical problem, as the gentleman from New York correctly states. This 20 percent requirement would be imposing the practical burden of paying in kind.

We should not put these ECA countries in an impossible position when we know they cannot start new factories or new mines to produce strategic materials within this fiscal year for which we are providing, which expires on June 30, 1950. So the adoption of the amendment will mean simply a reduction of 15 percent in the ECA program. I therefore ask you to vote against the Vorys amendment at this time.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. SHAFER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is extremely difficult for me to state all my thoughts regarding this European aid program in the short time allotted me.

I shall vote against this legislation because I personally think this entire program is economic folly. While it creates a period of synthetic prosperity in America it is bleeding us white to finance the socialistic and communistic governments of Europe. And it is putting those governments in a position to enslave us.

What do you who support this vast spending program think the French, Italians, and even the English will eventually do with the aid we are now giving them?

Put this down in your book. They will run us out of every market they choose to enter—we are feeling the effects of that now—and when we quit dishing out money to them, when we are bankrupt—as we are certain to be in the end—we will be easy prey for a combination that will only then laugh at our predicament.

As surely as there is a God in heaven, before the passing of another two generations of our people, our Government debt will be repudiated and we will eventually walk in the steps of Germany where it became necessary for the housewife to carry a basketful of currency to buy a loaf of bread. There can be no other outcome.

Some future generation, possibly the infants of today, will look back on our present tin-horn political era of financing and justly decide to refuse to further enslave themselves by paying for such a smelly dead horse. When this sorry day arrives our Government will fall in a heap and will be reborn in a bath of blood if, which is not improbable, we are not already swallowed up by those whom we are at the moment making strong while we grow weaker and weaker.

The really sad part of it is, Mr. Chairman, that a considerable portion of the tremendous amount of European aid we have given under this program has found its way into Russia, our greatest potential enemy whose leader, Joe Stalin, is quoted as having once said that America would spend itself into bankruptcy and he, or his successors, would then take over.

Mr. ELLSWORTH. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I take this time for the purpose of reminding the Members of the House once more that the matter we now have under consideration is not an appropriation bill, it is not for the purpose of making a law to appropriate money from the Treasury. The bill under consideration is an authorization bill for the purpose of making law to permit the continuation of our program to aid European recovery. As has been stated by numerous other Members today, I feel we are in the midst of a program, an effort to do a job in Europe. We have embarked on that program and we cannot very well walk away from it now. For that reason I feel I must vote for the bill before us this afternoon.

I point out very clearly for the record, however, that in voting for this bill neither I nor any other Member of the House votes to appropriate a specific sum of money. We have had considerable discussion on the subject of the amount of money, the dollars, written into this authorization bill. I have carefully read the committee report on the subject, particularly that section of the report which deals with the financing of the program, and I find the committee has not given any consideration at all to the question whether or not the United States can afford the dollars mentioned in the report and in the bill. I can in all charity understand why the committee did not take that particular matter into consideration, because after all they were dealing with a bill having to do with an economic recovery program for Europe, they were dealing with the problems of foreign nations, they were operating as a Committee on Foreign Affairs. However, there must be, there will have to be, hearings conducted by the Appropriations Committee based not only upon the justification for the figures given in this report and in this bill but based upon the ability of the United States Treasury to pay out this figure or any other figure.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. ELLSWORTH. I yield to the gentleman from Montana.

Mr. MANSFIELD. Insofar as our own resources are concerned, there were committees set up in the beginning to look into that. There is a National Advisory Council which at the present time advises the ECA as to how far we can go in the light of our own resources or the resources we possess. The committee has looked into that and has taken it into consideration in connection with its study on this bill.

Mr. ELLSWORTH. I thank the gentleman, but the report does not deal with that subject. However, by the time the appropriations bill is before us, I feel certain there will have elapsed sufficient time for a full and complete consideration of all of the financial matters involved in this program and that we can have placed before us when the appropriation bill comes in, a statement of dollars and cents and items that will clearly show when the appropriation is made where the money is going and why, and also the reason a specific sum is necessary. In addition to that I hope the report of the Committee on Appropriations will indicate the reason for the belief that we can support such a program. As to this figure in the bill—this is my personal view; I criticize no committee member or no Member of the House—but I feel that the figure has not been scientifically arrived at. I only accept it and will only vote for this bill on the basis that the sum named is the maximum, and an amount beyond which we could not possibly go in the matter of European aid. On that basis as a ceiling, as a maximum, as pointed out by the gentleman from Minnesota, a member of the committee, I feel satisfied to vote for the bill, but the record, as he stated, and as I now state, must clearly show, and the people of the country must clearly understand, that we are not today dealing with an appropriation item but only a maximum ceiling for the program.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. ELLSWORTH. I yield to the gentleman from Minnesota.

Mr. JUDD. I would like to inform the gentleman that the chief counsel of the ECA before our committee officially advised us that they took the position that this would not be considered in any sense a commitment. They specifically asked us to go along with this higher authorization and then let the Committee on Appropriations scrutinize the whole program and come in with the proper figure. They expressed themselves frankly to that effect.

The CHAIRMAN. The time of the gentleman from Oregon has expired.

(Mr. MICHENER asked and was given permission to revise and extend his remarks.)

Mr. MICHENER. Mr. Chairman, I move to strike out the last word.

[Mr. MICHENER addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. KEE. Mr. Chairman, I ask unanimous consent that all debate on this sec-



tion and all amendments thereto close in 25 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. CASE of South Dakota. Mr. Chairman, reserving the right to object, I may say that I desire to offer an amendment, or at least, to discuss a paragraph of the present act which has not been brought up, and that deals with reparations from the three western zones of Germany.

Mr. KEE. I have no disposition to foreclose the offering of amendments.

Mr. CASE of South Dakota. Mr. Chairman, this amendment would have to be offered to this section if I offer the amendment. I would like to interrogate the chairman a little bit about the progress that was made on that provision of the act which calls for agreements between the countries to whom reparations are due. I hesitate to agree to this if I am going to be shut off with 2 or 3 minutes on a possible amendment. I may not offer the amendment; that will depend on what the chairman tells me. If the chairman will confine his request to the pending amendment, I shall certainly have no objection.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

Mr. CASE of South Dakota. Mr. Chairman, I am constrained to object.

Mr. KEE. Mr. Chairman, I move that all debate on this section and all amendments thereto close in 27 minutes.

The motion was agreed to.

Mr. VORYS. Mr. Chairman, I ask unanimous consent that my amendment be again reported.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

(The Clerk again read the Vorys amendment.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. VORYS].

The amendment was rejected.

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: On page 10, after line 7, insert a new paragraph, as follows:

"(b) Paragraph (f) of section 115 of such act is amended by striking out the period and adding, 'Provided, That in the absence of such agreement from any country so concerned, the Administrator shall withhold from it allotments from funds appropriated under the authority of this act.'"

Mr. CASE of South Dakota. Mr. Chairman, paragraph (f), section 115 of the present act is found on page 73 of the committee report. It reads:

(f) The Administrator will request the Secretary of State to obtain the agreement of those countries concerned that such capital equipment as is scheduled for removal as reparations from the three western zones of Germany be retained in Germany if such retention will most effectively serve the purposes of the European recovery program.

My amendment seeks to implement that language.

Older Members of the House may recall that a year or so ago we had a select

committee on foreign aid. It was my privilege to serve on that committee, as chairman of the subcommittee that was assigned to Germany and Austria. One of the recommendations which that committee made was that the dismantling program, the reparations program, should be reexamined in the light of the program to put western Europe on its feet and get it off the back of United States taxpayers. Growing out of that, I think, and as a result of the efforts of the gentleman from Ohio [Mr. VORYS], a very able member of that subcommittee, the Congress last year wrote into the ECA Act the paragraph I have just read.

The Congress also adopted a resolution of inquiry, which I introduced, directing the State Department to report as to what was happening under the dismantling program, to determine if modifying reparations might contribute to European recovery by using German plants where they were.

Recall the situation set up at Potsdam. Russia got all the reparations in the Russian zone, 100 percent of them. She got all of East Prussia, she got control of all the industrial potential in Silesia assigned to Poland. On top of that Russia was to get 25 percent of the reparations out of the three western zones. The satellite countries got another 14 percent. Only the remainder of the dismantled plants was to be distributed among the other countries.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Georgia.

Mr. COX. I have been opposed to amending the pending resolution, but I am convinced that this is one amendment the Committee ought to accept, and I hope will accept.

Mr. CASE of South Dakota. I appreciate the remarks of the gentleman, who was a member of the same committee and saw this situation in Germany, where it had been agreed to tear down and send to Russia 25 percent of the reparations equipment in the western zones.

So, the ECA Act last year said that the Secretary of State should attempt to get agreements to leave in Germany what would contribute to European recovery. And it is commonly known that Mr. Humphrey was appointed to go over there and make a survey to see what should and could be done.

Informally, some of us hear that Mr. Humphrey recommended that at least 150 of the 167 plants scheduled for dismantling be retained as a part of the European recovery program. But no definite results have come to public attention.

Thus far in the debate I have heard no allusions to this matter. I have not heard the chairman of the committee state what had been accomplished by the Humphrey survey. Can the chairman give us any information at this time?

Such information would let us know whether the paragraph mentioned needs implementation by language similar to that suggested by the amendment or whether progress is being made on the agreements requested last year.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota.

The amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, I will not take 3 minutes. I have seen juries before, lots of them, and I do not like the looks of this one.

I used to play football on a small college team one time, and on defense I played right end. One of the things I was cautioned never to do was to be sucked in on the end, and let Wisconsin or Michigan run around us. I want to tell you this afternoon that you are going to get sucked in—the whole bunch of you. While we are here bleeding ourselves white to pick up money for England and the rest of Europe, England at this very moment at London is negotiating a trade treaty with Russia. Now, how do you like that? Do you think you are getting sucked in? I just want to tell you that, because I know how you are going to vote. Go ahead and vote that way. I am not excusing myself. I am not talking against this bill and then saying "Yes, but in the final analysis, I will vote for it." By the eternal I will not! I will vote against the bill. I am against it from start to finish. When I got permission to strike out the last two words, the only thing I was sorry about was that I could not strike out the whole thing. You are afraid of communism. That is what you are building up this big defense fund for. You are afraid of communism, but you are building it instead of keeping it out of this country. Communism never grows unless the people are hungry and distressed and homeless and clothesless. You will bring this country to that condition someday if you keep on depleting our natural resources and our funds and the lives of our people. Then you will have communism here. You do not have it here now and you never will have it unless you bring distress to America. I just want to tell you that because I know how you are going to vote and I think you are wrong.

Mr. FOGARTY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FOGARTY: On page 9, line 21, after the words "Sec. 9 (a)" insert the following: "Section 115 (b) (1) of such act is hereby amended by inserting after the figure (1) the following: 'withholding any assistance under this act, where it appears that any participating country is impairing in whole or in part its economic recovery by reason of the expenditure of any portion of its funds, commodities, or services in the maintenance or subsidization of any dependent country, which naturally is, or should be, an integral part of some other participating country, until such time as such participating country shall sever its control of, and refrain further from maintaining or subsidizing such dependent country; (2), and by renumbering accordingly the subsequent paragraphs of section 115 (b).'"

Mr. FOGARTY. Mr. Chairman, the purpose of this amendment is to make sure that no country which is receiving aid under the Marshall plan will dissipate that aid by any uneconomic use thereof or by the uneconomic expendi-



ture of its own funds. In endeavoring to restore the economic stability of the countries of Europe it is important that we make sure that our funds are being properly employed where they will do the most good and where they will promote the fundamental purposes of the European recovery program.

The particular situation, which I have in mind, is the situation in northern Ireland, where the Government of Great Britain is annually expending huge sums of money in maintaining an uneconomic political unit, which is naturally a part of the rest of Ireland, and which by any and every viewpoint should be reunited with the rest of Ireland. This partition of Ireland was made some 27 years ago, for the first time, not because of any natural land barriers or normal division of this section of the island from the rest of the country, but solely to make it possible for the British to maintain a section of the country under its control. Ever since then, Great Britain has had to subsidize the government of northern Ireland in order to continue this government in the six-county area.

Whenever the border is removed in Ireland, it will react for the benefit of both the north as well as the south and make it possible for the country as a whole to reconstruct the economy so as to create a self-sustaining nation. Moreover a new era of good will between Great Britain and Ireland would begin, once this last item of dispute between the countries shall have been eliminated.

In addition by the adoption of this amendment we will be putting into effect in a practical way, the stated purposes of the original act, which sets forth in its declaration of policy the following: "The restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships," and so on. This amendment will clearly indicate that it is the desire of the American people that individual liberty, free institutions and genuine independence of the peoples and countries of Europe shall be maintained and with all a sound economic condition prevail. In the case of Ireland it would mean the granting of freedom from foreign control or influence as well as the establishment of better economic conditions; the twofold purpose of this legislation.

Mr. MANSFIELD. Mr. Chairman, will the gentleman yield?

Mr. FOGARTY. I yield.

Mr. MANSFIELD. May I say to the distinguished gentleman from Rhode Island that I offered this amendment in committee where it received very sympathetic consideration but was, unfortunately, defeated. I am delighted that the gentleman has offered it on the floor today and I assure him I will be most happy to do what I can to help in its passage.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. FOGARTY. I yield.

Mr. ROONEY. I wish to commend the gentleman on the stand that he takes in regard to such matters.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. FOGARTY. I yield.

Mr. JAVITS. I would like to express the same point of view that the gentleman takes with respect to the unification of Ireland.

Mr. FOGARTY. I thank the gentleman.

Wheresoever a similar condition may exist or may hereafter be created, this amendment would provide for the withholding of Marshall plan funds until the freedom and independence of the people or nation were reestablished. Certainly it is not our intent that American funds being spent in Europe should be used to continue the suppression of any people, nor to deny independence to any country, however small the area, which may be involved. Neither do we desire that any portion of our funds be used in maintaining a government contrary to the wishes of the people, which is an economic expense, and in the case of northern Ireland, which will continue to be an uneconomic unit, so long as it is separated from the rest of the national unit, which should include the area of the entire island. No serious objection can be raised to this amendment and so I trust that it will meet with the approval of the Members.

(Mr. FOGARTY asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Rhode Island [Mr. FOGARTY].

The question was taken; and on a division (demanded by Mr. FOGARTY) there were—ayes 56, noes 80.

So the amendment was rejected.

The CHAIRMAN. The gentleman from California [Mr. HOLIFIELD] is recognized for 3 minutes.

Mr. HOLIFIELD. Mr. Chairman, during the past year our country has been cooperating with 16 European nations in a peacetime program designed to free western Europe from political and economic bondage.

A year ago unrest in Europe threatened the survival of Democratic nations. The Congress authorized the Economic Cooperation Administration in the spirit of bipartisan cooperation, in the fervent hope that the helping hand of dollars and material could contribute toward rapid European recovery.

The testimony given before the Foreign Affairs Committee by Mr. Hoffman and his aides is convincing evidence that the aid we have given has been justified by the accomplishments of the nations concerned.

A new unity of purpose among European nations as they create new life for their governments and peoples is evident.

Economic systems have been strengthened. Production of agricultural and industrial commodities has been built up to prewar levels in many countries. Within 1 year alone factory and mine output has been increased 14 percent.

As business conditions and agricultural conditions improve, the people of Europe are beginning to rebuild shattered cities and shattered careers.

Communists who sought to take advantage of Europe's misfortune have been turned away by the voters of France and Italy. A line against communism has been established and is being held.

To insure that this progress will have an opportunity to become permanent, our country must continue its participation in Europe's development. Within the next few years, the nations of Europe must successfully stabilize their domestic economies, extend their participation in world trade, and protect their peoples against totalitarian infiltration. Our aid in strengthening the United Nations and our participation in the Atlantic pact, along with continued material assistance, are essential.

A slow-down in material assistance through Economic Cooperation Administration would endanger our entire investment in peace. Machinery and raw materials, which can be supplied only by this country, are required. For the purchase of these goods a supply of dollars must be made available. European nations have not yet been able to develop an export trade sufficient to supply their import needs.

I gave my wholehearted support to creation of the Economic Cooperation Administration a year ago, and I shall vote for its continuation today. By assisting others, we are helping ourselves to continue the Democratic way of life and to ward off the perils of economic collapse and communism.

I want to congratulate the distinguished members of the Committee on Foreign Affairs for the careful review they have made of the conduct of the Economic Cooperation Administration and for the fairness of the legislation they have brought before this body. Our vote today should be a token of our appreciation of the devoted service of the late Sol Bloom, for many years the respected chairman of the Foreign Relations Committee, whose wisdom and foresight were instrumental in the creation of this program.

I hope the Members of the House and Senate will give an overwhelming vote of confidence to the continuation of this cooperative undertaking, without crippling it by restrictive amendments or reluctance to grant adequate appropriations for its administration.

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The Chair recognizes the gentleman from Nebraska [Mr. O'SULLIVAN] for 3 minutes.

Mr. O'SULLIVAN. Mr. Chairman, I am sorry that in an effort to bring about unity in Europe we bring about greater discord in the House of Representatives.

This legislative measure, House bill 3748, seeks to bring about an extension of the European recovery program. At first blush it appears to be a recovery and rehabilitation program for certain named nations, yet in truth and in fact it goes far beyond such humanitarian



purposes, and very rightly so. It will aid the United States of America not only to be helpful to right thinking and right acting war torn and devastated countries, but it will, with the aid of an appropriation bill, put these countries in a position to, in turn, be helpful to the United States of America and the rest of the free world.

We are engaged today in a cold war with the most hideous, antisocial, and ungrateful nation in the world, the name of which, in my opinion, no healthy, decent tongue, should run the risk of uttering for fear of becoming diseased and prostituted. It is Satan's blood-child, if the Devil ever had a child. To it, appreciation and gratitude are unknown words.

When I think of how the United States of America came to its rescue during the last war when it had been, so to speak, baffled and beaten and backward reeled by the German armies from barren meads and stubble fields, and was all but prostrated and conquered, the United States of America came to its rescue with money, goods, and every other necessity, and saved the day for what now proves to be the greatest and most sinister ingrate known in history. This ingrate has in the past sought to extend its pernicious influences into other war-torn and devastated lands whose needs are so critical now, and have been for months past. The only way that this ungrateful nation would give to others aid and assistance in their days of sorrow and distress was if they, too, accepted the yoke of communism and passed under it not in good old Roman style with their shirttails pulled out, but naked of all love of God and man and each and every tent of religion and all that religion stands for.

The Marshall plan has done great good to date and should be continued even though it is a costly one. By appropriating this money under the present bill we may save many lives not only in Europe but in many other parts of the world, including these United States. We should always remember that we and every other nation in this program may accumulate more money, but we cannot, by any means now known, restore lost lives. The old axiomatic statement is still true, we may get more money but we cannot get another life for those who have given—or will be called upon to give their lives, even though they died for the greatest and most worthy cause in the world.

Let us think sensibly and with a practical mind as we act upon this bill and proposed amendments, and evaluate it in an over-all forward-looking way. Let us think of it not with cold-war eyes but with hot-war vision. This is a time for preparation—preparation for free countries about to be trussed up in the iron ring of communism. Each of us must have a sense of responsibility and work to present the best front we can to the menace of communism in Europe, and right here at home also.

I refuse to be led by the specious arguments of a certain brother Congressman from New York and some of the smart congressional associates of mine who should have better sense than to

follow, unwittingly, I hope, the way of the Communist serpent which goeth basely upon the belly and not upon the feet.

We should vote each and every future amendment down and pass this legislation intact. If I am in error in my votes and doings on this bill and the amendments thereto, I know that I have erred on the side of humanity and patriotism, and not on the side of communism and degradation.

(Mr. O'SULLIVAN asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from New York [Mr. KEATING], is recognized for 3 minutes.

Mr. KEATING. Mr. Chairman, in response to the inquiry which I made a few moments ago about expediting the movement of goods in Europe, I have been furnished with a great volume which will require a good bit of night reading to be able to digest it. I appreciate the assistance. Yet we are going to vote on this bill in a few moments and should have all the help we can get from the committee at this time.

I should like to inquire also about the movement of people between various countries in Europe. Certainly the greatest problem that Italy faces, for instance, is the problem of overpopulation. I am delighted to find that a provision has been inserted in the bill which permits ships to be made available to Italy for the movement of Italian emigrants to various destinations.

Mr. LODGE. Mr. Chairman, will the gentleman yield?

Mr. KEATING. Only if the gentleman from Connecticut will please answer my question; and that question is: What provision is in the bill and what evidence has been presented to your committee relating to paragraph 115 (e) of the bill under which the Administrator is to encourage arrangements between the participating countries looking toward the largest practicable utilization of manpower available in any of these countries. That language was not written in there just because the House had nothing else to do a year ago. It had a definite purpose. What has been done? What does the Administrator tell you has been done in the implementation of that provision?

I am very happy to yield to my distinguished friend from Connecticut or to the able gentleman from Ohio for the answer.

Mr. VORYS. Time is limited; if the gentleman desires a rather full statement he will find it in the so-called watchdog committee report which I shall be glad to furnish.

Mr. KEATING. In other words, may I assume that the committee has addressed itself to that problem, and the Administrator has furnished the committee a satisfactory explanation of what has been done along those lines?

Mr. VORYS. That is correct.

Mr. LODGE. I may say to the gentleman offhand, that arrangements have been made by the De Gasperi government for the emigration of more than 200,000 Italians during the year 1949. They have available shipping for 162,000, and the purpose of the shipping clause is

to provide transportation facilities for the 40,000 remaining.

Mr. KEATING. As I say, I am very glad that the committee has incorporated this provision relating to Italy in the bill. That, however, is only part of the problem, even so far as Italy is concerned.

There are over 2,000,000 unemployed in Italy, whereas across the border in France, there is a shortage in agricultural manpower of roughly 1,000,000. Through the elimination of immigration barriers and assimilation of populations, it is essential to the over-all economic recovery of western Europe, that in such cases plans be made to correct this disequilibrium of population. The necessity for such action must be impressed upon those responsible for determining policy in the countries we are trying to help.

There are a number of other questions which I desire to ask about this program, which time will not permit. Under the limitation of debate which has unfortunately been imposed, I shall be forced to seek light elsewhere.

The CHAIRMAN. The time of the gentleman from New York has expired.

The gentleman from Ohio [Mr. JENKINS] is recognized.

Mr. JENKINS. Mr. Chairman, I am sorry that the amendments seeking to reduce the total of this bill were not passed.

It has been demonstrated in the debate that a reduction of at least a billion dollars could be made without in any way hampering the program.

This is a tremendously large sum that is being carried forward that can be used, and this also proves that the transportation of commodities has not been so rapid but that we can easily meet the full program of demands as they come forward.

I voted for the amendment offered by the gentleman from Florida and the amendment offered by the distinguished gentleman from Wisconsin [Mr. SMITH].

I shall confidently expect the Appropriations Committee to safeguard the best interests of the American people by making no appropriations that have not been justified completely.

I expect to vote for this legislation. I voted for it last year.

(Mr. JENKINS asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The gentleman from Wisconsin [Mr. BIEMILLER] is recognized for 3 minutes.

(Mr. BIEMILLER asked and was given permission to revise and extend his remarks.)

Mr. BIEMILLER. Mr. Chairman, it has seemed to me many times in the course of this debate that we have lost sight of the fundamental things about which we are talking. The Marshall plan is an essential part of our bipartisan foreign policy. It is a part which has the support of almost every intelligent person in this country. It has that support because we almost all believe that the way to stop the spread of communism in Europe is to put the democratic nations back on their feet and give them strength to resist the Communist undermining of their institutions.



There are still a handful of die-hards who believe in the outworn theories of isolation. Giant planes and the atom bomb have made isolationism as outworn as the bow and arrow. We have to fight communism with different weapons today, and the results indicate that the Marshall plan is the way to do it.

We have ample testimony from our leaders both in the Democratic and Republican ranks, from our business leaders, from our labor leaders, that the Marshall plan has been the effective way of stopping the growth of communism in Europe. To pretend otherwise is to shut our eyes to the facts, as some prefer to do.

There are none so blind as those who will not see.

Mr. Chairman, I say that those who really want to do something about stopping communism and not just talk about it will vote to continue the Marshall plan when the vote comes in the House in a few minutes today.

However, we have had Members such as the gentleman from Michigan come on this floor quite recently and talk about the Marshall plan subsidizing Communist governments. Of all the tripe I have heard uttered today that is the prize remark. There is not a single Communist government receiving any Marshall plan funds. Any one who has taken the care to follow the working of the Marshall plan knows that full well.

To me that is the last cry of the isolationists. That is an attempt to hide the failure of the bankrupt policy of isolationism which some Americans still follow to this very day. It is the cry of those who like to raise red herrings but who want to do nothing about fighting communism.

We are working closely with the democratic nations of Western Europe. We have recently joined them in a great defensive alliance against the aggression of Stalin—we have signed the Atlantic Pact.

Americans believe passionately in freedom. We respect the dignity of man. We are ready to defend those who believe in liberty and fight Communist totalitarianism.

The Russians have been picking off one country at a time in their drive against western democracy. Only the Marshall plan has stopped them in their tracks.

And yet Members of this House come down into the well and make speeches urging us to stop our aid to the European democracies. I say that wittingly or unwittingly they are giving hope to the grand design of Stalin—they propose to leave Europe shattered; weak and defenseless against the Communist hordes.

I am voting for this bill because I am convinced it is one of our best weapons against the schemes of Stalin.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, as the debate closes the time for rhetoric has probably gone, but a few figures may be important before we vote.

There has been a great deal of talk in the House today about how well the European countries are doing. If Members will turn to page 11 of this book entitled "A Report on Recovery Progress and United States Aid," a great many copies of which are still available, they will find the consumption of the following things by the people of Europe today as compared with prewar, indicating their present standard of living: Bread grains, 90 percent; meat, 65 percent; fats and oils, 74 percent; sugar, 81 percent; textiles, 80 percent.

That is a very considerable reduction from what was already a meager standard of living before the war.

Second, the annual income of the United States this year is likely to be somewhere in the neighborhood of \$250,000,000,000. Yet we are told that an expenditure of \$5,000,000,000 for the purpose of reforming the economy of the most vigorous industrial area of the world—an area critically important to international peace and economic prosperity—is going to bankrupt us or bleed us white. It just does not make sense.

The CHAIRMAN. All time has expired on this section. The Clerk will read.

The Clerk read as follows:

SEC. 10. (a) The first sentence of section 117 (c) of such Act is hereby amended by striking out the period and inserting in lieu thereof a colon and the following: "Provided, That the Administrator shall fix and pay a uniform rate per pound for the ocean transportation of all relief packages of food or other general classification of commodities shipped to any participating foreign country, regardless of methods of shipment and higher rates charged by particular agencies of transportation, but this proviso shall not apply to shipments made by individuals to individuals through the mails."

(b) Section 117 (d) of such act is hereby amended by striking out "section 6 of the act of July 2, 1940 (54 Stat. 714), as amended," and inserting in lieu thereof "the Export Control Act of 1949."

(c) Section 117 of such Act is amended by adding a new subsection to read as follows:

"(e) Whenever the Administrator shall determine that shipping capacity available to Italy is inadequate for such emigration from Italy as may be desirable to further the purposes of this title, the Administrator shall request the United States Maritime Commission to make available to Italy vessels capable of engaging in such service for the purpose of transporting emigrants from Italy to destinations other than the United States, and shall specify the terms and conditions under which such vessels shall thus be made available, and the United States Maritime Commission thereupon shall, notwithstanding any other provisions of law and without reimbursement by the Administrator, make such vessels available to Italy in accordance with such terms and conditions: *Provided*, That the total number of such vessels made available for such purpose shall not at any one time exceed ten: *Provided further*, That title to each such vessel owned by the United States Government shall remain in the United States: *And provided further*, That the terms and conditions under which such vessels are made available to Italy shall obligate Italy to return the vessels forthwith upon demand of the President, and in any event not later than June 30, 1952."

Mr. HALE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time only because I would like to get some information about the construction which is to be accorded to this section. I think probably a member of the committee can answer my inquiry. I understand that it is necessary in Italy to have transportation available for the emigration, which is probably essential to the Italian economy. But is it contemplated that the vessels capable of engaging in this transportation service referred to in line 17 shall be vessels presently owned by the Maritime Commission? Can someone inform me on that point?

Mr. LODGE. I believe it is contemplated to use vessels presently owned by the Maritime Commission.

Mr. HALE. Are some particular vessels in contemplation?

Mr. LODGE. I am told that it is the SA-3's that are in contemplation.

Mr. HALE. There would be no objection, as far as the bill is concerned, as I understand it, to an acquisition of vessels by the Maritime Commission for that purpose, is that correct?

Mr. LODGE. There is nothing to prevent the Maritime Commission from acquiring other vessels.

Mr. HALE. I thank the gentleman.

The CHAIRMAN. Under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 3748) to amend the Economic Cooperation Act of 1948, pursuant to House Resolution 169, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. CLEVINGER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. CLEVINGER. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CLEVINGER moves to recommit the bill to the Committee on Foreign Affairs.

Mr. KEE. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. KEE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.



The question was taken; and there were—yeas 354, nays 49, not voting 29, as follows:

[Roll No. 75]

YEAS—354

Abbitt	Dolliver	Keogh
Abernethy	Donohue	Kerr
Addonizio	Doughton	Kilburn
Albert	Douglas	Kilday
Allen, Calif.	Doyle	King
Andersen,	Durham	Kirwan
H. Carl	Eaton	Klein
Anderson, Calif.	Eberhart	Kruse
Andresen,	Ellsworth	Kunkel
August H.	Engel, Mich.	Lanham
Andrews	Engle, Calif.	Latham
Angell	Evins	LeCompte
Arends	Fallon	LeFevre
Aspinall	Feighan	Lesinski
Auchincloss	Fellows	Lichtenwalter
Bailey	Fenton	Lind
Barrett, Pa.	Fisher	Linehan
Barrett, Wyo.	Flood	Lodge
Bates, Ky.	Fogarty	Lovre
Bates, Mass.	Forand	Lucas
Battle	Ford	Lynch
Beall	Frazier	McCarthy
Beckworth	Fugate	McConnell
Bennett, Fla.	Fulton	McCormack
Bentsen	Furcolo	McCulloch
Biemiller	Garmatz	McDonough
Blackney	Gary	McGrath
Bland	Gathings	McGuire
Blatnik	Gavin	McKinnon
Boggs, Del.	Gillette	McMillan, S. C.
Boggs, La.	Golden	McMillen, Ill.
Bolling	Goodwin	McSweeney
Bolton, Md.	Gordon	Mack, Ill.
Bolton, Ohio	Gore	Mack, Wash.
Bonnar	Gorski, Ill.	Madden
Bosone	Gorski, N. Y.	Magee
Boykin	Gossett	Mahon
Bramblett	Graham	Mansfield
Breen	Granahan	Marsalis
Brehm	Granger	Marshall
Brooks	Grant	Martin, Mass.
Brown, Ga.	Green	Marrow
Brown, Ohio	Gregory	Meyer
Bryson	Gwinn	Michener
Buchanan	Hale	Miles
Buckley, Ill.	Hall	Miller, Calif.
Buckley, N. Y.	Edwin Arthur	Miller, Md.
Burke	Hall	Mills
Burleson	Leonard W.	Mitchell
Burnside	Halleck	Monroney
Burton	Harden	Morgan
Byrne, N. Y.	Hardy	Moulder
Byrnes, Wis.	Hare	Multer
Camp	Harris	Murdock
Canfield	Harrison	Murphy
Cannon	Hart	Murray, Tenn.
Carlyle	Harvey	Murray, Wis.
Carroll	Havener	Nelson
Case, N. J.	Hays, Ark.	Nicholson
Case, S. Dak.	Hays, Ohio	Nixon
Cavalcante	Hébert	Noland
Celler	Hedrick	Norblad
Chatham	Heffernan	Norrell
Chelf	Heller	Norton
Chesney	Herlong	O'Brien, Ill.
Chiperfield	Herter	O'Brien, Mich.
Christopher	Heseltin	O'Hara, Ill.
Chudoff	Hill	O'Neill
Clemente	Hinshaw	O'Sullivan
Coffey	Hobbs	O'Toole
Cole, Kans.	Hoeven	Pace
Cole, N. Y.	Hollifield	Patten
Colmer	Holmes	Patterson
Combs	Hope	Perkins
Cooley	Horan	Peterson
Cooper	Howell	Pfeifer
Corbett	Huber	Joseph L.
Cotton	Irving	Pfeiffer
Coudert	Jackson, Calif.	William L.
Cox	Jackson, Wash.	Philbin
Crook	James	Phillips, Calif.
Crosser	Javits	Phillips, Tenn.
Cunningham	Jenkins	Pickett
Dague	Jennings	Plumley
Davenport	Jensen	Poage
Davies, N. Y.	Johnson	Polk
Davis, Ga.	Jones, Mo.	Potter
Davis, Tenn.	Jones, N. C.	Preston
Davis, Wis.	Judd	Price
Dawson	Karst	Priest
Deane	Karsten	Quinn
DeGraffenried	Kean	Rabaut
Delaney	Keating	Ramsay
Denton	Kee	Redden
D'Ewart	Keefe	Rees
Dingell	Kelley	Rhodes
Dollinger	Kennedy	Ribicoff

Richards  
Riehlman  
Rivers  
Rodino  
Rogers, Fla.  
Rogers, Mass.  
Rooney  
Sabath  
Sadiak  
St. George  
Sasscer  
Scott, Hardie  
Scott,  
  Hugh D., Jr.  
Scrivner  
Scudder  
Sheppard  
Sikes  
Simpson, Ill.  
Simpson, Pa.  
Sims  
Smathers  
Smith, Va.  
Smith, Wis.

NAYS—49

Allen, Ill.  
Barden  
Bennett, Mich.  
Bishop  
Burdick  
Church  
Clevenger  
Crawford  
Curtis  
Dondero  
Gross  
Hagen  
Hand  
Hoffman, Ill.  
Hoffman, Mich.  
Hull  
Jenison  
Jonas  
Larcade  
Lemke  
McGregor  
Macy  
Marcantonio  
Martin, Iowa  
Mason  
Miller, Nebr.  
Morris  
O'Hara, Minn.  
O'Konski  
Powell  
Rankin  
Reed, Ill.  
Reed, N. Y.  
Rich  
Sadowski  
Sanborn  
Secret  
Shafer  
Short  
Smith, Kans.  
Stefan  
Taber  
Vursell  
Werdel  
White, Calif.  
Williams  
Willis  
Wilson, Ind.  
Woodruff

NOT VOTING—29

Allen, La.  
Baring  
Bulwinkle  
Carnahan  
Elliott  
Elston  
Fernandez  
Gamble  
Gilmer  
Jacobs  
Jones, Ala.  
Kearney  
Kearns  
Lane  
Lyle  
Morrison  
Morton  
Passman  
Patman  
Poulson  
Rains  
Regan  
Smith, Ohio  
Thomas, N. J.  
Thompson  
Walsh  
Whitaker  
White, Idaho  
Wood

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Jones of Alabama for, with Mr. Passman against.

Mr. Rains for, with Mr. Allen of Louisiana against.

General pairs until further notice:

Mr. Thompson with Mr. Gamble.

Mr. Wood with Mr. Elston.

Mr. Jacobs with Mr. Poulson.

Mr. Morrison with Mr. Smith of Ohio.

Mr. Walsh with Mr. Kearney.

Mr. Whitaker with Mr. Kearns.

Mr. Gilmer with Mr. Morton.

Mr. WERDEL changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. KEE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1209) to amend the Economic Cooperation Act of 1948, strike out all after the enacting clause, and insert in lieu thereof the bill H. R. 3748, as just passed by the House.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the fifth sentence of section 102 (a) of the Economic Coop-

eration Act of 1948 is amended by inserting after "United States" where it appears therein the first time "to encourage the unification of Europe, and."

SEC. 2. (a) The second sentence of section 104 (e) of the Economic Cooperation Act of 1948 is hereby amended by striking out "\$10,000 per annum" and inserting in lieu thereof "the highest rate authorized by such act."

(b) Section 104 of such act is amended by adding at the end thereof a new subsection as follows:

"(g) There shall be in the Administration a Special Assistant to the Administrator. It shall be the duty of such Special Assistant to formulate methods to assist American small business in securing equitable participation, insofar as practicable, in the furnishing of commodities and services for the procurement with funds appropriated pursuant to this act. Such Special Assistant shall receive his instructions from the Administrator and shall report to the administrator quarterly on the performance of the duties assigned to him."

SEC. 3. Section 108 of such act is hereby amended by adding at the end thereof the following new paragraph:

"There shall be a Deputy United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 3, within the meaning of the act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. The Deputy United States Special Representative shall perform such functions as the United States Special Representative shall designate, and shall be Acting United States Special Representative during the absence or disability of the United States Special Representative or in the event of a vacancy in the office of the United States Special Representative."

SEC. 4. The last sentence of section 109 (a) of such act is hereby amended by striking out the period and inserting in lieu thereof a semicolon and the following: "and the chief of the special mission shall be entitled to receive the same compensation and allowances as a chief of mission, class 4, within the meaning of the Act of August 13, 1946 (60 Stat. 999), or compensation and allowances in accordance with section 110 (a) of this title, as the Administrator shall determine to be necessary or appropriate."

SEC. 5. Section 111 (a) (2) of such act is amended by inserting before the period at the end thereof "for United States flag vessels."

SEC. 6. (a) The first proviso of section 111 (b) (3) of such act is hereby amended by striking out "in the first year after the date of the enactment of this act does not exceed \$15,000,000" and inserting in lieu thereof "made in any fiscal year does not exceed \$10,000,000."

(b) The last two sentences of such section 111 (b) (3) are hereby amended to read as follows: "The total amount of the guaranties made under this paragraph (3) shall not exceed \$300,000,000, and as such guaranties are made the authority to realize funds from the sale of notes for the purpose of extending assistance on credit terms through allocating funds to the Export-Import Bank of Washington under paragraph (2) of subsection (c) of this section shall be accordingly reduced. After the amount of notes sold for the purpose of extending assistance on credit terms through allocation of funds to the Export-Import Bank of Washington under paragraph (2) of subsection (c) of this section and the amount of guaranties made reach in the aggregate \$1,000,000,000, any further guaranty made by the Administrator shall



create an obligation against funds appropriated under authority of this title and the Administrator shall notify the Secretary of the Treasury of the issuance of such guaranty and of the maximum liability thereunder, and the Secretary of the Treasury shall then set aside on the books of the Treasury from the funds appropriated under this title an amount equal to the maximum liability under such guaranty as stated in such notification, which amount shall be available for expenditure to discharge liability under such guaranty, by the Administrator or by an agency designated by him, until such time as the liability under such guaranty shall have been discharged or shall expire. Any payments made to discharge liabilities under guaranties issued under paragraph (3) of this subsection shall be paid out of fees collected under subparagraph (ii) of paragraph (3) of this subsection as long as such fees are available, and thereafter shall be paid either out of funds realized from the sale of notes which shall be issued under authority of paragraph (2) of subsection (c) of this section or out of funds appropriated under authority of this title and set aside on the books of the Treasury as hereinabove provided."

SEC. 7. (a) Section 112 (c) of such act is amended by striking out "25 percent"; and by adding at the end thereof "15 percent"; and by adding at the end thereof the following new sentence: "The amounts of corn and corn grits, corn meal, and corn flour produced in the United States to be transferred by grant to the participating countries shall be so determined that the total quantity of United States corn used to produce the corn grits, corn meal, and corn flour procured in the United States for transfer by grant to such countries under this title shall not be less than 15 percent of the aggregate of the unprocessed corn and corn in the form of corn grits, corn meal, and corn flour procured in the United States for transfer by grant to such countries under this title."

(b) Section 112 of such act is hereby amended by adding at the end thereof the following new subsection:

"(1) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price support programs required by law) at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment."

(c) Section 112 (d) of such act is hereby amended by adding after the words "any agricultural commodity, or product thereof" the following: "or class, type, or specification thereof."

SEC. 8. (a) The first sentence of section 114 (c) of such act is hereby amended by striking out the period and inserting in lieu thereof a colon and the following: "Provided, further, That in addition to the amount heretofore authorized and appropriated there are hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$1,150,000,000 for the period April 3, 1949, through June 30, 1949, and not to exceed \$4,280,000,000 for the fiscal year ending June 30, 1950: *Provided further*, That in addition to the foregoing any balance, unobligated as of June 30, 1949, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on, or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1950, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year. To en-

able the Administrator to finance such transfers of capital goods items, or of commodities and services allocated to projects, as may not be made by June 30, 1950, the Administrator is authorized prior to such date to obligate the United States to make expenditures after such date in an aggregate amount not to exceed \$150,000,000, which amount shall be in addition to the amounts above authorized."

(b) The last sentence of such section 114 (c) is hereby amended to read as follows: "The authorizations in this title are limited to the periods indicated in order that the Congress may pass on any subsequent authorizations."

SEC. 9. Section 114 of such act is hereby amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding the provisions of any other law, until such time as an appropriation additional to that made by title I of the Foreign Aid Appropriation Act, 1949 (Public Law 793, Eightieth Congress), shall be made pursuant to subsection (c) of this section for the period April 3, 1949, through June 30, 1949, the Reconstruction Finance Corporation is authorized and directed to make advances not to exceed in the aggregate \$750,000,000 to carry out the provisions of this title, in such manner, at such times, and in such amounts as the Administrator shall request, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder from funds made available for the purposes of this title."

SEC. 10. (a) Section 115 (b) (6) of such act is hereby amended by striking out the period following the words "grant basis" and inserting in lieu thereof a colon and the following: "Provided, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates."

(b) Such section 115 (b) (6) is further amended by inserting after "or for such other expenditures as may be consistent with" the words "the declaration of policy contained in section 102 and".

(c) Section 115 of such act is hereby amended by adding at the end thereof the following new subsections:

"(h) Not less than 5 percent of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.

"(i) (1) The Administrator shall, to the greatest extent practicable, without detriment to the European recovery program, initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources; and in furtherance of those objectives the Administrator shall, in addition to the local currency allocated pursuant to subsection (h), use such other means available to him under this title as he may deem appropriate.

"(2) In furtherance of such objectives and within the limits of the appropriations and

contract authorizations of the Bureau of Federal Supply to procure strategic and critical materials, the Administrator, with the approval of the Director of such Bureau, shall enter into contracts in the name of the United States for the account of such Bureau for the purchase of strategic and critical materials in any participating country. Such contracts may provide for deliveries over definite periods, but not to exceed 20 years in any contract, and may provide for payments in advance of deliveries.

"(3) Nothing in this subsection shall be deemed to restrict or limit in any manner the authority now held by any agency of the United States Government in procuring or stimulating increased production of the materials referred to in paragraphs (1) and (2) in countries other than participating countries."

(d) Section 115 (d) of such act is amended to read as follows:

"(d) The Administrator shall encourage each participating country to insure, by an effective follow-up system, that efficient use is made of the commodities, facilities, and services furnished under this title. In order further to insure that each participating country makes efficient use of such commodities, facilities, and services, and of its own resources, the Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to observe and review the operation of such follow-up systems."

SEC. 11. (a) The first sentence of section 117 (c) of such act is hereby amended by striking out the period at the end thereof and inserting a colon and the following: "Provided, That the Administrator shall fix and pay a uniform rate per pound for the ocean transportation of all relief packages of food or other general classification of commodities shipped to any participating foreign country, regardless of methods of shipment and higher rates charged by particular agencies of transportation, but this proviso shall not apply to shipments made by individuals to individuals through the mails."

(b) Section 117 of such act is amended by adding at the end thereof a new subsection as follows:

"(e) Whenever the Administrator shall determine that the shipping capacity available to Italy is inadequate for such emigration from Italy as may be desirable to further the purposes of this title, the United States Maritime Commission shall, notwithstanding any other provision of law and without reimbursement by the Administrator, make available to Italy, under such terms and conditions as may be determined by the Administrator, not more than 10 vessels capable of engaging in such service, for the purpose of transporting emigrants from Italy to parts of the world other than the United States: *Provided*, That title to any such vessels which are owned by the United States Government shall remain in the United States, and any or all of such vessels shall be returned forthwith upon demand of the President, and in any event not later than June 30, 1952."

SEC. 12. (a) Sections 105 (c) and 117 (d) of such act are amended by striking out "section 6 of the act of July 2, 1940 (54 Stat. 714), as amended" and inserting in lieu thereof "the Export Control Act of 1949."

(b) Section 112 (g) of such act is amended by striking out "section 6 of the act of July 2, 1940 (54 Stat. 714), including any amendment thereto" and inserting in lieu thereof "the Export Control Act of 1949."

(c) That section 112 is hereby amended by adding at the end thereof the following new subsection:

"(j) The Administrator shall, in providing assistance in the procurement of commodities in the United States, make available United States dollars for marine insurance on such commodities where such insurance is placed on a competitive basis in accord-



ance with normal trade practices prevailing prior to the outbreak of World War II. In the event any participating country directly or indirectly prevents United States companies from competing for marine insurance on commodities procured in the United States with funds from the Economic Cooperation Administration, the Administrator shall require that all marine insurance on such commodities procured with such funds and shipped to such countries shall be insured with companies authorized to do a marine insurance business in the United States."

SEC. 13. An amount, equal to any balance, unobligated as of April 2, 1949, or subsequently released from obligation, of funds appropriated by Public Law 793, approved June 28, 1948, for the purposes of the China Aid Act of 1948 is hereby made available to the President for obligation through February 15, 1950, for assistance to areas in China which he may deem to be not under Communist domination, to be furnished in such manner and on such terms and conditions as he may determine without regard to the foregoing provisions of this act.

SEC. 14. The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, as far as is practicable, that at least 50 percent of the gross tonnage of commodities procured out of funds made available under this title and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services, is so transported on United States flag vessels to the extent such vessels are available at market rates for United States flag vessels; and, in the administration of this provision, the Administrator shall, insofar as practicable and consistent with the purposes of this title, endeavor to secure a fair and reasonable participation by United States flag ships in cargoes by geographic area.

SEC. 15. Section 112 of such act is hereby amended by adding at the end thereof the following new subsection:

"(j) No funds authorized for the purposes of this title shall be used for the payment of charges incurred after 60 days after the effective date of this amendment for charter hire, freight or passenger charges, or for any other purpose, to, on behalf of, or for the account of any vessel documented under the laws of any foreign country not a participating country unless, in the case of individuals the owner or owners of such vessel is a national of the country, and in the case of a corporation a majority of the voting power or controlling interest is vested in nationals of the country, under whose laws such vessel is documented. In administering this provision the Administrator may rely on the certificate of the owner of any vessel as to the nationality of such owner if an individual and as to the nationality of the controlling interest or majority stock ownership in the case of a corporation."

SEC. 16. The second sentence of section 118 of such act is amended by inserting before the period at the end thereof "or (3) the provision of such assistance would be inconsistent with the obligations of the United States under the Charter of the United Nations to refrain from giving assistance to any State against which the United Nations is taking preventative or enforcement action."

No funds authorized for the purposes of this act shall be allocated to or expended for any foreign government for the purpose of expenditures for the advertising of foreign products in this country nor for advertising foreign travel in this country.

With the following amendment:

Strike out all after the enacting clause and insert "That the fourth and fifth sentences of section 102 (a) of the Economic Coopera-

tion Act of 1948 are hereby amended to read as follows: 'Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through their joint organization to exert sustained common efforts to achieve speedily that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to encourage the unification and federation of Europe, and to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: *Provided*, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States'.

"SEC. 2. The second sentence of section 104 (e) of such act is hereby amended by striking out '\$10,000 per annum' and inserting in lieu thereof 'the highest rate authorized by such act.'

"SEC. 3. The first sentence of section 105 (c) of such Economic Cooperation Act of 1948 is hereby amended by striking out 'section 6 of the act of July 2, 1940 (54 Stat. 714), as amended,' and inserting in lieu thereof 'the Export Control Act of 1949'.

"SEC. 4. Section 108 of such Economic Cooperation Act of 1948 is hereby amended by adding at the end thereof the following new sentences: 'There shall be a Deputy United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 3, within the meaning of the act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. The Deputy United States Special Representative shall perform such functions as the United States Special Representative shall designate, and shall be Acting United States Special Representative during the absence or disability of the United States Special Representative or in the event of a vacancy in the office of United States Special Representative.'

"SEC. 5. The last sentence of section 109 (a) of such act is hereby amended by striking out the period and inserting in lieu thereof a semicolon and the following: 'and the chief of the special mission shall be entitled to receive the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the act of August 13, 1946 (60 Stat. 999), or compensation and allowances in accordance with section 110 (a) of this title, as the Administrator shall determine to be necessary or appropriate.'

"SEC. 6. (a) Paragraph (2) of section 111 (a) of such Economic Cooperation Act of 1948 is hereby amended by striking out the final period and inserting in lieu thereof 'for United States flag vessels, not to exceed a reasonable differential above current world market rates.'

"(b) Paragraph (3) of section 111 (b) of such act is hereby amended in the following particulars:

"(1) By inserting after 'projects' a comma and the following: 'including expansion, modernization, or development of existing enterprises' and a comma;

"(2) By inserting after 'media' the following: 'consistent with the national interests of the United States';

"(3) By striking out "in the first year after the date of the enactment of this act" and inserting in lieu thereof 'made in any fiscal year';

"(4) By amending subparagraph (1) thereof to read as follows:

"(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator plus actual earnings or profits on said project to the extent provided by such guaranty;".

"(5) By inserting after subparagraph (iii) thereof the following new subparagraphs:

"(iv) as used in this paragraph, the term 'investment' includes the furnishing of capital goods items and related services, for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950; and

"(v) the guaranty to any person shall be limited to assuring the following: (1) the transfer into United States dollars of other currencies, or credits in such currencies received by such person as earnings or profits from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof; and (2) compensation in United States dollars for loss of all or any part of the approved investment, which shall be found by the Administrator to have been lost to such person by reason of one or more of the following causes: (a) seizure, confiscation, or expropriation, (b) destruction by riot, revolution, or war, (c) any law, ordinance, regulation, decree, or administrative action (other than measures affecting the conversion of currency), which in the opinion of the Administrator prevents the further transaction of the business for which the guaranty was issued. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency, credits, or assets on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith.'

"(6) By amending the next to last sentence thereof to read as follows: 'The total amount of the guaranties made under this paragraph (3) shall not exceed \$300,000,000: *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding.'

"(c) Paragraph (2) of section 111 (c) of such act is hereby amended in the following particulars:

"(1) By amending the second sentence thereof to read as follows: 'In addition to the amount of notes above authorized, the Administrator is authorized, for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section, to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$300,000,000 less any amount allocated prior to April 3, 1949, for such purpose, until all liabilities arising under guaranties made pursuant to this authorization have expired or been discharged.'

"(2) By striking out the first two words, 'Such notes' in the second sentence thereof and inserting 'The notes hereinabove, authorized';

"(3) By inserting after 'Washington' in the sixth sentence thereof 'for assistance on credit terms'.

"SEC. 7. (a) Section 112 (a) of such act is hereby amended by adding the following new paragraph:

"The Administrator shall prescribe such regulations with respect to, and impose such conditions on, procurement in the United States under this title as will secure to 'small business' in the United States,



especially the producers, a fair and substantial share of the production and business resulting from any such procurement. For the purpose of this paragraph, "small business" shall include any small-business enterprise, and only such, if (1) its position in the trade or industry of which it is a part is not dominant, (2) the number of the employees does not exceed 500, except that the Administrator shall, where appropriate, specify a smaller number for any particular trade or industry, or subdivision thereof, and (3) it is independently owned and operated."

"(b) Section 112 (c) of such act is hereby repealed.

"(c) Section 112 (g) of such act is hereby amended by striking out 'section 6 of the act of July 2, 1940 (54 Stat. 714), including any amendment thereto,' and 'section 6 of the act of July 2, 1940, as amended,' and inserting in lieu thereof 'the Export Control Act of 1949.'

"(d) Section 112 (h) of such Economic Cooperation Act of 1948 is hereby amended by striking out the period, inserting in lieu thereof a comma, and adding 'and, insofar as practicable, make available or cause to be made available to suppliers in the United States reasonable information, as far in advance as possible, of purchases proposed to be financed with funds authorized under this title.'

"(e) Section 112 of such act is hereby amended by adding at the end thereof the following new subsection:

"(1) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price-support programs required by law) at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment."

"Sec. 8. (a) Section 114 (c) of such act is amended in the following particulars:

"(1) By striking out the period at the end of the first sentence thereof and inserting in lieu thereof the following: 'Provided further, That, in addition to the amount above authorized to be appropriated, there are hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$1,100,000,000 for the period April 3, 1949, through June 30, 1949, and not to exceed \$4,280,000,000 for the fiscal year ending June 30, 1950: *Provided further*, That, in addition to the foregoing, any balance, unobligated as of June 30, 1949, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1950, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year.'

"(2) By amending the last sentence of such section 114 (c) to read as follows: 'The authorizations in this title are limited to the period ending June 30, 1950, in order that the Congress may pass on any subsequent authorizations.'

"(b) Section 114 of such act is hereby amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding the provisions of any other law, until such time as an appropriation additional to that made by title I of the Foreign Aid Appropriation Act, 1949 (Public Law 793, 80th Cong.), shall be made pursuant to subsection (c) of this section the Reconstruction Finance Corporation is authorized and directed to make advances not to exceed in the aggregate \$1,000,000,000

to carry out the provisions of this title, in such manner, at such times, and in such amounts as the Administrator shall request, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.'

"Sec. 9. (a) Paragraph (6) of section 115 (b) of such Economic Cooperation Act of 1948 is hereby amended by striking out the period following the words 'grant basis' and inserting in lieu thereof a colon and the following: 'Provided, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates.'

"(b) Section 115 of such act is amended by adding two new subsections as follows:

"(h) Not less than 5 percent of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.

"(i) (1) The Administrator shall, to the greatest extent practicable, initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources; and in furtherance of those objectives the Administrator shall, in addition to the local currency allocated pursuant to subsection (h), use such other means available to him under this title as he may deem appropriate.

"(2) In furtherance of such objectives and within the limits of the appropriations and contract authorizations of the Bureau of Federal Supply to procure strategic and critical materials, the Administrator, with the approval of the Director of such Bureau, shall enter into contracts in the name of the United States for the account of such Bureau for the purchases of strategic and critical materials in any participating country. Such contracts may provide for deliveries over definite periods, but not to exceed 20 years in any contract, and may provide for payments in advance of deliveries.

"(3) Nothing in this subsection shall be deemed to restrict or limit in any manner the authority now held by any agency of the United States Government in procuring or stimulating increased production of the materials referred to in paragraphs (1) and (2) in countries other than participating countries.'

"Sec. 10. (a) The first sentence of section 117 (c) of such act is hereby amended by striking out the period and inserting in lieu thereof a colon and the following: 'Provided, That the Administrator shall fix and pay a uniform rate per pound for the ocean transportation of all relief packages of food or other general classification of commodities shipped to any participating foreign country, regardless of methods of shipment and higher rates charged by particular agencies of transportation, but this proviso shall not apply to shipments made by individuals to individuals through the mails.'

"(b) Section 117 (d) of such act is hereby amended by striking out 'section 6 of the act

of July 2, 1940 (54 Stat. 714), as amended,' and inserting in lieu thereof 'the Export Control Act of 1949.'

"(c) Section 117 of such act is amended by adding a new subsection to read as follows:

"(e) Whenever the Administrator shall determine that shipping capacity available to Italy is inadequate for such emigration from Italy as may be desirable to further the purposes of this title, the Administrator shall request the United States Maritime Commission to make available to Italy vessels capable of engaging in such service for the purpose of transporting emigrants from Italy to destinations other than the United States, and shall specify the terms and conditions under which such vessels shall thus be made available, and the United States Maritime Commission thereupon shall, notwithstanding any other provisions of law and without reimbursement by the Administrator, make such vessels available to Italy in accordance with such terms and conditions: *Provided*, That the total number of such vessels made available for such purpose shall not at any one time exceed 10: *Provided further*, That title to each such vessel owned by the United States Government shall remain in the United States: *And provided further*, That the terms and conditions under which such vessels are made available to Italy shall obligate Italy to return the vessels forthwith upon demand of the President, and in any event not later than June 30, 1952.'

The amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. Without objection, the proceedings whereby the House bill was passed will be vacated.

There was no objection.

Mr. KEE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 1209), to amend the Economic Cooperation Act of 1948, with House amendment thereto, insist on the House amendment and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. KEE, RICHARDS, JOSEPH L. PFEIFER, EATON, and VORYS.

GENERAL LEAVE TO EXTEND REMARKS

Mr. KEE. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

ESTABLISHMENT OF LONG-RANGE PROVING GROUND FOR GUIDED MISSILES

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1741) to authorize the establishment of a joint long-ranging proving ground for guided missiles, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana? [After a pause.] The Chair hears none, and appoints the following



conferees: Messrs. BROOKS, RIVERS, PHILBIN, COLE of New York, and ANDERSON of California.

#### EXTENSION OF REMARKS

Mrs. DOUGLAS asked and was given permission to extend her remarks in the RECORD following the remarks of the gentleman from Wisconsin [Mr. KEEFE], and include an article appearing in the Christian Science Monitor.

Mr. TABER asked and was given permission to extend his remarks in the RECORD.

Mr. REED of New York asked and was given permission to extend his remarks in the Appendix of the RECORD in four instances and include extraneous matter in each one.

Mr. ALLEN of California asked and was given permission to extend his remarks in the RECORD.

Mr. JUDD asked and was given permission to extend his remarks in the RECORD in two instances.

Mr. KLEIN asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances, in one to include an editorial.

Mr. HOLIFIELD, Mr. WALTER, and Mr. DEANE asked and were given permission to extend their remarks in the RECORD.

Mrs. WOODHOUSE asked and was given permission to extend her remarks in the RECORD in two instances and include in one a statement by Mr. PATMAN.

Mr. JAVITS asked and was given permission to extend his remarks in the RECORD and include newspaper material.

#### SPECIAL ORDER GRANTED

Mr. POWELL asked and was given permission to address the House for 20 minutes tomorrow following any special orders heretofore entered.

#### EXTENSION OF REMARKS

Mr. McGUIRE. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

(Mr. McGUIRE asked and was given permission to revise and extend his remarks.)

Mr. McGUIRE. Mr. Speaker, the following résumé while treating one of Connecticut's most famous native sons is to some extent prompted by a recent occurrence on February 20, 1949, in Boston. It is said that on that date at Symphony Hall 300 women mobbed Ferruccio Tagliavini.

In nearby Roxbury an overflow crowd of about 500 at a Communist-sponsored freedom rally cheered as Henry Winston, one of the Red leaders who is now on trial in New York spoke of his indictment as being contrary to all State and Federal laws.

Simultaneously at hallowed Faneuil Hall, where liberty saw birth, the statistics show that 43 people clapped rather politely at the annual Washington-Lincoln birthday celebration where a local senior class president spoke in tribute to the Nation's first President. Public officials gasped their shocked reaction

and observed that people are becoming less and less interested in the great heroes who made this country possible. In sympathy with this justified remark, the following is submitted:

It seems only fitting and proper that on this 12th day of April 1949 we should commemorate the birthday of Lyman Hall, son of the Honorable John Hall and Mary Street. John Hall came from Coventry, England, and after a sojourn in Boston and New Haven settled down at Wallingford, Conn., which is also my home town. It was in this village that on the 12th day of April, 1724, Lyman Hall was born.

He was graduated from Yale College in 1747 and entered upon the study of theology under the guidance of his uncle, Rev. Samuel Hall. Shortly thereafter he abandoned the idea of becoming a minister of the Gospel and applied himself to the acquisition of a medical education. He was admitted to the degree of doctor of medicine, married Mary Osborne and commenced the practice of this noble profession in Wallingford.

A body of Puritans from Massachusetts who desired to encourage the foundation of churches and the promotion of religion in the southern plantations had removed to Dorchester which is not far above Charleston in South Carolina. It was shortly thereafter in his twenty-eighth year of age that Lyman Hall abandoned his home in Wallingford, and cast his lot among the Puritan dwellers in South Carolina.

About 1756, Dr. Hall moved to the Midway settlement in Georgia, which was located along the Savannah and Darien Highway. This road connected the northern and southern confines of the province. Here, Dr. Hall found ample employment for his best professional skill and endeared himself to the community by his unrelenting exertions to counteract the pernicious influences of the diseases which were rampant in that locality. It was at Midway that the fires of resistance to the dominion of England were kindled. Lyman Hall was a protagonist of this movement and by his fiery exhortations and determined and inexhaustible energy added stout fuel to the flames. On the 21st of March, 1775, Dr. Lyman Hall was appointed as a delegate to represent his community in the Continental Congress. This was in direct recognition of his prominent, persistent services on behalf of the revolutionary movement. It is interesting to note that when he departed for the Congress he carried with him as a present from his constituents, to those suffering patriots in Massachusetts, a hundred and sixty barrels of rice and 50 pounds sterling.

Dr. Hall was successively reappointed a Member of the Continental Congress from Georgia and upon the fall of Savannah which occurred in December 1778 and the capture of Sunbury, the entire coast region of Georgia was passed into the possession of the King's forces. They overran, plundered, and exacted the most onerous tribute of the conquered territory and its people. In the melee which followed, Dr. Hall's residence in Sunbury

and his rice plantation were despoiled. It was at that time that he removed his family to the North where they resided until the evacuation of Savannah in 1782. His services as a Member of the Continental Congress were possibly not as conspicuous as those rendered by some of the other delegates, but it may nevertheless be fairly claimed that he was a regular, earnest, and intelligent delegate and admirably discharged the important duties which devolved upon him, including the signing of the Declaration of Independence.

Upon his return to Georgia Dr. Hall made his home at Savannah. His fortune had been shattered so he resumed the practice of his profession. It was there while quietly employed that he was, in January 1783, elected to be the Governor of Georgia. His acknowledgment of the honor which had been conferred upon him was expressed in a brief address which is a matter of record and it may be observed that Governor Hall, by his early and wise suggestions contained therein, sounded the keynote and paved the way for the foundation and maintenance of the University of Georgia.

After finishing his term of service he resumed the practice of medicine in Savannah and apparently prospered. He accumulated a small fortune and purchased a fine plantation on the Savannah River, not far from Shell Bluff. It was at this place that he died on the 19th of October 1790, in the 67th year of his age, leaving his widow Mary, and a son John, both of whom died shortly thereafter. His remains have since been removed and placed at Augusta, Ga. They are beneath the monument erected by patriotic citizens in front of the courthouse in honor of the signers of the Declaration of Independence from Georgia. Subsequent to the removal of his remains to Augusta, authorities of Wallingford, Conn., were sent the marble slab which had been inserted in front of the brick wall, wherein his remains had so long rested. The slab is still very carefully preserved and bears the following as part of its inscription:

To those so mourned in death, so loved in life,  
The childless parent and the widowed wife  
With tears inscribes this monumental stone,  
That holds his ashes and expects her own.

#### NATIONAL MILITARY ESTABLISHMENT APPROPRIATION BILL, 1950

Mr. MAHON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4146) making appropriations for the National Security Council, the National Security Resources Board, and for military functions administered by the National Military Establishment for the fiscal year ending June 30, 1950, and for other purposes and pending that motion, Mr. Speaker, I ask unanimous consent that general debate run throughout the day, or until such time as we may make other arrangements, the time to be equally divided and controlled by the gentleman from Michigan [Mr. ENGEL] and myself.



made a report and probably an inadvertent admission regarding the effect of the act, not only in that plant but upon labor-management relations generally.

I quote from page 177 of that report:

With passage of the Taft-Hartley Act, the company and the union each feels that its relations with the other are on the threshold of a new era.

Efforts of the company to regain exclusive control of what it conceives are the rights of management and to restore a balance and equality to the bargaining relation will be vigorously resisted by the union as a challenge to its power and authority, a threat to its very existence.

There is unquestionably to be a readjustment of the relation between the parties during the next few years, a new concept of the functions of union and management in the industrial economy.

Achievement of this evolutionary cycle without open strife will be a severe test of collective bargaining.

It is not hard to translate this guarded language, and translate it fairly, into an admission that the Taft-Hartley Act is an incitement to industrial warfare. The words I have just quoted are an admission that the Taft-Hartley Act is an attempt to turn the clock back to pre-Wagner Act days, to cancel out the advances of peaceful labor-management relations they did achieve in 10 years of experience under the Wagner Act. Never mind the words "the threshold of a new era." The "new era" is simply a return to the old era of employer intimidation of employees and industrial espionage, terror, violence, and systematic campaigns to weaken and destroy unions so that labor can again be hired on any terms set by the employer.

Fortunately, the American people have refused to permit the Taft-Hartley Act to run its full course, to wreck its full evil effects during a period when, with a more plentiful labor market, antiunion employers would take the opportunities presented by the act to fight unions for the purpose of first weakening and then destroying them. I am confident that this House will shortly adopt the Thomas-Lesinski bill, H. R. 2032, in substantially its present form, without the emasculating amendments which will be offered by those who still believe in Taft-Hartley.

### Pacific Coast Shipbuilding

#### EXTENSION OF REMARKS

OF

**HON. JOHN J. ALLEN, JR.**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 12, 1949*

Mr. ALLEN of California. Mr. Speaker, I have this day introduced H. R. 4190, a bill to provide for the allocation of ship-construction contracts in such a manner as to keep alive at strategic points on each of our coasts the skills which are needed in the building of ships, the skills so essential to the national defense in times of emergency.

Almost everyone is familiar with the record of the shipbuilding industry on the Pacific coast during World War II.

At one time, approximately one-half of our tonnage was being produced there. Few people, however, realize that it took 4 years, from 1939 to 1943, to train a nucleus of men to revive a dead industry and expand it to a full and efficient production. It was time we could ill afford to take.

Mr. Speaker, at the present time not a single ship is being built on the Pacific coast. There is no immediate prospect for the building of any such ship. The skills which we developed are rapidly being lost. The organizations which built our ships are rapidly disintegrating.

H. R. 4190 sets forth that it is desirable that 150,000 men should be engaged in the shipbuilding industry at all times and that of these at least 60,000 should be occupied on the Atlantic coast, at least 10,000 on the Gulf coast, and at least 30,000 on the Pacific coast. The Maritime Commission would be charged with the responsibility of keeping account of the numbers actually employed from time to time and of allocating additional construction contracts in such a manner as would cure any deficiencies in the number of men employed in each area.

Mr. Speaker, the Merchant Marine Act of 1936 recognizes the necessity to our national defense of having shipbuilding facilities and skills at strategic locations on all coasts. The provisions of that act to accomplish this objective failed to be effective. H. R. 4190 endeavors to amend the Merchant Marine Act of 1936 so that this objective will be reached and the shipbuilding skills, facilities, and organizations will be kept alive and active on all of our coasts and in all of our strategic locations.

### Our Glorious Army

#### EXTENSION OF REMARKS

OF

**HON. JOHN W. McCORMACK**

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 12, 1949*

Mr. McCORMACK. Mr. Speaker, I herewith include in my extension of remarks, a splendid article written by Harry H. Schlacht appearing in the Boston Daily Record of April 6, 1949, entitled "Our Glorious Army":

#### OUR GLORIOUS ARMY

(By Harry H. Schlacht)

Today we salute the armies of America—the heroes of humanity, the soldiers of democracy. They are the guardians of our present. They are the defenders of our future.

Army Day will be marked with celebrations throughout the Nation. Col. Charles F. H. Johnson, a great American, is national chairman. This is an occasion for the rededication of our spirit to national patriotism. This is an occasion for the reconsecration of our might to the principles for which our fighters for freedom have so gallantly fought. They have been great in war. They have been great in peace.

Strong in our faith, stubborn in our resolve, invincible in our liberty, we liberty-loving Americans promise earnestly that the great traditions of our Army will live as long as the breath of life resides within us.

You have never drawn your sword except in honor. You have never sheathed your sword except in victory. You are the sons of those who braved the wilderness at Plymouth Rock, who carried the torch of freedom across the western prairies, whose blood flowed down the slopes of Bunker Hill and whose blood stained the snow at Valley Forge. You are the sons of heroes who crimsoned the sod at Gettysburg, consecrated the apple blossoms at Appomattox and liberated the downtrodden at Santiago. You are the sons of freedom whose blood flooded Flanders fields, and a thousand blazing battlefields in World War I.

Today your glorious story is written in white crosses and unmarked graves, in the sands of Africa and in the fields of France, in the valleys of Holland and in the mountains of Italy, in the hillsides of Germany, in the islands of the Pacific, and in the silent depths of the seven seas.

Our Army has sprung from the loins of a free people, ennobled and inspired by the cause of liberty. We are a peace-loving people. We are a peace-loving people. American history records the part played by our valiant soldiers during peacetime—in opening the West for settlement, in mapping unexplored areas, in improving waterways for domestic commerce, in furthering science and industry, in providing assistance to those suffering from disasters.

We are not a nation of warriors. We are not a nation seeking territorial conquest. We have never sought through cowardly and treacherous infiltration to pollute and contaminate the ideological conception of any people. We have never sought to sap the vitality or to undermine the institutions of any government.

The spirit of America is the spirit of peace. It breathes the most diffusive benevolence. It inculcates the sincere good will. It presents for imitation the exercise of the most kind and friendly offices among men.

Let us all today cheer our fighters for freedom. Let us all today crown them with our applause. Let us say to every man in the service today, from private to general, from seaman to admiral, "God bless you all."

### ECA Appropriation

#### EXTENSION OF REMARKS

OF

**HON. JOHN TABER**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

*Monday, April 11, 1949*

Mr. TABER. Mr. Speaker, last June the House Appropriations Committee presented the appropriation for the ECA. We had spent two full months in the most intensive study of the needs of these foreign countries and knew what we were doing. In other words, the cut that was made was based upon scientific and intense study. At that time, people who knew nothing about it and who had not spent any time at all in studying it, made repeated statements that we had taken the meat ax to the appropriations. And they were able to deceive the Senate and ultimately force through conference a provision to the effect that all of the funds that were provided might be obligated by April 2, 1949. That date has arrived.

In 11 months to March 1, out of \$5,050,000,000 of available funds they have actually shipped and paid for \$2,900,000,000, leaving \$1,300,000,000 yet to ship



and a large amount of loan funds. Unquestionably enough to carry the operation along until the 1st of July and probably until August 15 or September 1. Thus it turns out that the Appropriations Committee was right and that they knew what they were doing and that those in the House, the Senate, the State Department, and the ECA who were proceeding without any idea of what they were doing, were wrong.

Instead of the Appropriations Committee taking the meat ax to the ECA appropriations, those who approached their responsibility from a dishonest and an ignorant standpoint were taking the meat ax to the American people. The result has been to encourage extravagance, to promote the complete socialization of industry in western Europe and in England and to keep them busy on projects which are utterly ridiculous and foolish, like building stations on French railroads and electrifying French railroads when there was no need for it, like digging up the streets in Belgian cities, like paying the deficit of operating the socialistic developments in western Europe and in England. If these people would go to work, with all the money that has been given them and all the food that has been given them, they could have already developed an arms-production program which would supply Britain and France and Italy with everything they need to protect themselves from their Communist neighbors.

The real meat of this situation is that those reactionaries who wish to destroy the United States by reckless spending and by promoting inefficiency in the countries across the sea are actually creating a situation where we will have complete socialism in those countries and that can result in nothing but a dictatorship. A dictatorship will result in Communism and there will be no free countries left in Europe able to join us when World War III is thrust upon us. The way out of this situation is for us to reduce the amounts that we contribute to these foreign countries down to a point that we can afford to carry, and to a point where we are providing just what is needed rather than enough to promote socialism and communism in these western countries.

No forward looking approach to this problem can be made without the proper consideration of this situation. Those people are isolationists of the worst kind, who have voted for improper and ill-considered expenditures that are absolutely unneeded and that we cannot afford to make. Not only have they no grasp of the foreign situation but not an open minded approach to it. It is time for America to wake up, to realize its responsibilities to itself and to the world and not to be led astray by idle dreamers and smart alecks.

We should adopt amendments here reducing the amount of these authorizations to something approaching the need. They need no money for the rest of this fiscal year. They do not need \$4,000,000,000 for the next fiscal year. We were told a year ago that the Appropriations Committee would go into the question of how much was needed and when

the committee did and reported honestly and fairly, we were met with the statement, on the part of those who desire to raid the Treasury, that we had taken the meat ax to it.

In other words, in order to get their authorizations through they stated that it would be reviewed by the Appropriations Committee and when it was reviewed they want back on their pledge to the Congress.

For that reason, I feel that this authorization should be cut at this time while the bill is under consideration for that purpose.

I would support reasonable foreign aid. I cannot support a proposition that is based upon a racket and a raid upon the American people and designed to increase taxes and destroy the economy of our people.

### Disposal of Certain Oil and Water-Color Paintings by War Assets Administration

#### EXTENSION OF REMARKS OF

**HON. CHET HOLIFIELD**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 12, 1949*

Mr. HOLIFIELD. Mr. Speaker, on the 6th of April and again on the 13th of April 1948 the Department of State declared surplus to War Assets Administration a total of 117 oil and water-color paintings which had been acquired by the United States Government at a cost of \$56,599.87.

Having received such declaration War Assets proceeded to dispose of these paintings in accordance with the provisions of the Surplus Property Act of 1944, as amended.

The individual paintings were offered by the New York regional office and a total of 144 bids were received. These bids were opened at a public meeting and the successful bidders were selected in keeping with priority requirements. Since there were many bids or priority fair value claimants for each picture it was necessary to conduct a drawing among all priority claimants who had indicated a willingness to pay the fair value established by War Assets Administration or who had set a dollar limit at or above the established fair value.

As a result of this public drawing 11 educational institutions, 2 museums, and 1 public library were awarded a total of 112 of the 117 paintings at a discount of 95 percent of the established fair value of each painting on which they had bid.

Since neither bids nor priority claims at fair value were submitted on the remaining five paintings by educational and nonprofit institutions these paintings were awarded to the three highest veteran bidders. The acquisition cost of these five paintings to the United States Government amounted to \$1,287.50 and their sale by War Assets Administration brought a return of \$1,625.

After allowing the 95-percent discount to the aforementioned educational and

nonprofit institutions as provided for under WAA Regulation 14 the cash return received by War Assets Administration for the 117 paintings was \$5,526.68. It should be pointed out, however, that if these paintings could have been sold to the highest bidder and not awarded to educational and nonprofit institutions at 95-percent discount of fair value the cash return to the United States Government would have been far greater than the \$5,526.68.

#### Tears and Taxes

#### EXTENSION OF REMARKS OF

**HON. CLIFF CLEVENGER**

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, April 12, 1949*

Mr. CLEVENGER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following editorial from the Wall Street Journal of April 8, 1949:

#### TEARS AND TAXES

The House of Commons was glum. The Chancellor of the Exchequer, a hard man and an honest man, had just presented the bill for the wonderful benefits His Majesty's Government were providing free to the people. The gentlemen gulped.

Said a Liberal member: "Taxation and tears." Said a Laborite: "Appalling." Said a Conservative: "Sobering."

The Labor Government, for whom Chancellor Cripps spoke, has promised the British people many gifts. Several basic industries, such as coal, have been nationalized so that their profits would belong to everybody. Food has been subsidized by the Government so it wouldn't cost so much in the grocery stores. Prices have been regulated. Medical care and other social services have been proffered to all. The full-blown welfare state where nobody has economic worries was just around the corner.

Now they were asked to look at the price of these gifts. It comes high. The profits from the nationalized industries proved largely illusory. The social services cost more than anybody imagined. The food subsidies are eating the treasury out of house and home. The taxes on the rich, which run up to 97 cents on the dollar, proved not rich enough.

So there can be no reduction in anybody's income taxes. The Government will continue to take 45 percent and upward when taxable income of the worker passes the equivalent of \$500. The retail sales taxes, which run up to 100 percent, will not be lowered. The Government will continue to limit wages.

Many taxes are to be raised. The Chancellor gave a list of excise levies, from telephone calls to match boxes, that will be boosted 50 to 100 percent.

British housewives are to have all this and price increases too. Food subsidies are becoming too costly even for a government that levies austerity taxes. Cheese and meat will go up 8 cents a pound; butter another 4 cents; many other items accordingly. It was either that or a still further \$2,000,000,000 in taxes.

There was only one note of cheer. Sir Stafford could report that the government managed to pay off \$428,000,000 of its short-term debt. But that had to be done with United States dollars, from the cornucopia of ECA.



We and our possessions have a population of 142,098,454. The ERP countries have a population of 937,930,450, or  $6\frac{1}{2}$  to our 1.

If you are interested in comparing the per capita debt burden, as of 1946, of the individual in the countries to which we have extended aid, with our own, just note that the average debt burden upon each foreigner is \$695, while your and my share of our debt is \$1,830.

But that is not the whole story. To fight communism abroad and for additional Marshall plan money, the Congress is now appropriating another \$5,550,000,000; will be asked for another one and one-half or two billion dollars to arm western Europe in support of the Atlantic Pact, which, from a practical standpoint, binds us to take part in any war in which any 1 of the 12 signatory nations becomes involved; and, for our own national defense, we are about to appropriate \$15,000,000,000 for this year.

On top of the foregoing, veterans are asking for pensions; the present existing veterans' program may cost as much as \$7,000,000,000 a year. Federal employees are insisting upon, and many of them getting, an increase in pay.

The national debt today exceeds \$252,000,000,000, with an interest charge in excess of \$5,000,000,000 a year.

And just remember that the national income is bound to be smaller unless the tax rate is increased, new taxes imposed. And who wants that?

#### IS THERE A BOTTOM TO THE BARREL?

A limit to what can be raised by taxation? Are we to continue to overspend until we wreck ourselves, create unemployment and bread lines?

One of the President's economic advisers is warning, as does Capt. Eddie Rickenbacker, that we may spread ourselves so thin that we may in the end be unable to defend ourselves.

I vote to end this ruinous spending program, but am in the minority, as the record will show.

#### THE DOCTOR JEKYLL SIDE OF THE PICTURE

But the foregoing is the less unpleasant side of the picture.

During the past week, a Washington paper, quoting Representative STEFAN, of Nebraska, as authority, stated that 88 undesirable employees of the State Department were released as the result of investigations carried on by a Congressional Committee of the Eightieth Congress, but that some have been rehired.

Last week, the same paper revealed that numerous former employees of the State Department, fired for loyalty reasons, are now on the United Nations Educational, Scientific, and Cultural Organization pay roll, which, it charged, and I quote, "has become a haven for Communists and their sympathizers booted out of United States Government jobs." That agency gets \$3,000,000 annually of your tax money. Two of these former employees now receive a salary of \$10,000 each.

The same publication further charged that 108 employees of the State Department had been ousted after being exposed as bad security risks. Twelve are now on the UNESCO pay roll.

But even worse, if that is possible, is the situation disclosed by the investigation of Robert E. Lee, former FBI official, who was in charge of investigations for a committee of the Eightieth Congress. As the result of his investigations, the State Department was forced to fire 64 homosexuals during the past year as bad security risks.

The Democratic Congress fired Lee's staff. The Republican minority has retained him, but, being in the minority, will have difficulty in giving him adequate assistance.

Why, when we spend billions abroad to contain communism; when we spend other billions because we fear Communists will overcome us; why, with a third world war by Communists threatening, did the last, and why does the present, administration furnish a harbor of refuge for Communists and homosexuals? If there is an answer, I do not know it.

Why court financial disaster; strip ourselves of national resources, send our youth to form a battle line on the eastern boundary of western Germany, committing ourselves to every war in Europe, while Communists and perverts find shelter and opportunity for treasonable action in the Federal Government?

God help us to prevent official political Washington becoming, if it is not already, another Sodom and Gomorrah.

### Can Our Taxpayers Afford Such Waste?

#### EXTENSION OF REMARKS

OF

HON. DANIEL A. REED

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 12, 1949

Mr. REED of New York. Mr. Speaker, under leave to extend, I am inserting an article published in the Sun, Baltimore, on Tuesday, April 12, 1949, as follows:

HOOPER SAYS SERVICES PAD COST FIGURES—NOTES STARTLING WASTE, ASSERTS FUND REQUESTS ARE MILLIONS TOO HIGH

WASHINGTON, April 11.—Herbert Hoover testified today that the Army, Navy and Air Force were padding their money requests to Congress by millions of dollars. He also accused them of startling waste and extravagance.

The former President, appearing before the Senate Armed Services Committee, cited an Air Force request for funds to build 910 family homes in Alaska costing \$58,350 each. He noted the Army wanted \$100,000 each to modernize 102 M-26 tanks it doesn't even have.

Then, he said, there was a \$30,000,000 clerical error in requesting \$39,000,000 for 69 National Guard 155-millimeter howitzers which would actually cost only \$9,000,000.

#### GOOD BOOKKEEPING URGED

And he submitted a report which declared:

"Applications (in the military budget) for hundreds of millions of dollars to retool industry should be examined with the greatest skepticism."

Hoover told the committee that what the Department of National Defense needed was a good bookkeeping system.

"At the present time," he said, "nobody can tell the cost of any particular function in the armed services."

Robert Patterson, former Secretary of War, following Hoover in the witness chair, told the Senators:

"It is no exaggeration to say that in World War II the cost in duplication, competition and disjointed effort directly traceable to the two-headed (Army-Navy) system ran to billions and billions."

#### BYRD CHARGES WASTE

Much of the public debt, Patterson said, is due to that division of authority and responsibility between the War Department and the Navy Department.

Hoover's testimony prompted Senator Byrd (Democrat, Virginia) to comment:

"The entire Military Establishment is permeated with waste and inefficiency."

But Hoover replied:

"Well, no one man is to blame, Senator. It's just that the system has grown up through the years until it's completely antiquated."

Byrd and Senator KNOWLAND (Republican, California) served notice they would demand a thorough overhauling of military budget practices after Hoover told the committee:

"It is difficult to escape the conclusion that some padding has been a fairly general practice."

#### UNITED STATES MIGHT LIVE ON "FAT"

The Senate group is studying changes in the law which combined the Army, Navy, and Air Force under a single department. Hoover was called to testify in the light of his knowledge as Chairman of the Hoover Commission on Government Reorganization.

In submitting a report by one of his task forces, Hoover said the Federal Government now had about \$27,000,000,000 in personal property, and he observed:

"We might be able to live on our fat for a while if we had it cataloged and knew where it was."

Among other things, the task force report said:

#### LACK ACCURATE KNOWLEDGE

"Our military budget system has broken down.

"Congress allocates billions without accurate knowledge as to why they are necessary and what they are being used for.

"The Army's original budgetary requests for 1950 included an item of \$108,280,859 for 'tropical worsted uniforms,' which would purchase 838,000 uniforms at \$129 apiece—enough for all the enlisted men in the Army, and then some.

"There was also an item of \$213,519,000 for stock piling of clothing and personal equipage, which would seem in part unnecessary unless vast amounts of surplus Army clothing accumulated during the war have been lost or dissipated."

The Hoover Commission urged appointment of three Assistant Secretaries of Defense to wipe out waste and inefficiency.

### Voting Citizens' Business

#### EXTENSION OF REMARKS

OF

HON. WILLIAM A. BARRETT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 12, 1949

Mr. BARRETT of Pennsylvania. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to include an editorial which appeared in the



March 28, 1949, issue of the Philadelphia Inquirer.

#### CITIZENS' BUSINESS

When asked a few days ago whether he planned to return to politics, Jim Farley said:

"I've been interested in politics most of my life, and will be interested in it all of my life."

A great many good citizens worry a lot about the kind of men that are in politics. Maybe they should worry about those who aren't.

When nearly half the eligibles fail to vote and the President elected is short of 50 percent of those who do vote, the mandate he receives is less positive, less impressive and less significant of the will of the people than a republic under universal suffrage is entitled to demand.

It is not necessary to agree with Jim Farley in political views to say that he is playing the part of a good citizen by taking an abiding and a permanent interest in politics.

The citizen who is indifferent to issues, and lets election day slide by without going to the polls, isn't entitled to much sympathy if the election result doesn't suit him, or is even positively injurious to him. He left unheeded the call to speak out now or forever after hold his peace when the result of any particular election in which he played slacker is being discussed.

Voting is citizens' business.

### Extension of European Recovery Program

#### EXTENSION OF REMARKS OF

**HON. ADAM C. POWELL, JR.**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 12, 1949

Mr. POWELL. Mr. Speaker, when the Economic Cooperation Act came before us during the last session of Congress I voted against it. It was a tough decision to make because my natural Christian instincts applaud any effort to alleviate misery and suffering. As some of you may know, the church of which I am the minister in New York City spends a large percentage of its budget annually for just that purpose—to alleviate misery and suffering. Back in the dismal thirties when people of this Nation were forced to walk through the valley of the shadow of a depression, it was my happy privilege to serve as the first director of relief for the community of Harlem, serving under Seward Prosser. I look back on the aftermath of World War I and for me the great thing that came out of that was the titanic job performed by Herbert Hoover in heading the Commission which rebuilt and fed Europe back to its feet. The American Friends Service Committee has quietly, in its Quaker way through the years, performed a monumental task in feeding the peoples of devastated areas. Nevertheless, I was against the Marshall plan in the Eightieth Congress and I must be against it now under the name of the Economic Cooperation Act.

As long as there is a Marshall plan there can be no successful United Nations Organization. For me, the crying need of our generation is a successful United Nations Organization. The Mar-

shall plan is not a peace effort. The Marshall plan is a plan to build up the favored peoples of Europe, not for peace but to get them on their feet economically as quickly as possible so that they will be ready for another war and, we hope, as our allies. It also is a plan aimed at bolstering up our slipping domestic economy and again we hope by waving the flag of internationalism to cover up our serious sins of omission and commission on the home front.

There is absolutely no reason why the same ostensible objective of the ECA could not be accomplished through the United Nations Organization or if not, then through some organization such as the old Hoover Commission completely devoid of any of the overtones of war-mongering.

As regards the problem of reconstructing in addition to feeding, may I ask what's happened to the World Bank? The World Bank was set up specifically for the exact purpose of nations to borrow money to reconstruct their economy. Mr. John J. McCloy sits in his office twiddling his thumbs with nothing to do while at his fingertips there are millions of dollars to lend. Just why then has this formula been forced upon us, and I use the word "forced" advisedly. Because of the pressure of hysteria built up by the instruments to control public opinion the Marshall plan has been forced upon not only the American people, but upon this Congress: I repeat, why? If the reconstruction of Europe had taken place through the processes of the World Bank, the money could not be controlled. That is, we could not be forcing upon Europe the surplus commodities of the United States, whether they wanted them or not; and we would not be putting our American capitalists in a position where they could bargain with European capitalists and enter into world monopoly and cartel arrangements.

I admit that the present bill before us, H. R. 3748, to amend the Economic Cooperation Act of 1948, is not as bad a package as was presented to us a year ago on March 31, and then again for conference report on April 2. The iniquitous titles 2, 3, and 4 are not in this. There is no longer any question of aid to Greece, Turkey, and China, those repudiated and undemocratic countries. The question of military is not stated in the final act as it was when titled 3 and 4 were a part of it. Nevertheless, military aid is very specifically mentioned in the committee report of this Congress on page 19 as part of our general budget on international affairs and finance.

Now I am a pacifist and I must be against grouping the feeding and the reconstruction of Europe with military aid. So I am offering an amendment to make sure that there is no military aid in our European recovery program. I will go so far as to say that if this amendment is adopted, and it should, even though I am not fully satisfied with the ECA, I will, nevertheless, vote for it. A year ago the war mongers needed the one-package bill which included military aid. Today there is no need for that. We have thrown the Constitution out of the window, we have signed the North Atlantic Pact and now we are not only en-

tering into military alliance with Europe, we are not only going to take our already bankrupt Government and arm Europe but we have also taken away from the hands of the regularly designated body, the United States Senate, the power to declare war. The hour has arrived therefore for the good of America and European recovery to separate specifically the Marshall plan from military aid. If this is done, the atmosphere will be cleared up. The public will know that we really intend with this act to reconstruct Europe not reequip it for our battlefield.

In passing may I say that when the military-services budget comes before us it is my purpose to introduce an amendment which will state that none of the money for our military service shall go toward arming other nations.

Finally, I would like to say that somewhere along the line, since March 24, 1948, ECA has been cleaned up. I introduced an amendment then to strike out part of ECA which put America into the business of colonialism. It was defeated in the House, but in the final bill now that phrase is deleted (p. 89, sec. 115, subpar. 9) which would have put America into the business of colonialism.

It is also my purpose today to introduce an amendment which will prevent the Administrator of ECA from sending to Europe second-class goods. An amendment which will say that he can only buy goods where no discrimination is practiced. One such amendment was introduced a few weeks ago in connection with our Air Force bill and was defeated. Mark you, ladies and gentlemen, the very next day an order went down the line from the Pentagon instructing all purchasers not to buy any goods for the United States armed forces which came from individuals, firms, corporations, or partnerships that discriminated in employment. Now if we can do that for our armed forces, why should we not, above all, do that for goods which we are sending to Europe? Why send contaminated, damaged, second-class goods to Europe especially when we are striving to set up in Europe the maximum respect for our way of life. Any goods produced in a Jim-Crow factory are second class. If we are going to have a bipartisan foreign policy, we must stop our bipartisan Jim-Crow policy. They cannot succeed together.

### Economic Chumps Act, American Variety

#### EXTENSION OF REMARKS OF

**HON. H. R. GROSS**

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 12, 1949

Mr. GROSS. Mr. Speaker, I opposed and voted against the so-called Economic Cooperation Act for several reasons, the most important being the refusal of proponents to effect a substantial reduction in this form of lavishing money on foreign countries.

This program constitutes one of the heaviest spending items in our budget











## EXTENSION OF THE EUROPEAN RECOVERY PROGRAM

APRIL 13, 1949.—Ordered to be printed

Mr. KEE, from the committee of conference, submitted the following

### CONFERENCE REPORT

[To accompany S. 1209]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: *That the fourth and fifth sentences of section 102 (a) of the Economic Cooperation Act of 1948 are hereby amended to read as follows: "Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through their joint organization to exert sustained common efforts to achieve speedily that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to encourage the unification of Europe, and to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: Provided, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States."*

SEC. 2. The second sentence of section 104 (e) of such Act is hereby amended by striking out "\$10,000 per annum" and inserting in lieu thereof "the highest rate authorized by such Act".

SEC. 3. The first sentence of section 105 (c) of such Act is hereby amended by striking out "section 6 of the Act of July 2, 1940 (54 Stat.



714), as amended," and inserting in lieu thereof "the Export Control Act of 1949".

SEC. 4. Section 108 of such Act is hereby amended by adding at the end thereof the following new sentences: "There shall be a Deputy United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 3, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. The Deputy United States Special Representative shall perform such functions as the United States Special Representative shall designate, and shall be Acting United States Special Representative during the absence or disability of the United States Special Representative or in the event of a vacancy in the office of United States Special Representative."

SEC. 5. The last sentence of section 109 (a) of such Act is hereby amended by striking out the period and inserting in lieu thereof a semicolon and the following: "and the chief of the special mission shall be entitled to receive the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Act of August 13, 1946 (60 Stat. 999), or compensation and allowances in accordance with section 110 (a) of this title, as the Administrator shall determine to be necessary or appropriate."

SEC. 6. (a) The last sentence of paragraph (2) of section 111 (a) of such Act is hereby amended to read as follows: "The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, as far as is practicable, that at least 50 per centum of the gross tonnage of commodities procured out of funds made available under this title and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services, is so transported on United States flag vessels to the extent such vessels are available at market rates for United States flag vessels; and, in the administration of this provision, the Administrator shall, insofar as practicable and consistent with the purposes of this title, endeavor to secure a fair and reasonable participation by United States flag vessels in cargoes by geographic area."

(b) Paragraph (3) of section 111 (b) of such Act is hereby amended in the following particulars:

(1) By inserting after "projects" a comma and the following: "including expansion, modernization, or development of existing enterprises" and a comma;

(2) By inserting after "media" the following: "consistent with the national interests of the United States";

(3) By striking out in the first proviso "in the first year after the date of the enactment of this Act does not exceed \$15,000,000" and inserting in lieu thereof "made in any fiscal year does not exceed \$10,000,000";

(4) By amending subparagraph (i) thereof to read as follows:

"(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator plus actual earnings or profits on said project to the extent provided by such guaranty;"

(5) By inserting after subparagraph (iii) thereof the following new subparagraphs:

"(iv) as used in this paragraph, the term 'investment' includes the furnishing of capital goods items and related services, for use in



connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950; and

"(v) the guaranty to any person shall be limited to assuring the transfer into United States dollars of other currencies, or credits in such currencies received by such person as earnings or profits from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency or credits on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith."; and

(6) By amending the next to last sentence thereof to read as follows: "The total amount of the guaranties made under this paragraph (3) shall not exceed \$150,000,000: Provided, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding."

(c) Paragraph (2) of section 111 (c) of such Act is hereby amended in the following particulars:

(1) By inserting after the second sentence thereof the following: "In addition to the amount of notes above authorized, the Administrator is authorized, for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section, to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$150,000,000 less any amount allocated prior to April 3, 1949, for such purpose, until all liabilities arising under guaranties made pursuant to this authorization have expired or been discharged.";

(2) By striking out the first two words, "Such notes" in the third sentence thereof and inserting "The notes hereinabove authorized"; and

(3) By inserting after "Washington" in the sixth sentence thereof "for assistance on credit terms".

SEC. 7. (a) Section 112 (c) of such Act is hereby amended by striking out "25 per centum" and inserting in lieu thereof "12½ per centum".

(b) Section 112 (d) of such Act is hereby amended by adding after the words "any agricultural commodity, or product thereof" the following: "or class, type, or specification thereof".

(c) Section 112 (g) of such Act is hereby amended by striking out "section 6 of the Act of July 2, 1940 (54 Stat. 714), including any amendment thereto," and "section 6 of the Act of July 2, 1940, as amended," and inserting in lieu thereof "the Export Control Act of 1949".

(d) Section 112 of such Act is hereby further amended by adding at the end thereof the following new subsections:

"(i) (1) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this title, the Administrator shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under this title by making available or causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with funds authorized under this title,



and by making available or causing to be made available to prospective purchasers in the participating countries information as to commodities and services produced by small independent enterprises in the United States, and by otherwise helping to give small business an opportunity to participate in the furnishing of commodities and services financed with funds authorized under this title.

“(2) The Administrator shall appoint a special assistant to advise and assist him in carrying out the foregoing paragraph (1). Each report transmitted to the Congress under section 123 shall include a report of all activities under this subsection.

“(j) The Administrator shall, in providing assistance in the procurement of commodities in the United States, make available United States dollars for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II.

“(k) No funds authorized for the purposes of this title shall be used in the United States for advertising foreign products or for advertising foreign travel.

“(l) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price-support programs required by law) at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment.”

SEC. 8. (a) Section 114 (c) of such Act is hereby amended in the following particulars:

(1) By striking out the period at the end of the first sentence thereof and inserting in lieu thereof a colon and the following: “Provided further, That, in addition to the amount heretofore authorized and appropriated, there are hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$1,150,000,000 for the period April 3, 1949, through June 30, 1949, and not to exceed \$4,280,000,000 for the fiscal year ending June 30, 1950: Provided further, That, in addition to the foregoing, any balance, unobligated as of June 30, 1949, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1950, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year.”; and

(2) By amending the last sentence of such section 114 (c) to read as follows: “The authorizations in this title are limited to the period ending June 30, 1950, in order that the Congress may pass on any subsequent authorizations.”

(b) Section 114 of such Act is hereby further amended by adding at the end thereof the following new subsection:

“(g) Notwithstanding the provisions of any other law, until such time as an appropriation additional to that made by title I of the Foreign Aid Appropriation Act, 1949 (Public Law 793, Eightieth Congress), shall be made pursuant to subsection (c) of this section the Reconstruction Finance Corporation is authorized and directed to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in



such manner, at such times, and in such amounts as the Administrator shall request, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title."

SEC. 9. (a) Paragraph (6) of section 115 (b) of such Act is hereby amended by striking out the period following the words "grant basis" and inserting in lieu thereof a colon and the following: "Provided, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates."

(b) Such section 115 (b) (6) is hereby further amended by inserting after "or for such other expenditures as may be consistent with" the words "the declaration of policy contained in section 102 and".

(c) Section 115 (d) of such Act is hereby amended to read as follows:

"(d) The Administrator shall encourage each participating country to insure, by an effective follow-up system, that efficient use is made of the commodities, facilities, and services furnished under this title. In order further to insure that each participating country makes efficient use of such commodities, facilities, and services, and of its own resources, the Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to observe and review the operation of such follow-up systems."

(d) Section 115 of such Act is hereby further amended by adding two new subsections as follows:

"(h) Not less than 5 per centum of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.

"(i) (1) The Administrator shall, to the greatest extent practicable, initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources; and in furtherance of these objectives the Administrator shall, in addition to the local currency allocated pursuant to subsection (h), use such other means available to him under this title as he may deem appropriate.

"(2) In furtherance of such objectives and within the limits of the appropriations and contract authorizations of the Bureau of Federal Supply to procure strategic and critical materials, the Administrator, with the approval of the Director of such Bureau, shall enter into contracts in the name of the United States for the account of such Bureau for the purchase of strategic and critical materials in any participating country. Such contracts may provide for deliveries over definite periods, but not to



exceed twenty years in any contract, and may provide for payments in advance of deliveries.

"(3) Nothing in this subsection shall be deemed to restrict or limit in any manner the authority now held by any agency of the United States Government in procuring or stimulating increased production of the materials referred to in paragraphs (1) and (2) in countries other than participating countries."

SEC. 10. (a) The first sentence of section 117 (c) of such Act is hereby amended by striking out the period and inserting in lieu thereof a colon and the following: "Provided, That the Administrator shall fix and pay a uniform rate per pound for the ocean transportation of all relief packages of food or other general classification of commodities shipped to any participating foreign country, regardless of methods of shipment and higher rates charged by particular agencies of transportation, but this proviso shall not apply to shipments made by individuals to individuals through the mails."

(b) Section 117 (d) of such Act is hereby amended by striking out "section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended," and inserting in lieu thereof "the Export Control Act of 1949".

(c) Section 117 of such Act is hereby further amended by adding a new subsection to read as follows:

"(e) Whenever the Administrator shall determine that shipping capacity available to Italy is inadequate for such emigration from Italy as may be desirable to further the purposes of this title, the Administrator shall request the United States Maritime Commission to make available to Italy vessels capable of engaging in such service for the purpose of transporting emigrants from Italy to destinations other than the United States, and shall specify the terms and conditions under which such vessels shall thus be made available, and the United States Maritime Commission thereupon shall, notwithstanding any other provisions of law and without reimbursement by the Administrator, make such vessels available to Italy in accordance with such terms and conditions: Provided, That the total number of such vessels made available for such purpose shall not at any one time exceed ten: Provided further, That title to each such vessel owned by the United States Government shall remain in the United States: And provided further, That the terms and conditions under which such vessels are made available to Italy shall obligate Italy to return the vessels forthwith upon demand of the President, and in any event not later than June 30, 1952."

SEC. 11. The second sentence of section 118 of such Act is amended by inserting before the period at the end thereof "or (3) the provision of such assistance would be inconsistent with the obligations of the United States under the Charter of the United Nations to refrain from giving assistance to any State against which the United Nations is taking preventative or enforcement action".

SEC. 12. An amount, equal to any balance, unobligated as of April 2, 1949, or subsequently released from obligation, of funds appropriated by Public Law 793, approved June 28, 1948, for the purposes of the China Aid Act of 1948 is hereby made available to the President for obligation through February 15, 1950, for assistance in areas in China which he



*may deem to be not under Communist domination, to be furnished in such manner and on such terms and conditions as he may determine.*

And the House agree to the same.

JOHN KEE,  
JAMES P. RICHARDS,  
JOSEPH L. PFEIFER,  
CHARLES A. EATON,  
JOHN M. VORYS,

*Managers on the Part of the House.*

TOM CONNALLY,  
WALTER F. GEORGE,  
ELBERT D. THOMAS,  
ARTHUR H. VANDENBERG,  
ALEXANDER WILEY,

*Managers on the Part of the Senate.*



## STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. Except for the differences explained below, and except for clarifying, clerical, and necessary conforming changes, the conference substitute is the same as the House amendment.

### FINANCIAL ASPECTS

The following table summarizes the results of the deliberations of the committee of conference so far as they relate to financial aspects of the bill:

#### *Authorizations*

	House bill	Senate bill	Conference
Guaranties.....	<sup>1</sup> \$272,300,000	( <sup>2</sup> )	\$150,000,000
Interim authorization.....	1,100,000,000	\$1,150,000,000	1,150,000,000
1949-50 authorization.....	4,280,000,000	4,280,000,000	4,280,000,000
Forward contracting.....		150,000,000	
RFC advance.....	1,000,000,000	750,000,000	1,000,000,000

<sup>1</sup> Approximate (\$300,000,000 less amounts already set aside).

<sup>2</sup> Funds for guaranties to come out of interim and 1949-50 authorizations.

#### *Findings and declaration of policy (sec. 1)*

Section 1 of the Senate version states encouragement of the unification of Europe as an objective of United States policy. The House version, in section 1, adds the federation of Europe, as well as the unification of Europe, as an objective; it also recognizes that the formation of the Organization for European Economic Cooperation is the first, not the final, step—as an opportunity, not a goal—and urges the participating nations “to achieve speedily” the economic cooperation indispensable to the realization of the world’s best hopes. The language accepted by the committee of conference in section 1 includes all of the language of the House version except the reference to the federation of Europe.

#### *Guaranties (sec. 6)*

The bill as it comes from the conference is limited to convertibility of currency, but has been broadened to cover earnings as well as the original investment as provided in the House bill. It removes the House coverage of losses incurred by seizure, confiscation, expropriation, destruction by riot, revolution, or war, laws, ordinances, regula-



tions, decrees or administrative actions preventing further transaction of the business envisaged in the guaranty entered into by the Administrator. The ceiling on guaranties is fixed at \$150,000,000 rather than the \$300,000,000 envisaged by the House. The new provision marks an advance beyond the scope of guaranties as set forth in the existing act, but the managers on the part of the House concede it is not a substantial advance. The policy that will attract American private enterprise more fully and directly into the great task of solving the economic problems of Europe remains a task that must properly and adequately be dealt with in future legislation.

*Shipping Provisions (sec. 6 (a))*

Section 6 (a) of the House version specifies that the provision in section 111 (a) (2) of the Economic Cooperation Act of 1948, requiring the Administrator to seek for United States flag vessels at least a 50 percent share of the cargoes originating in the United States and financed by funds authorized in pursuance of the Economic Cooperation Act, shall be subject to the availability of United States flag vessels at the market rate for United States flag vessels, "not to exceed a reasonable differential above current world market rates."

The managers on the part of the House receded on the words "not to exceed a reasonable differential above current world market rates." They receded also in accepting the language in section 14 of the Senate version, which represents an agreed compromise between the Economic Cooperation Administration and American merchant marine interests, and is reported to be workable.

The managers on the part of the Senate receded on an accompanying provision in section 15 of the Senate version forbidding the use of funds authorized under the act for charter hire, freight or passenger charges, or for any other purpose relevant to transportation in vessels documented under the laws of a foreign country which is not a participating country and of which the owner of the vessel is not a national (Panamanian and similar charters), as the substance pertains to the maritime policy of the United States Government rather than bearing directly upon policies involved in the European recovery program.

*Informational Media (sec. 6 (b) (2) and (3))*

The limitation on convertibility guaranties related to informational media is \$10,000,000 per year in section 6 (a) of the Senate version, and \$15,000,000 per year in section 6 (b) of the House version. The managers on the part of the House receded and concurred in the figure of the Senate version. The managers on the part of the Senate agreed to the requirement in section 6 (b) (2) of the House version that such informational media should be consistent with the national interests of the United States. This language was not included in the Senate version. The significance of the language is explained on page 22 of the report of the Committee on Foreign Affairs on H. R. 3748, House Report No. 323.

*Flour and corn (sec. 7 (a))*

Section 7 (a) of the Senate version scales down from 25 to 15 percent the reservation for flour in proportion to the total wheat shipped from the United States and financed by Economic Cooperation Administration authorizations. The House version, in section 7 (b), would repeal the flour provision outright. The differences are



compromised in a provision reserving for flour a 12½-percent portion of such wheat shipments—a point halfway between the House version and the existing practice.

The managers on the part of the Senate receded on a similar provision reserving for processed corn a 15-percent share of all corn shipments financed by funds authorized under the Economic Cooperation Act.

*Agricultural commodities (sec. 7 (b))*

The managers on the part of the House receded with regard to section 7 (c) of the Senate version specifying that the words “any agricultural commodity, or product thereof” as used in section 112 (d) of the act shall be enlarged to include classes, types, or specifications of such commodities or products. It is the understanding of the managers on the part of the House that the new language in no wise prejudices operations of the Economic Cooperation Administration.

*Small business (sec. 7 (d))*

Two different small business amendments were adopted on the floor of the House and the floor of the Senate. The language accepted by the committee of conference is a compromise. It seeks to safeguard the interests of small business without employing language that would force the Administrator to convert the Economic Cooperation Administration into a procurement agency, to resort to the techniques of state trading, and to abandon the principle of private channels of trade as a fundamental of the act. It was believed to be undesirable to give the Administrator, as an official of the United States Government, the power to impose a pattern of foreign trade upon the economy of the United States.

The committee of conference took into consideration the following statement of Administrator Hoffman addressed to Chairman Kee of the Committee on Foreign Affairs:

I am writing this letter with regard to the Patman small business amendment contained in the House bill as referred to the conference, because I feel so deeply that its adoption would be a tragic mistake. As the House and Senate reports recognized, the ECA has from its inception, in accordance with the clearly expressed wishes of the Congress, fostered the use of private channels of trade to the greatest extent possible. ECA has accomplished this by operating as a financing, not as a procurement agency.

The Patman amendment would change the ECA program fundamentally. In my opinion, it would be impossible to carry out the provisions of the amendment through mere regulation of private trade. In order to force business into the pattern imposed by the amendment, as against allowing business to flow in a normal way through normal private trade channels, ECA would of necessity have to take over the actual placing of individual orders, directly or indirectly. Thus, ECA would have to become a gigantic procurement agency. Unavoidably, as a result of such centralized procurement, greatly increased personnel would be required. Moreover, inherent in such a procurement program are influences that would lead to increased intervention on the part of European governments in the economies of their respective countries.

The amendment would certainly make more difficult the attainment of the objectives for which ECA was created. In setting up ECA it was the clear intent of Congress that this new agency would help Europe to achieve a self-supporting status in the shortest possible time and at the lowest possible cost. Any such fundamental change as would be incident to a changeover from the use of private channels of trade to a completely government-controlled pattern of procurement would inevitably cause major disruptions in the flow of commodities to Europe. The ERP countries have made remarkable strides toward recovery in the first



year of the program. But, as I have repeatedly emphasized, this is the crucial year and we must capitalize on the momentum that we have now gained. This amendment would disrupt the program to an extent that would in large measure dissipate the progress made to date and would make impossible the successful completion of the European recovery program on schedule.

I wish to give you my personal assurances that ECA will devote every effort to make it possible for American small business to obtain the greatest possible participation in the program. We are eager to take any possible steps in this direction, and you may rest assured that we are open to any constructive suggestions that will further the opportunities of small business.

I cannot urge upon you too strongly the necessity of eliminating this amendment.

The new language places new duties on the Administrator and the Administrator is to discharge these new duties in an affirmative manner. The Economic Cooperation Administration is expected to take a positive and forceful approach in affording small business the information necessary to give it the opportunity to participate in this program on the broadest practicable scale.

The new language is embodied in section 7 (d) of the bill as reported by the committee of conference. It should be interpreted in the light of the principle of private channels of trade set forth in the subsection of the act immediately preceding. Within the limits of that principle, the new language charges the Administrator to see that information relating to purchases proposed to be made with funds provided for the Economic Cooperation Administration is made available as far in advance as possible to suppliers in the United States, particularly to small independent enterprises, so that they may participate equitably, and to get to prospective purchasers in the participating countries information concerning commodities and services produced by small independent enterprises in the United States. The Administrator is to assist, in other ways consonant with the purposes of the act, the participation of small business in trade financed by funds authorized under the Economic Cooperation Act. The new language specifically obliges the inclusion of the subject of small-business participation in the reports required quarterly or oftener under section 123 of the Economic Cooperation Act. A special assistant to the Administrator is established with the specific duty of effectuating these new obligations.

The managers on the part of the House take note of the concern of the Economic Cooperation Administrator lest the new language lead small business to false expectations that he can or will direct a large volume of business to small-business enterprises. This could be done only by turning the Economic Cooperation Administration into a procurement agency—a result wholly undesirable from private enterprise. Small business should have access to the information on which to make its plans and on which to seek new outlets of trade. Information concerning its products should also be made available to purchasers in the participating countries. It is not desired, however, that the Economic Cooperation Administration shall, by becoming a channel for foreign trade, remove the “enterprise” from private enterprise.

*Marine insurance (sec. 7 (d)).*

Section 12 (c) of the Senate version contains a provision instructing the Administrator to make United States dollars available for marine insurance on commodities procured in the United States with funds



provided in this program where such insurance is placed on a competitive basis in accordance with normal trade practices prevailing before World War II. It contains also language intended to foreclose any participating country from discriminating against United States insurance companies in connection with the marine insurance of commodities procured in this country and financed under this program. The House version contains no equivalent language. It was the view of the managers on the part of the House that it would be a mistake to compel marine insurance on cargoes owned by foreign governments. It was believed also that to impede foreign governments from applying insofar as related to marine insurance, the exchange restrictions necessary to their compliance with their obligations under the European recovery program would be contradictory to the tenor of the act. In keeping with this view, the managers on the part of the Senate receded on the latter portion of the section in question, while the managers on the part of the House receded on the former portion.

*Advertising foreign products and travel (sec. 7 (d))*

Section 17 of the Senate version forbids the use of funds authorized under the Economic Cooperation Act for advertising in the United States of foreign products or foreign travel. No equivalent provision is contained in the House version. The managers on the part of the House receded. It is their belief that the use of funds supplied by the United States directly for the advertising of activities which are competitive with the economic interests of American citizens is undesirable. This in no wise prejudices the use by participating countries or their nationals of dollars earned through their own efforts for the same ends.

*Authorizations for appropriations (sec. 8 (a))*

The amounts authorized for appropriation are contained in section 8 (a) of both the House and Senate versions. The principal distinctions were as to the amount for the interim period, which the House had reduced by \$50,000,000, and the provision for forward contracting, which was not included in the House version. The managers on the part of the House receded on the former, and the managers on the part of the Senate receded on the latter. The conferees felt that it would be better to leave the authorization intact rather than, by cutting \$50,000,000, to prejudice complete review by the Appropriations Committee.

*Termination of assistance (sec. 11)*

Relevant to the Indonesian situation, section 16 of the Senate version would require the Administrator to terminate assistance to any country when—

such assistance would be inconsistent with the obligations of the United States under the Charter of the United Nations to refrain from giving assistance to any State against which the United Nations is taking preventative or enforcement action.

No equivalent provision is contained in the House version. The managers on the part of the House receded. It is their view that the relevant language underscores but in no wise changes the obligations of the United States to make the conduct of this program consonant with economic action taken in pursuance of article 41 of the United Nations Charter. The relevant discussion on page 13 of the report of the Committee on Foreign Affairs on H. R. 3748 remains valid. The



language accepted in the bill as reported by the committee of conference in no wise exposes the United States to the obligation to act alone in applying economic sanctions to any country.

*Domestic surpluses*

The bill as it leaves the committee of conference keeps intact the principles of the original act in placing the recovery of Europe as the paramount objective of the Economic Cooperation Administrator. The Administrator may be expected in the future, as in the past, to be alert to the availability of surplus products of the American economy for supplying the needs of Europe.

*Aid to China (sec. 12)*

Section 13 of the Senate version extends until February 15, 1950, the availability of residual funds appropriated in pursuance of the authorization contained in the China Aid Act of 1948, title IV of the Foreign Assistance Act of 1948, title I of which is the Economic Cooperation Act of 1948. A bill of similar intent was passed by the House as H. R. 3830. A distinction between the House bill and the relevant section of the Senate version refers to the discretion of the President. The House bill retains the restrictions contained in the statement of policy of the China Aid Act of 1948. The Senate section leaves the President with discretion to determine the manner, terms, and conditions of furnishing assistance in the extended period, subject only to the restriction that such assistance must not be extended to areas which the President may deem to be under Communist domination. The managers on the part of the House receded with minor amendments which clarify the Senate version. The consideration which determined their recession is that the parliamentary situation in the Senate would preclude early action if it should be necessary for the Senate to act on separate legislation, and the need of promptness is pressing in view of the fact that the authorization under the China Aid Act of 1948 has expired.

JOHN KEE,  
JAMES P. RICHARDS,  
JOSEPH L. PFEIFER,  
CHARLES A. EATON,  
JOHN M. VORYS,

*Managers on the Part of the House.*

















of our known phosphate reserves, are in the region. Properly developed and conserved, the resources of the Columbia Valley region can furnish enormous benefits to the people living there and to the Nation as a whole.

The Pacific Northwest has been developing very rapidly in recent years. The population has jumped 37 percent since 1940. The tonnage of agricultural production—not including livestock and livestock products—has risen about 25 percent in Washington, Oregon, and Idaho between 1940 and 1947. Total income payments have increased 200 percent since before the war in those three States, as compared to 150 percent for the country as a whole. The per capita income is among the highest in the Nation. These are signs of the progressive energy of the people of the region, and of the growth that can occur there.

However, this growth will not take place to the extent necessary to provide adequate employment for the growing population unless there is a steady program of investment in the development of basic resources in accordance with broadly conceived conservation and development plans.

The activities of the Federal Government have already been of great help. Bonneville and Grand Coulee Dams and the Bonneville power system, begun before the war, made possible the tremendous war and postwar expansion in population and in industry. Industrial development in aluminum, electrochemical and electrometallurgical industries, atomic energy, phosphates, and other lines is going forward rapidly. Each of these requires large amounts of low-cost power, in the production of which the Columbia River and its tributaries offer greater possibilities than any other river system in the country. Continued industrial progress depends upon turning these hydroelectric power potentialities into realities, since the present power supply is far short of the demand, and the region has no significant resources of coal or petroleum.

But far more than power is involved in the further development of the Columbia River for useful purposes. The disastrous flood of 1948 showed how much needs to be done, both in the river and on the land in the watershed, to reduce potential flood damage. The first irrigation water will soon be brought to the thirsty land in the Colorado Basin project below Grand Coulee Dam and other irrigation projects are possible. The important lower Columbia fisheries program, to adjust the salmon-fishing industry to the dam-construction program, needs to be pushed forward. The use of the river for low-cost transportation of bulk goods can be greatly expanded.

Various Federal agencies are now at work on these phases of river development, and a considerable amount of competent planning has already been done. In particular, the Corps of Engineers and the Bureau of Reclamation have jointly worked out the framework for a comprehensive program of dam-building. McNary and Hungry Horse Dams are now under construction, and others are about to be started to meet urgent needs.

So far as river development is concerned, the task ahead is twofold. Present plans and schedules should be incorporated in a more-inclusive, better-balanced river-development program. And a unified operating system must be established for the many facilities already built or to be constructed. These objectives require better organizational arrangements than we now have.

Furthermore, a great deal needs to be done to bring the land, forest, and mineral activities of the Federal Government into step with the water-development program. It is questionable economy to spend millions of dollars for dams as part of a flood-control scheme, unless at the same time we are doing all we can in the way of forest and soil conservation and rehabilitation, so that floods will be minimized rather than aggravated. Similarly, it is not sensible to spend millions of dollars to reclaim land, in order to create new farms, if at the same time we fail to take appropriate steps to save existing farm lands from being washed into the rivers.

It is obvious that Federal activities and expenditures concerning land resources need to be planned in relation to those concerning water resources. Here again better organizational arrangements are needed than we now have.

I do not wish to minimize the substantial progress that has been made under the program as they have been conducted in the past. However, we have now reached a point where the growing scope and complexity of the Federal activities in the region require much greater integration and the full-time attention of top-level administrators if the tremendous potentialities of the region are to be wisely and rapidly developed.

I therefore recommend that the Congress enact legislation to provide a means for welding together the many Federal activities concerned with the region's resources into a balanced, continuously developing program.

In so doing I recommend that certain Federal activities in the region be consolidated into a single agency, called the Columbia Valley Administration. To that agency should be transferred the Federal programs of constructing and operating physical facilities on the Columbia River and its tributaries for the multiple-purpose conservation and use of the water, including the generation and transmission of power. These programs are now carried on by the Bureau of Reclamation and the Bonneville Power Administration in the Department of the Interior, and by the Corps of Engineers in the Department of the Army. This consolidation will provide not only for a balanced program of constructing dams, irrigation works, power transmission lines, and other facilities, but also for a workable operating plan for using these facilities simultaneously for flood control, navigation, power generation and transmission, fish protection, and other purposes. It is plain common sense that the planning and operation of the system of river structures is a job for a single agency.

The Columbia Valley Administration would have the advantages of a sound

foundation of basic planning already done, and a large construction program already under way. The bulk of its staff would be secured from existing agencies. It would follow the practice of existing agencies in carrying on its construction work by contract so far as practicable. Under these circumstances, the establishment of the Columbia Valley Administration would result in no hesitation or delay in the development program. Instead, the Administration would carry forward the work already started in a more effective manner.

I do not recommend the consolidation of any other Federal activities in the Columbia Valley Administration. I do recommend, however, that the Administration be given direct responsibility for preparing definite plans and programs for soil and forest conservation, mineral exploration and development, fish and wildlife conservation, and the other aspects of Federal resource activities in the region, and the means to see that those plans and programs move ahead in step. Such plans and programs would be worked out in cooperation with all interested groups—local, State and Federal, private and public.

In this way the activities of the Columbia Valley Administration and other Federal agencies would be properly adjusted to each other and to the activities of State and local agencies, and the maximum degree of joint and cooperative action would result. In this way the activities of all agencies concerned with water, land, forest, mineral, and fish and wildlife resources can be brought into a consistent pattern of conservation and development.

The Columbia River rises in Canada, and part of its watershed is in that country. Under long-standing treaties, the Government of Canada and the United States consult with each other on any development projects which affect international waters, including the Columbia River. The Columbia Valley Administration can work out, in cooperation with appropriate Canadian agencies and in accordance with our treaty obligations, practical means of developing the resources of the Columbia River region, on both sides of the international boundary, on an integrated basis. It is my hope that we will be able in this respect to demonstrate to the world new ways of achieving mutual benefit through international programs of resource development.

A further vital element in developing a better organization of Federal resources activities in the Columbia Valley region is to bring about a larger degree of local participation. To this end I recommend that the Columbia Valley Administration be required to have its headquarters in the region, easily accessible to the people who live there. I recommend further that the Administration be required, with respect to all phases of its activities, to seek the advice, assistance, and participation of State and local governments, agriculture, labor, and business groups, educational institutions, and other representative groups concerned. This can best be done, as the Tennessee Valley Authority experience has shown, not



through formalistic statutory machinery, but through the establishment by the Administration of a large number of advisory groups for its different activities and in different parts of the region, and through the use, wherever possible, of established local agencies to carry out the development program.

In these various ways the Columbia Valley Administration, while retaining its basic accountability to the President and the Congress, will be far more responsive to the needs and interests and desires of the people of the region than the present subordinate field establishments of the Government can be.

The Columbia Valley Administration should, of course, administer its activities in accordance with Federal policies which apply to the whole country. In seeking decentralization of Federal authority and appropriate flexibility to meet the unique characteristics of the Pacific Northwest, we should not establish different national policies for that region than for the rest of the country.

For example, the Administration should be required, in accordance with long-established Federal policy, to respect existing water rights and the water rights laws of the several States. The Administration should be required to follow the reclamation laws in contracting for the disposition of land or water in reclamation projects. It should be required to give the customary preferences and priorities to public agencies and cooperatives in disposing of electric energy. It should be required to demonstrate the economic soundness of the various projects it undertakes, and to repay reimbursable costs, in accordance with national policies. In short, its activities should harmonize, and not conflict, with Federal policies concerning agriculture, commerce, labor, and the other broad areas of national interest.

Finally, the Columbia Valley Administration should be given, with respect to its revenue-producing activities, appropriate financial and operating flexibility under the business-type budgeting, accounting, and auditing methods established by the Government Corporation Control Act. Without detracting from the necessary control of the Administration by the President and the Congress, this will permit more businesslike procedures and more steady and economical scheduling of construction and operations than are now possible.

These recommendations I regard as the fundamental elements of a better organization of Federal resource activities in the Pacific Northwest. They involve no expansion of Federal powers, no encroachment on the rights of States, communities, or individuals. Instead they are designed to achieve a more sensible and unified organization of Federal activities, which will result in a more effective program for resource development and more effective participation by the people of the region in shaping that program.

The enactment of legislation embodying these recommendations will bring Government closer to the people—closer to the grass roots. This means Government action that will be more responsive to the needs of the people.

In recent years the people of our country have come to understand that the progressive growth of our economy and the maintenance of national security depend largely upon the wise use of our natural resources. We have reached overwhelming agreement that our natural resources must not be wastefully exploited, but instead must be developed and used for the benefit of all our people, and at the same time must be conserved so far as possible to preserve their usefulness permanently.

We have been making great strides toward accomplishing these objectives. Private citizens and groups, local and State government, and the Federal Government have all been doing more and more as we have found new technical methods and new ways of working together.

Much remains to be done. We will need sustained private and public effort over many years, based on a realization of the importance of long-range investment in developing and conserving natural resources. This is an effort in which each citizen should feel a direct responsibility—not only the private owner of resources, whose management of his property has an immediate bearing on the public good, but every other citizen as well, since the welfare of all depends upon the preservation and wise expansion of our resources.

I believe that the establishment of a Columbia Valley Administration along the lines I have recommended will enable the Federal Government to carry out, far more vigorously and effectively than is now the case, its part in the tremendous long-range task of developing and conserving the natural resources of the Pacific Northwest for the increasing welfare of the people.

HARRY S. TRUMAN.

THE WHITE HOUSE, April 13, 1949.

#### GENERAL LEAVE TO EXTEND REMARKS

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members who spoke today may have the privilege of revising and extending their remarks and that all Members of the House may have five legislative days in which to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

S. 1209

Mr. BATTLE. Mr. Speaker, I ask unanimous consent that the conferees on the bill S. 1209 may have until midnight tonight to file a conference report for printing in the RECORD under the rule.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The conference report and statement follow:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That the fourth and fifth sentences of section 102 (a) of the Economic Cooperation Act of 1948 are hereby amended to read as follows: 'Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through their joint organization to exert sustained common efforts to achieve speedily that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to encourage the unification of Europe, and to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: *Provided*, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States.'

"SEC. 2. The second sentence of section 104 (e) of such Act is hereby amended by striking out '\$10,000 per annum' and inserting in lieu thereof 'the highest rate authorized by such Act.'

"SEC. 3. The first sentence of section 105 (c) of such Act is hereby amended by striking out 'section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended,' and inserting in lieu thereof 'the Export Control Act of 1949.'

"SEC. 4. Section 108 of such Act is hereby amended by adding at the end thereof the following new sentences: 'There shall be a Deputy United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 3, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. The Deputy United States Special Representative shall perform such functions as the United States Special Representative shall designate, and shall be Acting United States Special Representative during the absence or disability of the United States Special Representative or in the event of a vacancy in the office of United States Special Representative.'

"SEC. 5. The last sentence of section 109 (a) of such Act is hereby amended by striking out the period and inserting in lieu thereof a semicolon and the following: 'and the chief of the special mission shall be entitled to receive the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Act of August 13, 1946 (60 Stat. 999), or compensation and allowances in accordance with section 110 (a) of this title, as the Administrator shall determine to be necessary or appropriate.'

"SEC. 6. (a) The last sentence of paragraph (2) of section 111 (a) of such Act is hereby amended to read as follows: 'The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, as far as is practicable, that at least 50 per centum of the gross tonnage of commodities procured out of funds made available under this title and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services, is so transported on United States flag vessels to the extent such vessels are available at market



rates for United States flag vessels; and, in the administration of this provision, the Administrator shall, insofar as practicable and consistent with the purposes of this title, endeavor to secure a fair and reasonable participation by United States flag vessels in cargoes by geographic area.

"(b) Paragraph (3) of section 111 (b) of such Act is hereby amended in the following particulars:

"(1) By inserting after 'projects' a comma and the following: 'including expansion, modernization, or development of existing enterprises' and a comma;

"(2) By inserting after 'media' the following: 'consistent with the national interests of the United States';

"(3) By striking out in the first proviso 'in the first year after the date of the enactment of this Act does not exceed \$15,000,000' and inserting in lieu thereof 'made in any fiscal year does not exceed \$10,000,000';

"(4) By amending subparagraph (1) thereof to read as follows:

"(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator plus actual earnings or profits on said project to the extent provided by such guaranty;";

"(5) By inserting after subparagraph (iii) thereof the following new subparagraphs:

"(iv) as used in this paragraph, the term 'investment' includes the furnishing of capital goods items and related services, for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950; and

"(v) the guaranty to any person shall be limited to assuring the transfer into United States dollars of other currencies, or credits in such currencies received by such person as earnings or profits from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency or credits on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith.; and

"(6) By amending the next to last sentence thereof to read as follows: 'The total amount of the guaranties made under this paragraph (3) shall not exceed \$150,000,000: *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding.'"

"(c) Paragraph (2) of section 111 (c) of such Act is hereby amended in the following particulars:

"(1) By inserting after the second sentence thereof the following: 'In addition to the amount of notes above authorized, the Administrator is authorized, for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section, to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$150,000,000 less any amount allocated prior to April 3, 1949, for such purpose, until all liabilities arising under guaranties made pursuant to this authorization have expired or been discharged.';

"(2) By striking out the first two words, "Such notes" in the third sentence thereof and inserting "The notes hereinabove authorized"; and

"(3) By inserting after "Washington" in the sixth sentence thereof "for assistance on credit terms".

"SEC. 7. (a) Section 112 (c) of such act is hereby amended by striking out '25 per centum' and inserting in lieu thereof '12½ per centum'.

"(b) Section 112 (d) of such Act is hereby amended by adding after the words 'any agricultural commodity, or product thereof' the following: 'or class, type, or specification thereof'.

"(c) Section 112 (g) of such Act is hereby amended by striking out 'section 6 of the Act of July 2, 1940 (54 Stat. 714)', including any amendment thereto, and 'section 6 of the Act of July 2, 1940, as amended' and inserting in lieu thereof 'the Export Control Act of 1949'.

"(d) Section 112 of such Act is hereby further amended by adding at the end thereof the following new subsections:

"(i) (1) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this title, the Administrator shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under this title by making available or causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with funds authorized under this title, and by making available or causing to be made available to prospective purchasers in the participating countries information as to commodities and services produced by small independent enterprises in the United States, and by otherwise helping to give small business an opportunity to participate in the furnishing of commodities and services financed with funds authorized under this title.

"(2) The Administrator shall appoint a special assistant to advise and assist him in carrying out the foregoing paragraph (1). Each report transmitted to the Congress under section 123 shall include a report of all activities under this subsection.

"(j) The Administrator shall, in providing assistance in the procurement of commodities in the United States, make available United States dollars for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II.

"(k) No funds authorized for the purposes of this title shall be used in the United States for advertising foreign products or for advertising foreign travel.

"(l) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price-support programs required by law) at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment."

"SEC. 8. (a) Section 114 (c) of such Act is hereby amended in the following particulars:

"(1) By striking out the period at the end of the first sentence thereof and inserting in lieu thereof a colon and the following: '*Provided further*, That, in addition to the amount heretofore authorized and appropriated, there are hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$1,150,000,000 for the period April 3, 1949, through June 30, 1949, and not to exceed \$4,280,000,000 for the fiscal year ending June 30, 1950: *Provided further*, That, in addition to the foregoing, any balance, unobligated as of June 30, 1949, or subsequently released from obligation, of funds appropriated for carrying out and accom-

plishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1950, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year.'; and

"(2) By amending the last sentence of such section 114 (c) to read as follows: 'The authorizations in this title are limited to the period ending June 30, 1950, in order that the Congress may pass on any subsequent authorizations.'

"(b) Section 114 of such Act is hereby further amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding the provisions of any other law, until such time as an appropriation additional to that made by title I of the Foreign Air Appropriation Act, 1949 (Public Law 793, Eightieth Congress), shall be made pursuant to subsection (c) of this section the Reconstruction Finance Corporation is authorized and directed to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such times, and in such amounts as the Administrator shall request, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title."

"SEC. 9. (a) Paragraph (6) of section 115 (b) of such Act is hereby amended by striking out the period following the words 'grant basis' and inserting in lieu thereof a colon and the following: '*Provided*, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates.'

"(b) Such section 115 (b) (6) is hereby further amended by inserting after 'or for such other expenditures as may be consistent with' the words 'the declaration of policy contained in section 102 and'.

"(c) Section 115 (d) of such Act is hereby amended to read as follows:

"(d) The Administrator shall encourage each participating country to insure, by an effective follow-up system, that efficient use is made of the commodities, facilities, and services furnished under this title. In order further to insure that each participating country makes efficient use of such commodities, facilities, and services, and of its own resources, the Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to observe and review the operation of such follow-up systems."

"(d) Section 115 of such Act is hereby further amended by adding two new subsections as follows:

"(h) Not less than 5 per centum of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.

"(i) (1) The Administrator shall to the greatest extent practicable, initiate projects for and assist the appropriate agencies of the United States Government in procuring and



stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources; and in furtherance of those objectives the Administrator shall, in addition to the local currency allocated pursuant to subsection (h), use such other means available to him under this title as he may deem appropriate.

"(2) In furtherance of such objectives and within the limits of the appropriations and contract authorizations of the Bureau of Federal Supply to procure strategic and critical materials, the Administrator, with the approval of the Director of such Bureau, shall enter into contracts in the name of the United States for the account of such Bureau for the purchase of strategic and critical materials in any participating country. Such contracts may provide for deliveries over definite periods, but not to exceed twenty years in any contract, and may provide for payments in advance of deliveries.

"(3) Nothing in this subsection shall be deemed to restrict or limit in any manner the authority now held by any agency of the United States Government in procuring or stimulating increased production of the materials referred to in paragraphs (1) and (2) in countries other than participating countries."

"SEC. 10. (a) The first sentence of section 117 (c) of such Act is hereby amended by striking out the period and inserting in lieu thereof a colon and the following: 'Provided, That the Administrator shall fix and pay a uniform rate per pound for the ocean transportation of all relief packages of food or other general classification of commodities shipped to any participating foreign country, regardless of methods of shipment and higher rates charged by particular agencies of transportation, but this proviso shall not apply to shipments made by individuals to individuals through the mails.'

"(b) Section 117 (d) of such Act is hereby amended by striking out 'section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended,' and inserting in lieu thereof 'the Export Control Act of 1949'.

"(c) Section 117 of such Act is hereby further amended by adding a new subsection to read as follows:

"(e) Whenever the Administrator shall determine that shipping capacity available to Italy is inadequate for such emigration from Italy as may be desirable to further the purposes of this title, the Administrator shall request the United States Maritime Commission to make available to Italy vessels capable of engaging in such service for the purpose of transporting emigrants from Italy to destinations other than the United States, and shall specify the terms and conditions under which such vessels shall thus be made available, and the United States Maritime Commission thereupon shall, notwithstanding any other provisions of law and without reimbursement by the Administrator, make such vessels available to Italy in accordance with such terms and conditions: *Provided*, That the total number of such vessels made available for such purpose shall not at any one time exceed ten: *Provided further*, That title to each such vessel owned by the United States Government shall remain in the United States: *And provided further*, That the terms and conditions under which such vessels are made available to Italy shall obligate Italy to return the vessels forthwith upon demand of the President, and in any event not later than June 30, 1952."

"SEC. 11. The second sentence of section 118 of such Act is amended by inserting before the period at the end thereof 'or (3) the provision of such assistance would be inconsistent with the obligations of the

United States under the Charter of the United Nations to refrain from giving assistance to any State against which the United Nations is taking preventative or enforcement action'.

"SEC. 12. An amount, equal to any balance unobligated as of April 2, 1949, or subsequently released from obligation, of funds appropriated by Public Law 793, approved June 28, 1948, for the purposes of the China Aid Act of 1948 is hereby made available to the President for obligation through February 15, 1950, for assistance in areas in China which he may deem to be not under Communist domination, to be furnished in such manner and on such terms and conditions as he may determine."

And the House agree to the same.

JOHN KEE,  
JAMES P. RICHARDS,  
JOSEPH L. PFEIFFER,  
CHARLES A. EATON,  
JOHN M. VORYS,

*Managers on the Part of the House.*

TOM CONNALLY,  
WALTER F. GEORGE,  
ELBERT D. THOMAS,  
ARTHUR H. VANDENBERG,  
ALEXANDER WILEY,

*Managers on the Part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1209) to amend the Economic Cooperation Act of 1948 submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The conferees have agreed to a substitute for both the Senate bill and the House amendment. Except for the differences explained below, and except for clarifying, clerical, and necessary conforming changes, the conference substitute is the same as the House amendment.

#### FINANCIAL ASPECTS

The following table summarizes the results of the deliberations of the committee of conference so far as they relate to financial aspects of the bill:

#### Authorizations

	House bill	Senate bill	Conference
Guaranties.....	\$272,300,000	(2)	\$150,000,000
Interim authorization.....	1,100,000,000	\$1,150,000,000	1,150,000,000
1949-50 authorization.....	4,280,000,000	4,280,000,000	4,280,000,000
Forward contracting.....		150,000,000	
RFC advance.....	1,000,000,000	750,000,000	1,000,000,000

<sup>1</sup> Approximate (\$300,000,000 less amounts already set aside).

<sup>2</sup> Funds for guaranties to come out of interim and 1949-50 authorizations.

#### FINDINGS AND DECLARATION OF POLICY (SEC. 1)

Section 1 of the Senate version states encouragement of the unification of Europe as an objective of United States policy. The House version, in section 1, adds the federation of Europe, as well as the unification of Europe, as an objective; it also recognizes that the formation of the Organization for European Economic Cooperation is the first, not the final, step—as an opportunity, not a goal—and urges the participating nations "to achieve speedily" the economic cooperation indispensable to the realization of the world's best hopes. The language accepted by the committee of conference in section 1 includes all of the language of the House version except the reference to the federation of Europe.

#### GUARANTIES (SEC. 6)

The bill as it comes from the Conference is limited to convertibility of currency, but has been broadened to cover earnings as well as the original investment as provided in the House bill. It removes the House coverage of losses incurred by seizure, confiscation, expropriation, destruction by riot, revolution, or war, laws, ordinances, regulations, decrees or administrative actions preventing further transaction of the business envisaged in the guaranty entered into by the Administrator. The ceiling on guaranties is fixed at \$150,000,000 rather than the \$300,000,000 envisaged by the House. The new provision marks an advance beyond the scope of guaranties as set forth in the existing Act, but the managers on the part of the House concede it is not a substantial advance. The policy that will attract American private enterprise more fully and directly into the great task of solving the economic problems of Europe remains a task that must properly and adequately be dealt with in future legislation.

#### SHIPPING PROVISIONS (SEC. 6 (A))

Section 6 (a) of the House version specifies that the provision in section 111 (a) (2) of the Economic Cooperation Act of 1948, requiring the Administrator to seek for United States flag vessels at least a 50 percent share of the cargoes originating in the United States and financed by funds authorized in pursuance of the Economic Cooperation Act, shall be subject to the availability of the United States flag vessels at the market rate for United States flag vessels, "not to exceed a reasonable differential above current world market rates."

The managers on the part of the House receded on the words "not to exceed a reasonable differential above current world market rates." They receded also in accepting the language in section 14 of the Senate version, which represents an agreed compromise between the Economic Cooperation Administration and American merchant marine interests, and is reported to be workable.

The managers on the part of the Senate receded on an accompanying provision in section 15 of the Senate version forbidding the use of funds authorized under the act for charter hire, freight or passenger charges, or for any other purpose relevant to transportation in vessels documented under the laws of a foreign country which is not a participating country and of which the owner of the vessel is not a national (Panamanian and similar charters), as the substance pertains to the maritime policy of the United States Government rather than bearing directly upon policies involved in the European Recovery Program.

#### INFORMATIONAL MEDIA (SEC. 6 (B) (2) AND (3))

The limitation on convertibility guaranties related to informational media is \$10,000,000 per year in section 6 (a) of the Senate version, and \$15,000,000 per year in section 6 (b) of the House version. The managers on the part of the House receded and concurred in the figure of the Senate version. The managers on the part of the Senate agreed to the requirement in section 6 (b) (2) of the House version that such informational media should be consistent with the national interests of the United States. This language was not included in the Senate version. The significance of the language is explained on page 22 of the report of the Committee on Foreign Affairs on H. R. 3748, House Report No. 323.

#### FLOUR AND CORN (SEC. 7 (A))

Section 7 (a) of the Senate version scales down from 25 to 15 percent the reservation for flour in proportion to the total wheat shipped from the United States and financed by Economic Cooperation Administration authorizations. The House version, in sec-



tion 7 (b), would repeal the flour provision outright. The differences are compromised in a provision reserving for flour a 12½ percent portion of such wheat shipments—a point halfway between the House version and the existing practice.

The managers on the part of the Senate receded on a similar provision reserving for processed corn a 15 percent share of all corn shipments financed by funds authorized under the Economic Cooperation Act.

#### AGRICULTURAL COMMODITIES (SEC. 7 (B))

The managers on the part of the House receded with regard to section 7 (c) of the Senate version specifying that the words "any agricultural commodity, or product thereof" as used in section 112 (d) of the act shall be enlarged to include classes, types, or specifications of such commodities or products. It is the understanding of the managers on the part of the House that the new language in no wise prejudices operations of the Economic Cooperation Administration.

#### SMALL BUSINESS (SEC. 7 (D))

Two different small business amendments were adopted on the floor of the House and the floor of the Senate. The language accepted by the Committee of Conference is a compromise. It seeks to safeguard the interests of small business without employing language that would force the Administrator to convert the Economic Cooperation Administration into a procurement agency, to resort to the techniques of state trading, and to abandon the principle of private channels of trade as a fundamental of the Act. It was believed to be undesirable to give the Administrator, as an official of the United States Government, the power to impose a pattern of foreign trade upon the economy of the United States.

The Committee of Conference took into consideration the following statement of Administrator Hoffman addressed to Chairman Kee of the Committee on Foreign Affairs:

"I am writing this letter with regard to the Patman small business amendment contained in the House bill as referred to the conference, because I feel so deeply that its adoption would be a tragic mistake. As the House and Senate reports recognized, the ECA has from its inception, in accordance with the clearly expressed wishes of the Congress, fostered the use of private channels of trade to the greatest extent possible. ECA has accomplished this by operating as a financing, not as a procurement agency.

"The Patman amendment would change the ECA program fundamentally. In my opinion, it would be impossible to carry out the provisions of the amendment through mere regulation of private trade. In order to force business into the pattern imposed by the amendment, as against allowing business to flow in a normal way through normal private trade channels, ECA would of necessity have to take over the actual placing of individual orders, directly or indirectly. Thus, ECA would have to become a gigantic procurement agency. Unavoidably, as a result of such centralized procurement, greatly increased personnel would be required. Moreover, inherent in such a procurement program are influences that would lead to increased intervention on the part of European Governments in the economies of their respective countries.

"The amendment would certainly make more difficult the attainment of the objectives for which ECA was created. In setting up ECA it was the clear intent of Congress that this new agency would help Europe to achieve a self-supporting status in the shortest possible time and at the lowest possible

cost. Any such fundamental change as would be incident to a changeover from the use of private channels of trade to a completely government-controlled pattern of procurement would inevitably cause major disruptions in the flow of commodities to Europe. The ERP countries have made remarkable strides toward recovery in the first year of the program. But as I have repeatedly emphasized, this is the crucial year and we must capitalize on the momentum that we have now gained. This amendment would disrupt the program to an extent that would in large measure dissipate the progress made to date and would make impossible the successful completion of the European Recovery Program on schedule.

"I wish to give you my personal assurances that ECA will devote every effort to make it possible for American small business to obtain the greatest possible participation in the program. We are eager to take any possible steps in this direction, and you may rest assured that we are open to any constructive suggestions that will further the opportunities of small business.

"I cannot urge upon you too strongly the necessity of eliminating this amendment."

The new language places new duties on the Administrator and the Administrator is to discharge these new duties in an affirmative manner. The Economic Cooperation Administration is expected to take a positive and forceful approach in affording small business the information necessary to give it the opportunity to participate in this program on the broadest practicable scale.

The new language is embodied in section 7 (d) of the bill as reported by the Committee of Conference. It should be interpreted in the light of the principle of private channels of trade set forth in the subsection of the Act immediately preceding. Within the limits of that principle, the new language charges the Administrator to see that information relating to purchases proposed to be made with funds provided for the Economic Cooperation Administration is made available as far in advance as possible to suppliers in the United States, particularly to small independent enterprises, so that they may participate equitably, and to get to prospective purchasers in the participating countries information concerning commodities and services produced by small independent enterprises in the United States. The Administrator is to assist in other ways consonant with the purposes of the Act the participation of small business in trade financed by funds authorized under the Economic Cooperation Act. The new language specifically obliges the inclusion of the subject of small business participation in the reports required quarterly or oftener under section 123 of the Economic Cooperation Act. A Special Assistant to the Administrator is established with the specific duty of effectuating these new obligations.

The managers on the part of the House take note of the concern of the Economic Cooperation Administrator lest the new language lead small business to false expectations that he can or will direct a large volume of business to small business enterprises. This could be done only by turning the Economic Cooperation Administration into a procurement agency—a result wholly undesirable for private enterprise. Small business should have access to the information on which to make its plans and on which to seek new outlets of trade. Information concerning its products should also be made available to purchasers in the participating countries. It is not desired, however, that the Economic Cooperation Administration shall, by becoming a channel for foreign trade remove the "enterprise" from private enterprise.

#### MARINE INSURANCE (SEC. 7 (D))

Section 12 (c) of the Senate version contains a provision instructing the Administrator to make United States dollars available for marine insurance on commodities procured in the United States with funds provided in this program where such insurance is placed on a competitive basis in accordance with normal trade practices prevailing before World War II. It contains also language intended to foreclose any participating country from discriminating against United States insurance companies in connection with the marine insurance of commodities procured in this country and financed under this program. The House version contains no equivalent language. It was the view of the managers on the part of the House that it would be a mistake to compel marine insurance on cargoes owned by foreign governments. It was believed also that to impede foreign governments from applying, insofar as related to marine insurance, the exchange restrictions necessary to their compliance with their obligations under the European Recovery Program would be contradictory to the tenor of the Act. In keeping with this view, the managers on the part of the Senate receded on the latter portion of the section in question, while the managers on the part of the House receded on the former portion.

#### ADVERTISING FOREIGN PRODUCTS AND TRAVEL (SEC. 7 (D))

Section 17 of the Senate version forbids the use of funds authorized under the Economic Cooperation Act for advertising in the United States of foreign products or foreign travel. No equivalent provision is contained in the House version. The managers on the part of the House receded. It is their belief that the use of funds supplied by the United States directly for the advertising of activities which are competitive with the economic interests of American citizens is undesirable. This in no wise prejudices the use by participating countries or their nationals of dollars earned through their own efforts for the same ends.

#### AUTHORIZATIONS FOR APPROPRIATIONS (SEC. 8 (A))

The amounts authorized for appropriation are contained in section 8 (a) of both the House and Senate versions. The principal distinctions were as to the amount for the interim period, which the House had reduced by \$50,000,000, and the provision for forward contracting, which was not included in the House version. The managers on the part of the House receded on the former, and the managers on the part of the Senate receded on the latter. The conferees felt that it would be better to leave the authorization intact rather than, by cutting \$50,000,000, to prejudice complete review by the Appropriations Committee.

#### TERMINATION OF ASSISTANCE (SEC. 11)

Relevant to the Indonesian situation, section 16 of the Senate version would require the Administrator to terminate assistance to any country when "such assistance would be inconsistent with the obligations of the United States under the Charter of the United Nations to refrain from giving assistance to any State against which the United Nations is taking preventative or enforcement action." No equivalent provision is contained in the House version. The managers on the part of the House receded. It is their view that the relevant language underscores but in no wise changes the obligations of the United States to make the conduct of this program consonant with economic action taken in pursuance of article 41 of the United Nations Charter. The relevant discussion on page 13 of the report of the Committee on Foreign Affairs on H. R.



3748 remains valid. The language accepted in the bill as reported by the Committee of Conference in no wise exposes the United States to the obligation to act alone in applying economic sanctions to any country.

#### DOMESTIC SURPLUSES

The bill as it leaves the Committee of Conference keeps intact the principles of the original Act in placing the recovery of Europe as the paramount objective of the Economic Cooperation Administrator. The Administrator may be expected in the future, as in the past, to be alert to the availability of surplus products of the American economy for supplying the needs of Europe.

#### AID TO CHINA (SEC. 12)

Section 13 of the Senate version extends until February 15, 1950, the availability of residual funds appropriated in pursuance of the authorization contained in the China Aid Act of 1948, Title IV of the Foreign Assistance Act of 1948, Title I of which is the Economic Cooperation Act of 1948. A bill of similar intent was passed by the House as H. R. 3830. A distinction between the House bill and the relevant section of the Senate version refers to the discretion of the President. The House bill retains the restrictions contained in the statement of policy of the China Aid Act of 1948. The Senate section leaves the President with discretion to determine the manner, terms, and conditions of furnishing assistance in the extended period, subject only to the restriction that such assistance must not be extended to areas which the President may deem to be under Communist domination. The managers on the part of the House receded with minor amendments which clarify the Senate version. The consideration which determined their recession is that the parliamentary situation in the Senate would preclude early action if it should be necessary for the Senate to act on separate legislation, and the need of promptness is pressing in view of the fact that the authorization under the China Aid Act of 1948 has expired.

JOHN KEE,  
JAMES P. RICHARDS,  
JOSEPH L. PFEIFER,  
CHARLES A. EATON,  
JOHN M. VOYTS,

*Managers on the Part of the House.*

#### EVERGLADES NATIONAL PARK

Mr. PETERSON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 4029) to authorize the Secretary of the Interior to procure for the Everglades National Park with available funds, including those made available by the State of Florida, the remaining lands and interest in lands within the boundary agreed upon between the State of Florida and the Secretary of the Interior, within and a part of that authorized by the act of May 30, 1934 (48 Stat. 816), and within which the State has already donated its lands, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I understand this is a unanimous report from the Committee on Public Lands and, furthermore, that it means only the expenditure of State funds?

Mr. PETERSON. That is right.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That, in order to consolidate the Federal ownership of lands within the boundary set forth in deed No. 19035 executed December 28, 1944, by the trustees of the Internal Improvement fund of the State of Florida, and accepted by the Secretary of the Interior on March 14, 1947, for Everglades National Park purposes, the said Secretary is hereby authorized, within the aforesaid boundary and with any funds made available for that purpose, to procure lands or interests therein by purchase or otherwise. Whenever practicable and not in conflict with the public interest, the said Secretary shall allow owners to retain reservations of mineral and oil rights for limited periods of time depending upon the location of their lands and taking into consideration the purpose for which the park has been established.

With the following committee amendment:

On page 2, line 5, after the period strike out the balance of the line and all of lines 6 to 10, inclusive, and insert the following:

"The Secretary, shall, upon the request of the landowners, permit such owners to retain reservations of oil, gas, and mineral rights, including the right to explore and develop such lands for oil, gas, and mineral purposes, until February 1, 1956, and the right of ingress and egress on such lands under rules and regulations of the Secretary. In the event that oil, gas, or minerals are discovered and produced in commercial quantities within such time for such purpose on such lands or unit of which it may be a part, reservations so made shall automatically extend for so long as oil, gas, or minerals are being produced from said lands in commercial quantities from said unit. Such reservations shall, however, be made by the owners subject to reasonable rules and regulations which the Secretary may prescribe for the protection of the park but which shall permit the reserve rights to be exercised so that the oil, gas, and minerals may be explored for, developed, extracted, and removed from the park area. Said operations shall be carried on under such regulations as the Secretary may prescribe to reasonably protect the lands and areas for such park purposes."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### EXTENSION OF REMARKS

Mr. SABATH asked and was given permission to extend his remarks in the RECORD on Thomas Jefferson.

Mr. O'SULLIVAN asked and was given permission to extend his remarks in the Appendix of the RECORD and include a short editorial.

Mr. McSWEENEY asked and was given permission to extend his remarks at this point in the RECORD relative to an honor that has been bestowed upon the gentleman from New Jersey [Mr. RODINO].

HON. PETER W. RODINO, JR.

Mr. McSWEENEY. Mr. Speaker, I learned with deep interest and great pride that my one-time comrade and now congressional colleague, the Honorable PETER W. RODINO, JR., has been voted a life membership in the Private Joseph R. Rotunda, Jr., Post No. 848, of the Veterans of Foreign Wars of the city

of Newark, N. J. In evidence of this beautiful tribute, Congressman RODINO was given a solid gold membership card, which was signed by John D. Vincenzo, the commander, and also by Angelo R. Chiccone, Jr., the quartermaster.

I had the honor to serve in Italy with the gentleman from New Jersey [Mr. RODINO] and I know how deeply and sincerely this tribute of his comrades of the VFW reflects their high regard for the gentleman from New Jersey [Mr. RODINO] not only for his loyal war-time service in Italy but for his splendid contributions to the welfare of his country through his service in the Congress of the United States.

We, who have had the pleasure of getting rather intimately acquainted with the gentleman from New Jersey, PETER RODINO, know of his sincerity of his determination to be well informed on all questions, and of his undying loyalty to all men and women who served in the armed forces of our country in any of our past wars.

I hope that I, as a comrade and as a colleague of the gentleman from New Jersey [Mr. RODINO], may convey my thanks and congratulations to the members of the Private Joseph R. Rotunda, Jr., Post for their thoughtfulness in giving this life membership. I am sure that this little gold card will always accompany the gentleman from New Jersey [Mr. RODINO] and be a reminder of your faith in him and of his devotion and obligation to you.

#### HOOR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### INDEPENDENT OFFICES APPROPRIATION BILL

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that on tomorrow in connection with the independent offices appropriation bill general debate in the Committee of the Whole shall not exceed 2 hours, one-half of the time to be controlled by the gentleman from Texas [Mr. THOMAS] and one-half of the time by the gentleman from South Dakota [Mr. CASE].

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### CONFERENCE REPORT ON ECA

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that, notwithstanding the rule, if a conference report on the ECA bill is not filed by midnight tonight, unanimous consent having been granted by the House, it may be in order for the House to consider the conference report if and when received any time tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.



world that freedom is a common aspiration of all men of good will.

If we are to honor their memory, and to keep faith with the great tradition they left us, we must fulfill the obligation of bringing to our own society, and to the relationships between our country and others, the high moral standards and deep devotion to principle that marked the efforts of the great men who made us into an independent nation.

Our cities and towns are graced by hundreds of statues of these first American leaders. But the finest memorial we can build is to retain in our hearts and minds the traditions they left us and the ideals that made their names the enduring symbols of the human brotherhood and devotion to freedom that we know today by the name Americanism.

### Congress Should Put on Pressure for European Unity

#### EXTENSION OF REMARKS

OF

#### HON. WALTER H. JUDD

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 13, 1949

Mr. JUDD. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article by Edgar Ansel Mowrer:

#### CONGRESS SHOULD PUT ON PRESSURE FOR EUROPEAN UNITY

(By Edgar Mowrer)

In the process of authorizing a second slice of American money for the European recovery program, the American Congress has an opportunity to do these countries, and the world, a great favor. This favor would be to issue a warning that unless the several European governments are able to move toward unity, next year's appropriations for ERP will be drastically cut.

At the time the first appropriation was voted last year it was generally understood, though not explicitly spelled out, that the United States administration would press the European countries toward real unity. Actually, the United States administration has done nothing more than advise the foreign recipients of your money and mine to come together. Of real pressure, there has been no visible sign.

American officials explain that American pressure would have been intolerable to proud European governments.

This is certainly not true of the chief continental countries. They have privately been asking for pressure to be put upon them, since without such pressure they will find it difficult to override their vested domestic interests. But it is true of socialist Britain. The British Socialists have demonstrated that they care more for full national independence and their socialist experiment than for American aid.

In practice, the American authorities have gone along with the British who wish to avoid or postpone a real European federation, rather than with the continental countries that are ready to federate.

#### THE BRITISH POSITION

My British friends will consider this an unfair description of their position. They will point to the establishment of the European Council as proof that they are willing to go some distance toward European federation. And they will point to other signs that the European recovery program is showing fruit.

Economically, they will say that finally, large sections of the British people have gone back to hard work. Sir Stafford Cripps, they believe, now realizes that Britain cannot recover alone or impose a complete reversal of the former European trade pattern upon its friends, as outlined in the recent Cripps report. They will insist that the European countries receiving American help are about ready to adopt a common plan to avoid overlapping new capital investment.

Militarily, the British are proud of the western union, the coming North Atlantic Security Pact, the plans for standardized equipment, a single command, and a single defense plan among the North Atlantic countries. Shortly, they hope, arms production will be specialized so that each country will make only what it can best produce.

Politically, they have the European Council to show.

The trouble is that even those Englishmen like Winston Churchill who talk of a European federation do not mean a single federated European state. What they mean is something like the British Commonwealth, whose members are linked by nothing stronger than common sentiment and voluntary agreements.

#### EUROPE MUST BE A SINGLE MARKET

But the kind of European unity that is necessary goes far beyond a common army and a common foreign policy. It goes further than a plan to avoid duplicating new investments. What Europe needs most is to become a single market, where money, goods, and services flow freely, unimpeded by customs tariffs, quota systems, currency restrictions, etc. Such unity would naturally bring about a complete rearrangement of the European economy. But such a rearrangement is vital if the European manufacturers and food growers are ever to enjoy the kind of market that has enabled American producers to prosper.

In short, the argument between the British and the European continentals comes down to this: Is western Europe viable as a mosaic of small sovereign states unless these states are ready to introduce free trade among themselves?

If not, to use Governor Dewey's phrase, they must be prodded either into free trade or into full economic and political unity.

The American administration has failed to prod them—or has failed to prod hard enough. This leaves the Congress with a second chance. To me it would not seem to be unreasonable for the American legislators to couple granting the authorization for the second year's financial aid with Europe's acceptance of a move toward unity that is in Europe's own interest.

Such a move would put the European countries in a position to resist their Communists—and to resist the Soviet Union as well.

#### John E. Peurifoy

#### EXTENSION OF REMARKS

OF

#### HON. OLIN D. JOHNSTON

OF SOUTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Wednesday, April 13 (legislative day of Monday, April 11), 1949

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an article entitled "John E. Peurifoy Rises From State Department Ranks to New Top Post," written by

Richard L. Stokes and published in the St. Louis Post-Dispatch of April 3, 1949.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

JOHN E. PEURIFOY RISES FROM STATE DEPARTMENT RANKS TO NEW TOP POST—ELEVATOR OPERATOR IN CAPITOL BEGAN HIS DIPLOMATIC CAREER AS CLERK IN STATE DEPARTMENT—CREDITED WITH THINKING OUT THE HOOVER REORGANIZATION PLAN—NOW ASSISTANT SECRETARY OF STATE FOR ADMINISTRATION

(By Richard L. Stokes)

WASHINGTON, April 2.—The State Department's prize success story is that of John Emil Peurifoy. He began his Washington career 13 years ago as an elevator boy at the Capitol, and then sold smoking accessories over a counter at a local department store. Today, at the age of 41, he is tied with Dean Rusk for third place in the Department's hierarchy, with Under Secretary James E. Webb and Secretary Dean G. Acheson as his only superiors.

The Hoover Commission's reorganization program created brand new offices for Rusk and Peurifoy. They will continue to rank officially as Assistant Secretaries, but with the respective designations, for the first time in history, of Deputy Under Secretary for Policy and Deputy Under Secretary for Administration. Peurifoy already has the latter title by departmental order; Rusk awaits confirmation by the Senate as Assistant Secretary. Peurifoy is the pioneer employee of the Department's civil service, as distinguished from its career service, to thrust his way into its loftiest brass. More than half its total personnel of 21,800, at home and abroad, is under his immediate direction.

His control is administrative. He has, for instance, no policy control over the Foreign Service, although he is the administrative boss of that elite corps.

Peurifoy is credited with having done much of the original thinking which later found its way into the Hoover report on reorganization of the State Department.

"I used to be a State Department clerk myself, and have never forgotten it," he explains. "I know what is happening down below and that these people carry the actual load of the Department. That thought was always foremost in my mind when we were planning the reorganization."

It was largely his sense of injustices of salary and status which caused him to advocate a merger of the Department's foreign and classified services into a single Foreign Affairs Service. His own case is in point. Whatever the title and authority, his pay, unless Congress intervenes, can never be more than its present annual figure of \$10,333. That is tops in the civil service. But one of his subordinates, Christian M. Ravndal, director general of the Foreign Service, draws \$13,500 a year. Peurifoy has perhaps a dozen career underlings whose stipends, running from \$11,000 to \$13,000, exceed his own.

During the San Francisco United Nations conference, in 1945, Peurifoy was put in charge of arrangements. That was his first big opportunity.

OBTAINS FAVORITE WINES FOR SAN FRANCISCO DELEGATES

He went to San Francisco 3 months before the opening date, April 25. The war was still on. The city was the Nation's leading embarkation port and was bursting at the seams with crowded humanity. Peurifoy's task, among other things, was to find hotel rooms for 5,600 delegates and their aides, plan their food and favorite wines, insure their safety in cooperation with the Army and Navy, and establish cable and telegraph communications with every part of the world. He equipped halls for them, including multi-



language earphones. He was even haunted by a supposition that Japanese raiders might be tempted to bomb or shell the conference.

By all accounts, his success was complete. An admirer pays this tribute: "It was not only the largest conference this country ever put on, but the best run." His reward was an appointment as special assistant to the under secretary—a post held by Acheson. In March 1947, Peurifoy was appointed Assistant Secretary of State. It was a title never before held by a man so young. Peurifoy was then 39 years old.

Already he had climbed at a record pace through the civil service grades, from the lowest, P-1, to the highest, P-8. He accomplished this course, for which most men require 20 years, in 7. During 1941 he gained two jumps in 30 days.

There remained still another world to conquer, the Foreign Service. He vanquished its appalling entrance examinations and became eligible for confirmation as an officer of career diplomacy. He has never applied for this honor, though he lost civil service protection and could be dismissed overnight, as a result of his Presidential appointment as Assistant Secretary 2 years ago.

Peurifoy was born August 9, 1907, at Walterboro, S. C. He was christened John after his father, a Federal district attorney. His middle name, which he detests, was fashioned by lopping the final letter from his mother's name, Emily. She died when he was 6 years old. Having been graduated from the Walterboro high school, he was appointed to the United States Military Academy, in 1926. During the second year his father died and he himself was hospitalized for many weeks with pneumonia. Forlorn and discouraged, the youth resigned from West Point and struck out for Kansas City, where he landed with \$200 and an impulse to become an aviator. His money vanished into the hands of a fraudulent flying company. He tried in vain to enlist in the Marines and worked for several months as a private tutor. Then he was employed at a Kansas City bank.

In 1929 he went to New York, and for two years sold insurance. During 3 years he was assistant manager and cashier for the Childs restaurant chain. But he had always felt an attraction for Government service. Strangely enough, in his dreams, the State Department was his goal. The notion of trafficking with foreign countries appealed to him as romantic. He had an instinct that the biggest administrative job waiting to be done in Washington was overhauling that antique and stodgy institution.

He arrived in the National Capital in 1935, when he was 28 years old, and while seeking a post served the first of his two terms as an elevator operator on the Hill, at \$90 a month. After 3 months, he succeeded in becoming a clerk in the procurement division of the Treasury Department.

On October 2, 1936, he was married to a Tulsa girl, Betty Jane Cox. They have two sons, one 8 and the other 3 years old. Just a year after the wedding, the Treasury job was shot from under him. Both he and his wife found work in a department store. He was dismissed 9 weeks later when the Christmas rush was over, and returned for another 9 months to his elevator at the Capitol. "Those were rugged days," he remarks with a sigh.

**ACHESON CHOOSES PEURIFOY AS SPECIAL ASSISTANT IN 1946**

At last, on October 1, 1938, he found himself in the State Department as a \$2,000-a-year clerk in the division handling export licenses under the Neutrality Act. In 5 months he was assistant to the chief of the division.

Acheson, who has an acute eye for merit, has been quick to recognize Peurifoy's ability. As Under Secretary of State, Acheson promoted Peurifoy to be special assistant, in 1946. A year later, on Acheson's recom-

mendation Peurifoy was made Assistant Secretary. And now Acheson again has picked Peurifoy, as one of the four men at the apex of the Department.

Peurifoy's far-flung responsibilities generally keep him at his desk for a 7-day week. The hours of at least 5 of them are from 8:30 a. m. to 7:30 p. m. Spare moments are given to bridge, playing with his children, and mowing the lawn or weeding the flower beds at his home in Arlington. Both he and his wife loathe the peculiar Washington institution of the cocktail party, and never attend one unless obliged to.

With all his strength, Peurifoy has a gift for friendliness and popularity. His door stands open to the humblest employees, and he takes pleasure in solving their difficulties.

### Reply by Norman M. Littell to Washington Post Editorial "Assurance for Investors"

#### EXTENSION OF REMARKS

OF

#### HON. JOHN J. SPARKMAN

OF ALABAMA

IN THE SENATE OF THE UNITED STATES

Wednesday, April 13 (legislative day of Monday, April 11), 1949

Mr. SPARKMAN. Mr. President, on April 8 there appeared in the Washington Post a rather lengthy communication by Mr. Norman M. Littell, formerly Assistant to the Attorney General of the United States, with reference to the guaranty clause in the ECA Act. In that same issue of the Washington Post there was an editorial entitled "Assurance for Investors." Mr. Littell has written a reply to that editorial which unfortunately cannot be published in the Washington Post, since that newspaper is not now being published. I ask unanimous consent that the statement prepared by Mr. Littell be printed in the Appendix of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

#### REGARDING YOUR EDITORIAL, ASSURANCE FOR INVESTORS (FRIDAY, APRIL 8, 1949)

More power to Willard Thorp's plan for bilateral agreements—so far as it goes. However, unless supplemented by the guaranty principle set forth in the Ribicoff amendment of the ECA Act, adopted by the Foreign Affairs Committee of the House, it will be just another la-de-da plan of high hopes and will fall flat on its face in respect to vital areas of the world. I can well understand anyone subscribing to this seductive plan if he is not close to the laboratory of actual experience where the following fatal difficulties lie in ambush:

1. All countries in the world (with the negligible exception of three or four) have currency regulations restricting the conversion of their money into dollars in order to prevent the flight of capital. In such circumstances no American investor putting money abroad could even get his bait back. In no bilateral agreement negotiated by the State Department will any guaranty be given by a participating country that any investment in that country can be converted back into dollars at will. Why? Because a sovereign power cannot deed away by treaty future control of its own currency and fiscal policies. It is of the essence of sovereignty that Government cannot abdicate from the

power to change fiscal policy to meet any future needs of the country.

Therefore, on the threshold of Willard Thorp's plan lies the same basic obstacle which was fully understood by Congressmen and Senators when the ECA Act was drafted and no such guaranty of convertibility was required of participating countries. The problem was partially met in the ECA Act by the guaranty clause for private investments, guaranteeing the convertibility of currency for projects approved by the Administrator.

2. Under the plan which you endorse, what will happen if a bilateral treaty, unsupported by any American guaranty to its investor, is disrupted or swept aside by revolution and the investor's plant is confiscated, seized, destroyed, or eliminated from the business picture by state monopolistic practice or decree?

This question opens the door on very dark scenes in American history. At such times in the past (with or without a treaty) the pulling and hauling which has immediately taken place, even under a strong idealistic administration like that of Woodrow Wilson, made the State Department a mere pawn of powerful interests whose investments were damaged in the turmoil abroad. During the first part of this century, through successive administrations, the State Department made itself in effect a negotiator of loans in the Caribbean countries and many South American countries. Once the State Department negotiated or approved a loan, the United States in effect became a guarantor because the Government approval was promptly advertised to American investors and a very strong moral responsibility was thereby assumed by the Government which led to numerous instances of military intervention to protect or collect loans.

The most striking example is that of Haiti, where marines were landed to protect American life and property in 1915, although for 111 years, from the very origin of the Republic of Haiti in 1804 to 1915, no American life had been lost and no property destroyed of which there is any record.

American marines landed at Port-au-Prince, marched to the vaults of the National Bank of Haiti, and carried away \$500,000 in gold which was taken to New York on an American battleship and deposited in American banks.

It is impossible to review here the sorry tale of increasing encroachment by sheer military power, the occupation of ports, the control of elections, the forced acceptance of a treaty, the adoption of a new constitution, but the insurrections resulted in the killing of 2,000 to 3,000 Haitians and one of the sorriest pages in American history.

There were other instances in Cuba, in Santo Domingo, in Nicaragua, where the pattern of pressure on the State Department and back-stage formation of policy to protect American interests repeated itself again and again. Not until the Roosevelt-Truman period did we emerge into a firmer area of good-neighbor policy.

The amazing thing to the American public was how much had happened behind closed doors which even Congress did not know. In Haiti strict censorship was clamped on the press, and newspaper editors were put in jail by our own military authorities for venturing to criticize. A Senate committee of investigation had to go to Haiti and hold extensive hearings before the truth was finally known—years later. See hearings on Foreign Loans (68th Cong., S. Con. Res. 22, vol. 1, Feb. 25, 1925.)

You speak of "lollipops" which the Ribicoff amendment, approved by the House Foreign Affairs Committee now proposes to give to private investors. Any well-informed taxpayer would prefer these well-defined guaranties for private investors to battleships, marines, and bluejackets which in the past have cost hundreds of millions of dollars—untold fortunes in taxpayers' money—not to



mention the grimmer sacrifice of loss of life and principle in evil treatment of some of our neighbors. Such actions did not represent the will of the American people and were not approved by Congress.

If, under the amended guaranty clause, the approved investor is bailed out in the event of loss through one of the designated risks, two advantages follow: (a) The Government assumes the burden of negotiations with the defaulting country on the proper level of principle and long-range sanctions in the field of diplomatic relationships, free of the pressures for immediate satisfaction from the offending country, which in the past have too often resulted in machine-gun and battleship diplomacy. (Other countries have similarly resorted to force to collect debts during the exploitation of the twenties which we are trying to leave behind, the most famous example being that of the military occupation of Venezuela in 1901 by England, Germany, France, and Italy.) (b) Judicial determination rather than force of arms is invoked by the Ribicoff amendment in that the proposed guaranty clause would stand in the context of section 115 of the ECA act and article X of the bilateral agreements, both of which provide that the nationals of one country may proceed in the courts of another country in any case in which nationals have claims for compensation or damages, but in the final analysis each country can espouse a case of one of its nationals in the International Court or arrange for arbitration. Upon payment by the United States to a guaranteed investor, under the Ribicoff amendment, the clamor for protection stops, and the government is subrogated to its nationals' claims to pursue diplomatic and judicial remedies.

Can anyone doubt that judicial determination of disputes is preferable to landing the marines.

8. In endorsing heartily the suggestion for negotiation of treaties, I do so in full recognition of the fact that treaties cannot work alone in much of the area of the world and, also, that guaranties cannot work alone. Even on the theory which Willard Thorp now advocates with your support, the great advantage of the proposed guaranty clause is that the negotiation of required bilateral treaties has already been completed with the principal countries of western Europe. We have a good running start. By article III, participating countries agree to respect the guaranties issued, and article X provides for submission of disputes to court procedure or arbitration. We joined with other countries in renouncing military intervention to collect debts at the Hague Convention of 1907 and again at Montevideo in 1933 in a protocol announced by Secretary Hull and President Roosevelt.

The proposal adopted by the House Foreign Affairs Committee is an implementation of these contrite statements and protocols which in our past history have been too frequently honored in the breach. Here is an escape to the juridical determination of disputes—imperfect and incomplete, but an excellent start on rounding the corner away from the inevitable temptation to intervention under the inevitable pressures at home.

4. Lastly, a fatal objection to the high-minded scheme which you endorse is that it is conceived without recognizing the point of view of hardheaded, practical-minded men whom you seek to entice into the arena of world politics to do a job of reconstruction and spread know-how of production. American private enterprise will not go abroad because we ask it please to go. It will go on the basis of incentives fitting into the pattern of business risks which it is accustomed to take with stockholders' money. It recognizes, as you very happily state in your editorial, that "the atmosphere has changed since the feverish speculation of the twenties"

and American investors "now know that they have some responsibility to the countries from which their profits will come."

Any number of examples could be given to prove this sense of responsibility, and even the most hardheaded know that the age is one of participation on a partnership or even minority basis and not exploitation abroad. We cannot explore new criteria here.

But American business has more security in the United States than in any other country in the world. To induce broader participation in aid of national policy, the guaranty of the American Government should be offered as to a limited number of risks lying on the level of foreign policy rather than on the private risk level. That is the theory of the guaranty clause amendment so wisely approved by the Foreign Affairs Committee of the House, as explained in my statement published by you on April 2.

5. In conclusion, let me deplore the great American tendency to make fresh starts in finding its way to a bright new world. President Harding, in his St. Louis address of 1923, naively suggested junking the International Court, to which many Americans objected. He said we would start one of our own.

We have ECA and its bilateral agreements. Why not go on from there? Pride of authorship in esoteric knowledge of a subject often has too much to do with advocacy of a plan. Let me suggest that both plans should be carried forward at once, using the guaranty clause in the ECA Act within its limits of \$300,000,000 as a pilot plant. Let us recognize that the original intent of Congress has been defeated in that the guaranty clause, as originally drafted and as restated in the Senate Foreign Relations Committee draft of the ECA Act, has been, is and would continue to be a complete failure because it does not offer enough protection to draw out the great untapped reservoir of American productive power for the service of our foreign policy and creation of more goods, employment and hope for a free way of life among millions abroad.

Side by side with operations under the new guaranty clause, as recommended by the Foreign Affairs Committee of the House, let the State Department achieve what it can, where it can, by bilateral agreements which I fully recognize might well succeed alone in a limited number of countries, such as the new and healthy country of India, with unlimited raw materials, limited know-how and practically no debts to present credit risks.

President Truman has laid a cornerstone of American foreign policy for a generation to come in point IV of his inaugural address. Let us get to work on it without delay by means of whatever instrumentalities are at hand and any others which we deem it advisable to create as time goes on.

NORMAN M. LITTELL.

WASHINGTON, D. C.

## Economic Recovery of Finland

### EXTENSION OF REMARKS OF

HON. KARL E. MUNDT

OF SOUTH DAKOTA

IN THE SENATE OF THE UNITED STATES

Wednesday, April 13 (legislative day of  
Monday, April 11), 1949

Mr. MUNDT. Mr. President, the people of Finland have been making some remarkable economic progress in the past few years in the face of some very difficult situations. I ask unanimous

consent to have printed in the Appendix of the RECORD an article entitled "Finns on Their Feet Despite Two Wars," published in the New York Times of April 10, 1949.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FINNS ON THEIR FEET DESPITE TWO WARS—  
SUGGESTION MADE THAT LEARNED STUDY HOW  
THE TINY NATION RECOVERS WITHOUT HELP

HELSINKI, FINLAND, April 5.—It is high time, apparently, that somebody appointed a learned commission to prepare a report on "Finland and her troubles."

The learned commission would have a tough job.

If it stayed in Helsinki, it would be likely to get trampled under the feet of people rushing to work. If it went to Turku, it would be dodging steel plates being swung into position to make new ships. Out in the country, it would run the risk of getting crushed under falling pine trees, as a new breed of pioneers clears virgin forests to build its homes. Anywhere it goes, it would be in peril of foundering itself on Finnish hospitality, with meat and cakes and butter and eggs washed down with aquavit.

And then, if it asked Finns about their troubles, the Finns would look surprised and say, "Troubles? What troubles?"

Problems, yes. The Russians, the Communists, the price of wood pulp and paper. But troubles? No, sir.

This doesn't make sense, of course, in present-day Europe. Here is a bantam-sized country that fought two wars in 5 years, saw most of its northland burned to the ground, lost a huge chunk of its best land and richest industries to the Russians, was forced to find homes and jobs for 450,000 refugees from the lost territory, saddled with a staggering load of reparations, and injected with Moscow-trained secret police and Communist agitators.

By all rules of common sense, it ought to be wallowing in despair, its people hungry and discouraged.

But there's no accounting for Finns. Finland looks about as downhearted as a Texas county with a "watch us grow" campaign.

With no help from the Marshall plan, and nothing from Russia more helpful than a kick in the rear, Finland has done the impossible—once more.

She is over the hump, after 9 years of war and war repair, and getting ready to burn the mortgage. And how did she do it? Let a learned commission answer that one!

Helsinki, the capital, is working at recovery as hard as most cities would work on an oil boom. It is all a-bustle with a dozen new industries, built from the ground up since the war, making everything from electric motors to paper-making machinery.

Its stores, in the last 6 months, have filled up with goods as if someone had turned on a faucet. Wool has just been de-rationed; clothing, except for cotton, is coupon-free, and the stores are having sales.

Housewives have thrown away their ration cards for everything except coffee and chocolate. They can buy all the butter and eggs they want. As for meat, there's even enough to spare some for Russia, who is buying beef.

Prices are fantastic—\$3.50 for a garden-variety hotel luncheon of soup, leg of lamb, boiled potatoes, ice cream, and coffee; \$8.50 for a cotton shirt; \$21 for a man's lamb's-wool cap—but Finns pay them without undue shrieking. Finnish workmen are among the best-paid in Europe, and money is loose.

Helsinki, however, is a small part of Finland's recovery story. In every corner of the country, new factories are smoking and new hydroelectric power stations are grinding out kilowatts.



Lapland, where every house and fencepost was burned down by the Germans in their "scorched earth" retreat in 1944 and 1945, has been rebuilt from the ground up. Most of the 450,000 refugees have been settled in new jobs, and the farmers on new acres they have cleared themselves.

The peace treaty took from Finland one-fifth of her agricultural land, and one-third of her power resources.

Replacing the lost farm land has meant clearing virgin forests, uprooting the stumps, and building homes to go with the fields. But Finland has built 30,000 acres of new land, improved production on the old, and is once again feeding her self.

Half of the lost power stations have already been replaced by new ones, work on others is booming, and by the end of this year Finland will have more power than ever.

In the northland, laid waste by the Germans, 5,000 homes were destroyed, and 5,000 have been rebuilt; 13,000 barns were destroyed, and 10,500 have been rebuilt; 3,000 miles of highway was destroyed, and 3,000 miles have been repaired; 1,034 highway bridges were wrecked, and 940 have been repaired.

The losses Finland herself suffered were only a part of what the war cost, for Finland had to pay also for the damage we did to Russia.

The reparations total was fixed at \$300,000,000—to be paid in goods at 1938 prices. So, having lost 77 industrial plants in the territory ceded to Russia, Finland had to create brand-new industries to pay reparations.

Finns are the first to say that they had help. Before Russia forbade them to join in the Marshall plan, Finland had received something more than \$100,000,000 in loans, not gifts, from the United States Export-Import Bank.

Finland is one country that knows no one is going to help her with her task. Russia won't help; America can't.

Finland isn't worried. She hasn't a doubt about her ability to finish the job, and pay its debts, and be living in her old modest comfort by, say, 1952.

And this, as it happens, is when other nations will stop getting aid from the Marshall plan.

## American Taxpayers Have Sent \$92,169,000,000 to Foreign Countries

### EXTENSION OF REMARKS OF

**HON. JAMES E. VAN ZANDT**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 13, 1949

Mr. VAN ZANDT. Mr. Speaker, with the House approving Marshall plan (ECA) funds for the fiscal year 1950 of nearly \$5,500,000,000 it may be well for each Member of Congress to review the over-all cost of our foreign aid program to the American taxpayers.

At my request, the coordinator of information of the House of Representatives compiled for me the over-all cost of foreign aid, including unpaid balances of World War I loans as well as existing programs through June 1950 as presently budgeted.

The total amount of United States Government assistance and loans abroad (including unpaid balances on World War I loans) today stands at \$92,169,000,000.

This total includes all lend-lease through March 31, 1948 (\$50,205,229,787), plus \$15,460,248,348 presently due on World War I loans, including interest to the date of last payment under its various debt funding agreements. These two items, therefore, make roundly \$65,665,000,000 on the total of \$92,169,000,000. The balance of \$26,504,000,000 in overseas assistance is summarized in the attached table 1.

Table II attached indicates the cumulative national distribution of the total sum of \$92,169,000,000, including balances due on World War I loans, all lend-lease, UNRRA, and all other programs of aid and assistance by the Government.

The totals for each country do not include, of course, the vast sums supplied by voluntary assistance drives in the United States, such as CARE, Red Cross, international charities, and emergency assistance campaigns for reconstruction and rehabilitation in particular countries.

While nothing is contained in the official reports of the Government program to indicate the total of loans as against the total of outright grants, we can, however, approximate that of the grand total of \$92,000,000,000 approximately \$70,000,000,000 is in grants and \$22,000,000,000 in loans.

Tables I and II follow:

TABLE I.—A recapitulation of United States loans and grants to foreign nations (April 1949)

Unpaid balances due on World War I loans (January 1948).....	\$15,460,248,348
Lend-lease (through March 31, 1948).....	50,205,229,787
Marshall plan (through June 1950).....	9,254,000,000
Army relief in occupied areas (through June 1950).....	13,774,000,000
Treasury loan to Britain (1947 and 1948).....	3,750,000,000
UNRRA (through March 1947).....	2,700,000,000
Export-Import Bank loans (through June 1950).....	2,007,000,000
Treasury subscriptions to International Bank and Reconstruction Fund (1946 and 1947).....	1,585,000,000
Surplus war goods (liquidation agreements).....	1,148,000,000
Philippine aid and war damages (through June 1950).....	682,000,000
Greek-Turkish Aid Act (through June 1950).....	607,000,000
China Aid Act (through June 1950).....	520,000,000
Displaced persons, International Refugee Organization, contributions to United Nations, Palestine refugees, and other assistance programs (through June 1950).....	477,000,000
Total.....	92,169,478,135

<sup>1</sup> This figure does not include any part of our direct occupation costs, only the civilian relief extended through the military services.

<sup>2</sup> In addition, the armed services disposed of some \$6,434,000,000 of surplus goods and stores overseas, for which no liquidation agreements have yet been reported. In most cases these goods were funneled directly into foreign relief and reconstruction channels; but in other cases, liquidation agreements still are in process of negotiation.

TABLE II.—Total distribution of United States loans, grants, and aids overseas, including unpaid balances on World War I loans (includes all Marshall plan estimates for fiscal 1950, but does not include any funds for rearmament under North Atlantic Pact)

1. Austria.....	\$885,118,000
2. Armenia.....	39,942,000
3. Belgium and Luxemburg.....	1,744,000,000
4. British Empire.....	44,679,000,000
5. China.....	3,446,000,000
6. Czechoslovakia.....	17,348,000
7. Denmark.....	234,792,000
8. Egypt.....	59,700,000
9. Estonia.....	25,903,079
10. Ethiopia.....	16,447,000
11. France and possessions.....	3,371,000,000
12. Finland.....	24,600,056
13. Germany (bizonia).....	3,260,000,000
14. Greece.....	681,000,000
15. Hungary.....	64,000,000
16. Iceland.....	20,900,000
17. Israel.....	63,009,000
18. Italy.....	4,700,000,000
19. Iran.....	23,100,000
20. Iraq.....	7,805,000
21. Ireland.....	142,703,000
22. Japan.....	1,891,000,000
23. Korea.....	89,469,000
24. Latvia.....	10,713,000
25. Liberia.....	14,829,000
26. Lithuania.....	9,603,059
27. Netherlands and possessions.....	979,000,000
28. Norway.....	345,000,000
29. Philippine Islands.....	708,000,000
30. Poland.....	373,600,000
31. Portugal.....	11,647,000
32. Rumania.....	79,435,000
33. Russia.....	12,793,400,000
34. Saudi Arabia.....	46,200,000
35. Sweden.....	104,100,000
36. Trieste.....	35,200,000
37. Turkey.....	305,400,000
38. Yugoslavia.....	117,200,000
39. American Republics (13).....	1,651,392,000

## Punch-Drunk Republicans

### EXTENSION OF REMARKS OF

**HON. MELVIN PRICE**

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 13, 1949

Mr. PRICE. Mr. Speaker, under leave to extend my remarks, I include herewith excerpts from an editorial which appeared in the Chicago Daily Tribune of Saturday, April 9, 1949. The title of the editorial is the Tribune's own. It follows:

#### PUNCH-DRUNK REPUBLICANS

Last Tuesday the Illinois Republicans, for the most part, fell flat on their faces.

The Democrats won, in two of the biggest suburbs, Berwyn and Cicero. In Cicero their task wasn't made any harder by the fact that a Republican town board stymied a Republican president in his efforts to clean up gambling.

But the State Republican organization isn't in very healthy condition when the Democrats elect a mayor in Bloomington. They won not only in Bloomington but also in Peoria, Macomb, Urbana, and Quincy, and in Freeport under a local party label. Republicans retained control in Aurora, Galesburg, and Streator.

No doubt local issues played a part in most of these campaigns. It might be haz-



flow primarily for the purposes of promoting navigation and controlling floods.

Note those words, Mr. Chairman, that the dams and reservoirs are to be operated "primarily for the purposes of promoting navigation and controlling floods". Navigation and floods constitute the primary purpose. That is why the TVA was originally established. That was the argument made for its establishment.

I read further from section 9a of the enabling act for TVA:

So far as may be consistent with such purposes, the Board is authorized to provide and operate facilities for the generation of electric energy at any such dam \* \* \* in order to avoid the waste of water power.

There should not be the slightest doubt, from the language of the act itself, as well as from the testimony and debates at the time it was enacted, that the real purpose of TVA was to control floods and promote navigation. And, incidental to that purpose, the TVA was authorized to use such power as may be generated by the dams to control floods and promote navigation. It was logically contended that it would be pure waste to have all this water power without taking advantage of the electric power it produced.

Today we have before us a proposed appropriation for the construction of a steam plant. This is not a proposal for a new dam or a new reservoir. What is proposed here has nothing whatever to do with floods or navigation. It is simply proposed that we appropriate money for the TVA to build a steam plant to generate electricity. In other words, it is proposed that we change the whole purpose of the TVA, that we make it one vast public power project. This is a precedent, if there ever was one, for Government subsidized competition with private enterprise. If we adopt this proposal, we will be saying that a normal function of the Federal Government is to produce and sell commercially electric power.

The American people should bear in mind that they pay the costs for this operation. As has been pointed out, the net income which TVA earns amounts to around \$17,000,000, and that is not even sufficient to pay for interest and depreciation. The costs of TVA are misrepresented. It is the people who pay the difference in taxes.

The gentleman from Illinois [Mr. SABATH] who has just preceded me spoke about the profits of the private utilities. His figures may be correct. I shall not contest them. But I should like to remind the gentleman that it is out of profits that taxes are paid; and, as the gentleman seems to forget, the rates charged by utilities are subject to Government regulation.

I hold no brief for private utilities. I hold no brief for any particular business. But I believe in private enterprise, Mr. Chairman, and I intend to use all the energy at my command in defense of our system of private enterprise. It is in defense of private enterprise that I have taken the floor this afternoon to urge that the pending amendment be adopted,

and that by our vote we declare that we intend to strengthen, not destroy, what has proved to be the greatest productive system in the world.

## ECA

### SPEECH

OF

## HON. EARL C. MICHENER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 12, 1949

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H. R. 3748) to amend the Economic Cooperation Act of 1948.

Mr. MICHENER. Mr. Chairman, the gentleman from Oregon [Mr. ELLSWORTH], who has just addressed the Committee has spectacularized the fact that this bill is an authorization only and that no money whatever is appropriated. The gentleman is technically correct. All that is intended in this proposal is to carry out the policy established a year ago. This is a policy bill.

The Committee on Foreign Affairs has jurisdiction over foreign policy legislation, while the Appropriations Committee has jurisdiction over the appropriations part of the project. We all know that an appropriation to implement this law will be coming along very shortly. Generally speaking, when the Congress passes a law authorizing an activity on the part of the Government, it necessarily follows that adequate appropriations will be forthcoming. Too often a maximum amount named in an authorization bill proves to be the minimum amount of the appropriation. The maximum amount named in this bill is \$5,580,000,000. There has been extensive debate here and in the Senate as to whether this amount is a ceiling, a limitation or the amount intended to be spent. The House has ample assurance not only in the printed Foreign Affairs Committee report, but also from the members of the committee in open debate, that this maximum amount in no sense binds the Congress morally or officially to appropriate this maximum. In other words, by voting for this bill we place a limit above which no appropriation can be made. We are not committed to appropriate this ceiling.

Now, I am not so naive as to believe that the maximum amount will not be asked for when the President asks that this law be implemented; nevertheless, by voting for this bill we are not committed as to amount. I expect to vote for this bill, and reserve the right to vote for only such appropriations under it as I feel are absolutely essential to carry out the purposes.

When the 1948 ECA Act, for which I voted, was before the Congress, I said in debate:

Mr. Speaker, to vote for or against this proposal is no easy decision, because no one has the absolute answer. The seriousness of our present international relations cannot be overestimated. A minor incident without

significance ordinarily might, in these troublesome times, very easily plunge us into a great Third World War. We all want to prevent this. We all want to do that which we conscientiously believe is most likely to prevent war. There is plausibility on either side of the argument and whatever position we take may be wrong. In short, it is a chance, and a terrible chance. If we pass this legislation it may not accomplish its purpose. On the other hand, the risk is so great that we cannot afford to take the chance, and not pass it. We may be damned if we do, but we are more likely to be damned if we do not.

Mr. Chairman, that is exactly the way I feel today. I am persuaded that in the over-all effort this law has been well administered. Of course, in an undertaking of this size mistakes will be made. Everybody seems to be agreed that there has been marvelous recovery in Europe where this aid has been given. There are those who feel that European recovery has already reached that stage where no further assistance on our part is required. Personally, I am not convinced that this is the case. If this project is not to be continued temporarily, then I believe the money we have already invested will be of no avail, and that the safety of our country will be even more imperiled than it was a year ago. Be it remembered that we are not here embarking upon a new and different policy. We are simply attempting to complete that which we started to accomplish a year ago in the original authorization. It has been asserted by numerous speakers that appropriating money for this purpose amounts to "pouring that money into a rat hole." Certainly if we stop now that will be true so far as money already spent is concerned.

In 1948, the House by an overwhelming vote passed the original ECA law and, in my opinion, the majority will be even greater when the roll is called on this bill. To me the die has been cast. Our Government is committed and our safety and protection demand affirmative action today.

Mr. Chairman, many figures and statistics have been placed in the RECORD throughout this debate. Too often these figures are assembled and quoted by those who do not properly evaluate their meaning and their relationships. The April 15 edition of the United States News and World Report, which came to my desk this morning, contains an article prepared by the research bureau of that publication, which boils down much of the argument made on both sides of the pending question so far as appropriations, costs, expenditures, risks, and objectives are concerned. This is an unbiased statement coming from a reliable, nonpartisan source and is thought-provoking and pictures the enormity of the problem now confronting our country and the world. This article makes one stop, look, and listen.

When one reads the article, he wonders how long our economy will permit our present rate of spending. At the same time, he wonders what the alternative is. It seems to me that our course has been charted and we cannot change in the middle of the stream. I therefore shall reluctantly vote for this extension.



Pursuant to permission given to me by the House, I am including this United States News article, which reads:

**TWENTY-FOUR BILLIONS TO STOP RUSSIA—TAXPAYERS' BURDEN STILL RISING—OFFICIALS WONDER HOW MUCH UNITED STATES CAN AFFORD**

Cost of the cold war is going higher. United States spending in the year ahead will top \$11,000,000,000.

Marshall-plan aid, the Berlin air lift, help for Greece and Turkey, are part of current bill.

Lend-lease to arm Europe will be added. So will bigger defense program at home. Cutting price of the cold war is not in sight.

Cold war with Russia, in the year that will start July 1, is scheduled to cost United States taxpayers approximately \$11,000,000,000. Actual cost before the year is over is more likely to be higher than this figure, rather than lower.

The cold war will be 3 years old by mid-1950. In those 3 years, on the basis of plans approved and those projected, cost to this country will total about \$24,000,000,000. That's a total expenditure of about \$1 for each \$14 spent in World War II during the 4 years the United States was active in the fighting.

Trend of cold-war costs in this period is sharply upward, rather than downward. That cost trend is expected to accelerate under a proposal now advanced with State Department backing. Gen. Omar N. Bradley, Army Chief of Staff, gave expression to the proposal that a line be established for defense of the borders of western Europe. This proposal is being interpreted as involving probable maintenance of United States armed forces on a considerable scale within Germany for an indefinite period. It would be in addition to lend-lease revival, soon to be proposed.

Costs of the cold war, even before counting any cost of a sizable United States Army in Europe, are measured in billions a year and are growing. The chart on this page shows the year-by-year rise in outgo for cold-war purposes as now spent or projected.

In 1948, the fiscal year that ended last June, outgo for cold-war purposes amounted to \$4,498,000,000. Most of that expenditure was for the economic strengthening and relief of United States friends in western Europe, the rest for continued occupation costs that are high largely because of differences with Russia.

In 1949, the present fiscal year that ends June 30, cold-war costs are up to \$7,700,000,000. Included are increases in spending by the United States armed forces, whose expansion is directly related to cold war. Military aid to Greece and Turkey also is included. So are the dollars being spent on Berlin's air lift. Occupation costs for United States are up because of tense relations with Russia, not down, as anticipated. Largest expenditure, however, is for Marshall plan aid to bolster nations that are on the United States side in the cold war.

In 1950, the year that starts July 1, costs as now being outlined will rise to an estimated \$11,601,000,000. Big increase is in new outlays for this country's expanded armed forces. To that is added the start of lend-lease shipments of weapons to Atlantic Pact nations in the United States sphere of Europe.

Added up, these costs to date come to \$23,799,000,000 before the latest plan for a firm military defense of western Europe's border is outlined in detail. Another increase could be added if Congress steps up lend-lease plans in line with new requests by this country's cold-war allies. How far these costs will rise in years that follow is uncertain at this stage. No predictions are being made beyond mid 1950.

Cold-war spending, in 3 years, has spread to cover a wide range of activities, but can be focused in these few fields.

Military outlays caused directly by differences with Russia show the biggest dollar increase. After World War II, the United States military budget dropped to \$10,651,000,000 by fiscal 1948. Defense planners estimated that they could get this cost down to \$7,000,000,000 as a postwar level. But then came the start of cold war and a new "get tough" policy aimed at containing Russia. This was the Truman doctrine. The trend toward demobilizing United States strength was reversed. Military spending increased \$1,029,000,000 in the fiscal year 1949. This increase was related directly to efforts to contain Russia. For the year starting next July, these efforts are to bring another increase, with the military budget set to rise \$3,610,000,000 above the 1948 level.

Aid abroad is accounting for even more of the cold war's dollar cost. Outlays for building up western Europe against the spread of Russia's Communist fifth column amounted to \$4,498,000,000 in fiscal year 1948. Marshall plan aid, superimposed when cold war was intensified in Europe, raises current outlays for aid abroad to \$6,671,000,000. This outgo is to be only slightly less, at a planned \$6,191,000,000, for the year starting next July.

Military aid now is being added to the United States bill for cold war. Arms shipments to Greece and Turkey are being made at the rate of about \$350,000,000 this year. Lend-lease, as planned at this time, is to raise the cost of such aid to about \$1,800,000,000 for the year starting in July. That's for a start. Then, if full-scale lend-lease gets underway, military aid may rise sharply in years ahead.

Within these totals are hidden dozens of cold-war programs that are scheduled to increase in cost under present plans. The Berlin air lift, for example, is financed out of Air Force, Navy, and Army funds running to hundreds of millions, and is slated to expand for a bigger and bigger load. Stock piling of war materials under pressure of the cold war, is increasing in cost from about \$99,000,000 last year to \$350,000,000 this year, and to a planned \$525,000,000 for the year ahead. Aircraft commitments already made assure rising outlays for buying new military planes in years ahead.

What it all means is that the United States is undertaking to become the arsenal of the western world. More and more of the Government budget—and the productive capacity of the country—is being devoted to containing Russia through military and other aid programs.

Direct spending on the cold war now is scheduled to increase to a point where it will take \$1 of every \$4 in the national budget for the year starting next July 1. The trend is toward funneling an even larger portion of United States funds into this channel, as lend-lease and air-power plans are developed and presented as a relatively cheap way of avoiding a hot war later on.

But the ability of the country to continue and enlarge military programs and, at the same time, keep a healthy civilian economy in operation is beginning to be questioned. Edwin G. Nourse, Chairman of the President's Council of Economic Advisers, raised the question in a speech before a military-sponsored group. His doubts are being echoed rather loudly in the United States Senate.

The cost of past wars and safeguards against a new war, in fact, represent \$3 out of every \$4 that the Federal Government spends. The next budget year calls for a total outlay of \$41,900,000,000. Of this total, \$5,500,000,000 goes for interest on the war debt and another \$5,500,000,000 to veterans. Then comes \$10,600,000,000 for "normal" military outlays. On top of this are the cold-war costs of \$11,600,000,000. The total comes

to \$33,200,000,000 or more than three-fourths of the budget.

Result is that spending for all normal peacetime functions of Government represents only about \$9,000,000,000 of a planned \$42,000,000,000 budget for the year ahead. This is only about 50 percent more than a prewar New Deal budget for civilian operations, while the total budget is six times as large.

Questions now being asked involve the ability of the country to afford these costs. Government officials frequently mention the civilian outlays that ought to be made to build up the country, but these projects have to be curtailed to make room for the cold war within a manageable budget.

Public-school systems, for example, are in disrepair and should expand to care for the increased number of children. One official estimate puts the need for new school buildings alone at \$10,500,000,000.

The Nation's highways also need improvement and expansion. Planners would like to build a new 40,000-mile national interstate highway system that would by-pass large cities and relieve traffic congestion. But only 1,500 miles of this system have been built. Eventual cost of expanding national highways and improving existing roads is put at \$50,000,000,000.

Then there are reclamation projects, river-basin developments, soil-conservation and forestry programs that the Administration would like to undertake. These are all costly, long-range programs that are being held back.

Cities and counties need new waterworks and sewerage systems to care for wartime and postwar growth, both inside city limits and in suburbs. States and cities also want more recreational areas, more health centers and hospitals. Many of these projects, too, have to be held back because of the effort required to build up the military strength of this country and its allies.

This civilian program, however, is being forced to take a back seat while the country builds its strength against a potential thrust from Russia. If an accord with Russia could be made, the Federal budget probably could be trimmed to around \$30,000,000,000 a year and still leave room for many peacetime projects.

The trend, however, is in the other direction, toward more spending for cold-war programs in the period ahead. Even if lend-lease outlays are balanced by cutting Marshall plan and Army-Navy-Air Force funds, defense spending appears certain to increase in the coming year. And in years ahead, barring an unexpected agreement with Soviet Russia, these costs are likely to continue to climb.

### Our China Disaster

#### EXTENSION OF REMARKS OF

**HON. WALTER H. JUDD**

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 12, 1949

Mr. JUDD. Mr. Speaker, under leave to extend my remarks, I include the following editorial by Kepler Davis, rear admiral, United States Navy (retired), editor of the Forest Republican, published at Tonesta, Pa.:

#### OUR CHINA DISASTER

During the past weeks we have learned the extent of the disaster that has befallen China and the United States. The responsibility for the failure of our foreign policy in the











vided for them and other people in Minneapolis.

Three thousand six hundred and seventy persons now occupy temporary housing units; 2,045 of this group are children, inheritors of the suffering indigenous to life among the prefabs and temporary housing units.

Between 1,000 and 2,000 low-rent housing units are needed in Minneapolis. The import of the term "low rent" is best exemplified in the statistics of a survey made by the Minneapolis Housing and Redevelopment Authority. The surveyed area included a blighted section on the near north side of Minneapolis. A income group pays \$38 per month rent in this area; B income group pays \$30; and C income group, comprising one-fifth of the entire group, pays \$21 per month. However, slum clearance cannot be effected without appropriate plans in hand for the establishment of low-rent housing units in the area cleared. Such a program of clearance and of redevelopment is hamstrung in Minneapolis by the lack of Federal funds. The tragedy of this situation is that substandard dwellings will have to remain to provide shelter. Such inadequate shelter has always been the breeding ground of juvenile delinquency. Families who live in such homes are highly susceptible to disease, just as they also become susceptible to criminal activities. Poor housing leads in part to increased cost in maintaining penitentiaries. Three statistics on the Sumner field housing project show that since the establishment of the project the number of fires in the area decreased one-third. Dollar loss per fire decreased between 1940 and 1948 to \$36 per fire, as compared to \$193 in the area previous to redevelopment. Police cost in the area dropped 90 percent. Prof. Stuart Chapin of the Department of Sociology at the University of Minnesota in his survey of the project in 1940 pointed out that people living in the Sumner field units developed twice as much social participation in the civic affairs of the neighborhood and city. This increased not only the moral tone of the city but the lives of these people. This comparison was made in terms of the people occupying substandard shelter in surrounding blighted areas.

The need for low-rent housing should be considered primarily in terms of the American principle of preserving American family life. Home life is the basis of family life, and the destruction of family life spiritually and materially has too often been caused in the years since the war by inadequate dwellings.

Sincerely yours,

ERIC G. HOYER,  
Mayor.

ATLANTA, GA., April 13, 1949.

PAUL V. BETTERS,

Executive Director,  
United States Conference of Mayors:

The city of Atlanta is vitally interested in the passage of a comprehensive housing and slum-clearance bill. There is still great need for housing in the low-income class both white and colored. Also there are still large slum areas which need clearance in the central and semicentral portion of the city. There are thousands of applications for the housing units we now have which cannot be filled. Quite a number of apartment buildings have been built in Atlanta under FHA loans, but they are too far out in the suburbs to serve our working people and those of moderate income. Also the rents are completely above the low-income class. The city of Atlanta has great need for an additional program of slum clearance and low-cost housing.

WILLIAM B. HARTSFIELD,  
Mayor of Atlanta.

TOLEDO, OHIO, April 12, 1949.

PAUL V. BETTERS,

Executive Director,

United States Conference of Mayors:

We cannot too strongly emphasize the importance of legislation assisting cities with the elimination of slums and construction of housing for persons of low income. Today the most valuable areas in Toledo from the standpoint of facility and proximity to the center of activity are occupied by slums which create real problem in law enforcement and health.

MICHAEL V. DISALLE,  
Mayor, City of Toledo.

MEMPHIS, TENN., April 12, 1949.

PAUL V. BETTERS,

Director, United States Conference of  
Mayors:

Because the central portion of Memphis is traversed by five major bayou systems the adjacent areas invited construction of poorest type of shelter. Most of the so-called housing was provided more than 40 years ago and represents nearly 14,000 units unfit for repair in an area of more than seven square miles. No slums have ever been cleared here except through public improvements and building of five public housing projects. Believe private enterprise would cooperate in redevelopment if slum sites could be made available at reuse values. Memphis needs at least 7,000 low-rent public-housing units and should apply for at least half that number if present legislation is enacted. The existing public housing program of 3,300 units is divided 28 percent for white and 72 percent for Negro occupancy and future programs, based on need, should be apportioned likewise.

WATKINS OVERTON,  
Mayor, City of Memphis, Tenn.

PROVIDENCE, R. I., April 12, 1949.

PAUL V. BETTERS,

United States Conference of Mayors,  
Washington, D. C.

Providence program for slum clearance and redevelopment requires passage of Senate bill 1070 to provide low-rent housing for displaced families of low income. Vital programs for new highways, playgrounds, industrial sites, as well as slum clearance are being delayed by a housing shortage.

DENNIS J. ROBERTS,  
Mayor of Providence.

NORFOLK, VA., April 13, 1949.

PAUL V. BETTERS,

Executive Director,

United States Conference of Mayors:

Acute shortage exists here respecting housing accommodations at rentals within reach of vast majority of our people. Concern of commandant of Fifth Naval District is indicative of the general situation. Recent survey by commandant discloses 2,347 Navy personnel in Norfolk area who desire to bring their families to this area but who are unable to do so because of housing shortage; 3,077 families of Navy personnel in this area now occupying trailers, rooms, and other inadequate housing.

Estimated minimum need for low-rent public housing 3,000 units. Nineteen hundred and forty housing census revealed 9,000 substandard units occupied by Negroes, 6,000 substandard units occupied by whites. While there is no later survey available, this situation has certainly not improved. City now plagued with many blighted areas which we hope to eliminate progressively through redevelopment and public-housing projects.

Norfolk's interest in slum clearance and public housing evidenced by recent appropriation of \$25,000 to the Norfolk Redevelop-

ment and Housing Authority for a study, planning and programing. Low-rent public housing in Norfolk efficiently operated, but grossly inadequate in scope. Administrative heads of health, fire, and police departments and judge of juvenile court report a very high rate of disease, delinquency, and crime in slum areas with correspondingly high servicing costs and very favorable demonstration of effectiveness of public housing. Study made in 1937 of certain slum areas comprising 1 percent of our total area and containing 14 percent of our population showed that the cost of city services in those areas exceeded the tax returns therefrom by \$750,000. City vitally interested in passage of a comprehensive housing bill embracing public housing and urban redevelopment.

PRETLOW DARDEN,  
Mayor, Norfolk, Va.

Mr. MCCARTHY. Mr. President, will the Senator from South Carolina yield to me?

Mr. MAYBANK. I may say to the Senator from Wisconsin that the Senator from Texas [Mr. CONNALLY] desires to bring up for immediate consideration the conference report on the ECA bill, which is a privileged matter. I assured the Senator from Texas that when I had completed my statement I would first yield to him.

#### EXTENSION OF THE EUROPEAN RECOVERY PROGRAM—CONFERENCE REPORT

Mr. CONNALLY. Mr. President, I thank the Senator from South Carolina.

I submit a conference report on Senate bill 1209, providing for the extension of the European recovery program, and I ask for its present consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read the report, as follows:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1209) to amend the Economic Cooperation Act of 1948, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That the fourth and fifth sentences of section 102 (a) of the Economic Cooperation Act of 1948 are hereby amended to read as follows: 'Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through their joint organization to exert sustained common efforts to achieve speedily that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to encourage the unification of Europe, and to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: *Provided*, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States.'



"SEC. 2. The second sentence of section 104 (e) of such Act is hereby amended by striking out '\$10,000 per annum' and inserting in lieu thereof 'the highest rate authorized by such Act'.

"SEC. 3. The first sentence of section 105 (c) of such Act is hereby amended by striking out 'section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended,' and inserting in lieu thereof 'the Export Control Act of 1949'.

"SEC. 4. Section 108 of such Act is hereby amended by adding at the end thereof the following new sentences: 'There shall be a Deputy United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 3, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. The Deputy United States Special Representative shall perform such functions as the United States Special Representative shall designate, and shall be Acting United States Special Representative during the absence or disability of the United States Special Representative or in the event of a vacancy in the office of United States Special Representative.'

"SEC. 5. The last sentence of section 109 (a) of such Act is hereby amended by striking out the period and inserting in lieu thereof a semicolon and the following: 'and the chief of the special mission shall be entitled to receive the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Act of August 13, 1946 (60 Stat. 999), or compensation and allowances in accordance with section 110 (a) of this title, as the Administrator shall determine to be necessary or appropriate.'

"SEC. 6. (a) The last sentence of paragraph (2) of section 111 (a) of such Act is hereby amended to read as follows: 'The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, as far as is practicable, that at least 50 per centum of the gross tonnage of commodities procured out of funds made available under this title and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services, is so transported on United States flag vessels to the extent such vessels are available at market rates for United States flag vessels; and, in the administration of this provision, the Administrator shall, insofar as practicable and consistent with the purposes of this title, endeavor to secure a fair and reasonable participation by United States flag vessels in cargoes by geographic area.'

"(b) Paragraph (3) of section 111 (b) of such Act is hereby amended in the following particulars:

"(1) By inserting after 'projects' a comma and the following: 'including expansion, modernization, or development of existing enterprises' and a comma;

"(2) By inserting after 'media' the following: 'consistent with the national interests of the United States';

"(3) By striking out in the first proviso 'in the first year after the date of the enactment of this Act does not exceed \$15,000,000' and inserting in lieu thereof 'made in any fiscal year does not exceed \$10,000,000';

"(4) By amending subparagraph (i) thereof to read as follows:

"(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator plus actual earnings or profits on said project to the extent provided by such guaranty;";

"(5) By inserting after subparagraph (iii) thereof the following new subparagraphs:

"(iv) as used in this paragraph, the term 'investment' includes the furnishing of capital goods items and related services, for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950; and

"(v) the guaranty to any person shall be limited to assuring the transfer into United States dollars of other currencies, or credits in such currencies received by such person as earnings or profits from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency or credits on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith;"; and

"(6) By amending the next to last sentence thereof to read as follows: 'The total amount of the guaranties made under this paragraph (3) shall not exceed \$150,000,000: *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding.'

"(c) Paragraph (2) of section 111 (c) of such act is hereby amended in the following particulars:

"(1) By inserting after the second sentence thereof the following: 'In addition to the amount of notes above authorized, the Administrator is authorized, for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section, to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$150,000,000 less any amount allocated prior to April 3, 1949, for such purpose, until all liabilities arising under guaranties made pursuant to this authorization have expired or been discharged;';

"(2) By striking out the first two words, 'Such notes' in the third sentence thereof and inserting 'The notes hereinabove authorized'; and

"(3) By inserting after 'Washington' in the sixth sentence thereof 'for assistance on credit terms'.

"SEC. 7. (a) Section 112 (c) of such Act is hereby amended by striking out '25 per centum' and inserting in lieu thereof '12½ per centum'.

"(b) Section 112 (d) of such Act is hereby amended by adding after the words 'any agricultural commodity, or product thereof' the following: 'or class, type, or specification thereof'.

"(c) Section 112 (g) of such Act is hereby amended by striking out 'section 6 of the Act of July 2, 1940 (54 Stat. 714), including any amendment thereto,' and 'section 6 of the Act of July 2, 1940, as amended,' and inserting in lieu thereof 'the Export Control Act of 1949'.

"(d) Section 112 of such Act is hereby further amended by adding at the end thereof the following new subsections:

"(i) (1) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this title, the Administrator shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under this title by making available or causing to be made available to suppliers in the United States, and particularly to small independent en-

terprises, information, as far in advance as possible, with respect to purchases proposed to be financed with funds authorized under this title, and by making available or causing to be made available to prospective purchasers in the participating countries information as to commodities and services produced by small independent enterprises in the United States, and by otherwise helping to give small business an opportunity to participate in the furnishing of commodities and services financed with funds authorized under this title.

"(2) The Administrator shall appoint a special assistant to advise and assist him in carrying out the foregoing paragraph (1). Each report transmitted to the Congress under section 123 shall include a report of all activities under this subsection.

"(j) The Administrator shall, in providing assistance in the procurement of commodities in the United States, make available United States dollars for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II.

"(k) No funds authorized for the purposes of this title shall be used in the United States for advertising foreign products or for advertising foreign travel.

"(l) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price-support programs required by law) at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment.'

"SEC. 8. (a) Section 114 (c) of such act is hereby amended in the following particulars:

"(1) By striking out the period at the end of the first sentence thereof and inserting in lieu thereof a colon and the following: '*Provided further*, That, in addition to' the amount heretofore authorized and appropriated, there are hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$1,150,000,000 for the period April 3, 1949, through June 30, 1949, and not to exceed \$4,280,000,000 for the fiscal year ending June 30, 1950: *Provided further*, That, in addition to the foregoing, any balance, unobligated as of June 30, 1949, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1950, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year;"; and

"(2) By amending the last sentence of such section 114 (c) to read as follows: 'The authorizations in this title are limited to the period ending June 30, 1950, in order that the Congress may pass on any subsequent authorizations.'

"(b) Section 114 of such Act is hereby further amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding the provisions of any other law, until such time as an appropriation additional to that made by title I of the Foreign Aid Appropriation Act, 1949 (Public Law 793, Eightieth Congress), shall be made pursuant to subsection (c) of this section the Reconstruction Finance Corporation is authorized and directed to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such times, and



in such amounts as the Administrator shall request, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.

"Sec. 9. (a) Paragraph (6) of section 115 (b) of such Act is hereby amended by striking out the period following the words 'grant basis' and inserting in lieu thereof a colon and the following: 'Provided, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates.'

"(b) Such section 115 (b) (6) is hereby further amended by inserting after 'or for such other expenditures as may be consistent with' the words 'the declaration of policy contained in section 102 and'.

"(c) Section 115 (d) of such Act is hereby amended to read as follows:

"(d) The Administrator shall encourage each participating country to insure, by an effective follow-up system, that efficient use is made of the commodities, facilities, and services furnished under this title. In order further to insure that each participating country makes efficient use of such commodities, facilities, and services, and of its own resources, the Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to observe and review the operation of such follow-up systems.'

"(d) Section 115 of such Act is hereby further amended by adding two new subsections as follows:

"(h) Not less than 5 per centum of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.

"(i) (1) The Administrator shall, to the greatest extent practicable, initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources; and in furtherance of these objectives the Administrator shall, in addition to the local currency allocated pursuant to subsection (h), use such other means available to him under this title as he may deem appropriate.

"(2) In furtherance of such objectives and within the limits of the appropriations and contract authorizations of the Bureau of Federal Supply to procure strategic and critical materials, the Administrator, with the approval of the Director of such Bureau, shall enter into contracts in the name of the United States for the account of such Bureau for the purchase of strategic and critical materials in any participating country. Such contracts may provide for deliveries over definite periods, but not to exceed twenty years in any contract, and may provide for payments in advance of deliveries.

"(3) Nothing in this subsection shall be deemed to restrict or limit in any manner the authority now held by any agency of the United States Government in procuring or

stimulating increased production of the materials referred to in paragraphs (1) and (2) in countries other than participating countries.'

"Sec. 10. (a) The first sentence of section 117 (c) of such Act is hereby amended by striking out the period and inserting in lieu thereof a colon and the following: 'Provided, That the Administrator shall fix and pay a uniform rate per pound for the ocean transportation of all relief packages of food or other general classification of commodities shipped to any participating foreign country, regardless of methods of shipment and higher rates charged by particular agencies of transportation, but this proviso shall not apply to shipments made by individuals to individuals through the mails.'

"(b) Section 117 (d) of such Act is hereby amended by striking out 'section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended,' and inserting in lieu thereof 'the Export Control Act of 1949'.

"(c) Section 117 of such Act is hereby further amended by adding a new subsection to read as follows:

"(e) Whenever the Administrator shall determine that shipping capacity available to Italy is inadequate for such emigration from Italy as may be desirable to further the purposes of this title, the Administrator shall request the United States Maritime Commission to make available to Italy vessels capable of engaging in such service for the purpose of transporting emigrants from Italy to destinations other than the United States, and shall specify the terms and conditions under which such vessels shall thus be made available, and the United States Maritime Commission thereupon shall, notwithstanding any other provisions of law and without reimbursement by the Administrator, make such vessels available to Italy in accordance with such terms and conditions: *Provided*, That the total number of such vessels made available for such purpose shall not at any one time exceed ten: *Provided further*, That title to each such vessel owned by the United States Government shall remain in the United States: *And provided further*, That the terms and conditions under which such vessels are made available to Italy shall obligate Italy to return the vessels forthwith upon demand of the President, and in any event not later than June 30, 1952.'

"Sec. 11. The second sentence of section 118 of such Act is amended by inserting before the period at the end thereof 'or (3) the provision of such assistance would be inconsistent with the obligations of the United States under the Charter of the United Nations to refrain from giving assistance to any State against which the United Nations is taking preventative or enforcement action'.

"Sec. 12. An amount, equal to any balance, unobligated as of April 2, 1949, or subsequently released from obligation, of funds appropriated by Public Law 793, approved June 28, 1948, for the purposes of the China Aid Act of 1948 is hereby made available to the President for obligation through February 15, 1950, for assistance in areas in China which he may deem to be not under Communist domination, to be furnished in such manner and on such terms and conditions as he may determine."

And the House agree to the same.

TOM CONNALLY,  
WALTER F. GEORGE,  
ELBERT D. THOMAS,  
ARTHUR H. VANDENBERG,  
ALEXANDER WILEY,

*Managers on the Part of the Senate.*

JOHN KEE,  
JAMES P. RICHARDS,  
JOSEPH L. PFEIFER,  
CHARLES A. EATON,  
JOHN M. VORYS,

*Managers on the Part of the House.*

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. CONNALLY. Mr. President, I do not care to consume much of the time of the Senate in discussing the report. It was approved by the House of Representatives a little while ago today, and I hope and expect similar action to be taken in the Senate.

Mr. MORSE. Mr. President, will the Senator from Texas yield to me so I may suggest the absence of a quorum?

Mr. CONNALLY. I yield for that purpose.

Mr. MORSE. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. STENNIS in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hill	Morse
Baldwin	Hoey	Mundt
Brewster	Holland	Murray
Bricker	Humphrey	Neely
Cain	Ives	O'Connor
Chavez	Jenner	Pepper
Connally	Johnson, Tex.	Reed
Cordon	Johnston, S. C.	Robertson
Donnell	Kefauver	Russell
Douglas	Kem	Saltonstall
Downey	Kerr	Schoeppel
Eastland	Knowland	Sparkman
Eaton	Langer	Stennis
Ellender	Lodge	Taft
Ferguson	Lucas	Taylor
Flanders	McCarthy	Thomas, Okla.
Frear	McClellan	Thye
Fulbright	McFarland	Tydings
George	McMahon	Vandenberg
Green	Martin	Watkins
Hayden	Maybank	Wherry
Hendrickson	Miller	Williams
Hickenlooper	Millikin	

The PRESIDING OFFICER. A quorum is present.

Mr. CONNALLY. Mr. President, I have presented the report of the conference committee on the ECA bill, Senate bill 1209. It is not the purpose of the committee to consume much of the time of the Senate. However, it was thought desirable to have a quorum call in order that Senators might have no cause to complain that they did not know the conference report was coming before the Senate for consideration.

The conferees on the part of the Senate were the Senator from Georgia [Mr. GEORGE], the Senator from Utah [Mr. THOMAS], the Senator from Michigan [Mr. VANDENBERG], the Senator from Wisconsin [Mr. WILEY], and the Senator from Texas, chairman of the committee. The report is available for Senators who desire copies.

On the whole, the conference report reveals that in the main the Senate conferees were able to sustain the views of the Senate and to secure action on the major amendments which were considered and adopted by the Senate. The House conferees agreed to a great number of provisions which were sanctioned by the Senate committee and the Senate. The managers on the part of the House agreed to accept the Senate language with respect to the fifty-fifty shipping provision, which is more or less an agreed-upon compromise between the



ECA and the American merchant marine interests.

In the case of China, the language inserted in the bill by the Senate, on motion of the junior Senator from California [Mr. KNOWLAND], was in effect adopted; so that item is cared for.

The House had passed an independent bill on the subject of China, but upon the insistence of the Senate conferees it was agreed that the provision inserted in the bill by the Senate should remain practically intact—that is, as to the time within which the \$43,000,000, heretofore appropriated, but unexpended, may be expended.

The conferees on the part of the House accepted the Senate amendment on the subject of the Indonesian question. That amendment was offered by the Senator from Maine [Mr. BREWSTER]. There was nothing on the subject in the bill as passed by the House, so that item is disposed of.

The language inserted by the Senate, providing that the Administrator shall encourage each participating country to insure the efficient use of commodities and facilities by an effective follow-up system, was approved by the conferees on the part of the House. No similar provision had been contained in the bill as passed by the House. That provision is what is known as the Bridges-McCar-ran amendment.

In the case of the item for advertising and travel, the Senate version of the bill forbids the use of ECA funds for advertising in the United States of foreign products or foreign travel. No similar provision was contained in the bill as passed by the House. The House conferees accepted the action taken in that respect by the Senate.

As to agricultural commodities, in the Senate version of the bill the words "any agricultural commodity or product thereof," as used in the original bill, were enlarged to include classes, types, or specifications of such commodities or products. The conferees agreed to accept that provision. It was championed and presented, as I now recall, by the Senator from Washington [Mr. MAGNUSON], and other Senators who were associated with him.

In the case of exported wheat flour, the Senate version of the bill contained a provision that least 15 percent of the wheat shipped abroad should be in the form of milled products. Upon the insistence of the House conferees, the Senate provision was reduced to 12 percent; and the House conferees agreed to that.

In the case of marine insurance, the House version of the bill contained no provision on the subject. The House conferees agreed to accept the first portion of the Senate amendment dealing with that subject, but rejected the last half. However, the final action represents a distinct advance, and more or less represents the Senate's view.

The Senate conferees receded on the provision relating to the exportation of corn. That amendment was sponsored by the distinguished Senator from Iowa [Mr. GILLETTE], and provided that 15

percent of the corn shipped abroad should be in processed form. Because of the objections of the ECA and testimony that it was hardly practicable and that in Europe there is really very little demand for corn, the Senate conferees agreed to recede, and to accept the view of the House conferees on that matter.

One other item of difference was that the Senate version of the bill provided \$750,000,000 through the RFC to meet any anticipated necessities along that line. The House version of the bill provided for a billion dollars. The Senate conferees agreed to that provision, because it does not involve any appropriation; and if the billion dollars is needed, we feel that it would be a mistake to insist upon a reduction.

The Senate conferees receded on the provision, contained in the bill as passed by the Senate, authorizing \$150,000,000 for forward contracting for long-range programing. That provision was removed from the bill, upon the insistence of the House conferees.

In regard to the shipping matter, or what is known as the Panamanian issue, the Senate conferees agreed to remove that provision from the bill, so that issue is eliminated from consideration. It related to vessels registered under the laws of a foreign country which is not a participating country under ECA, and of which the owners are not nationals of a participating country. In other words, it relates to ships under Panamanian registry. So far as the compromise on that matter is concerned, it may be pointed out that the House version of the bill contained exceptionally broad guaranty provisions, including compensation for losses as a result of riot, revolution, war, expropriation, and a number of other things. The House version of the bill provided that \$300,000,000 should be available for those purposes. The Senate conferees vigorously dissented. The Senator from Michigan [Mr. VANDENBERG], who was thoroughly advised about the proposal, along with other of the Senate conferees, insisted on opposition. The result was that all the provisions of guaranties, including the one as to original investment, but with the exception of the guaranty of convertibility of currency into United States dollars, were stricken out. The ceiling on guaranties was reduced from \$300,000,000 to \$150,000,000.

The Senate conferees thus succeeded in greatly modifying the far-reaching House proposal, and we were able to defeat what we thought would be a precedent on the question of guaranteeing the investments in foreign countries and the profits therefrom, with payment to be made from the Treasury of the United States. Such a provision, of course, might have far-reaching results in respect to other legislation. The Senator from Michigan deserves credit for his insistence on that point and for his very clear explanations before the Committee of Conference.

The House conferees agreed to restore the \$50,000,000 item for the interim period, in order to leave the authorization intact. The House had reduced the

amount of the appropriation by \$50,000,000.

On our part, the Senate conferees agreed to eliminate the \$150,000,000 item for forward contracting. That would not injure the operation of the bill, because it does not involve a direct appropriation at this time.

So far as the authorizations are concerned, therefore, the bill as finally agreed upon in the conference committee is strikingly like the version of the bill as sent to conference by the Senate.

Mr. President, I think the result of the conference has been wholly to the advantage of the attitude of the Senate, and will provide wisely for the extension for another year of the operations of the ECA.

Mr. President, as all of us know, this is one of the most far-reaching measures, so far as the international world is concerned, that has ever been undertaken by any government since the beginning of organized society. It represents the generosity of a great nation and the far-seeing vision as to its effects not alone for the moment but for the years to come. We believe it will have a tremendous impact upon the cause of peace. We believe it will have a profound effect in enabling European countries to stand upon their own legs and to rebuild their broken economies, thus strengthening the cause of free government in Europe, and setting an example for the entire world. We present the report and ask concurrence of the Senate.

Mr. REED. Mr. President, I was the author of the provision requiring that 15 percent of the combined wheat and flour tonnage be in the form of flour. I appreciate very much the work of the Senate conferees in preserving 12½ percent. During the past 30 years the flour-milling industry of the United States has built up a foreign market. For 30 years 18 percent, on an average, of the combined wheat and flour tonnage which has gone abroad has been in the form of flour. I think the ECA Administrator has been wholly unreasonable and somewhat unfair to an American industry which has built up a business at its own expense. The 15-percent provision should have been preserved. But I appreciate what the conferees did, and I thank especially the Senator from Texas and the Senator from Michigan for their work and help. The report is perfectly satisfactory to me, and I, of course, expect to vote for it.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

#### NATIONAL HEALTH INSURANCE

Mr. MORSE. Mr. President, I want to take a very few minutes this afternoon to discuss two phases of problems affecting national health.

The PRESIDING OFFICER. If the Senator from Oregon will suspend for a moment, the Chair understands the parliamentary situation to be that the Senator from South Carolina yielded to a privileged matter.



A motion to reconsider was laid on the table.

MRS. MARION T. SCHWARTZ

Mr. BYRNE of New York. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1169) for the relief of Mrs. Marion T. Schwartz, with a Senate amendment thereto, disagree to the Senate amendment, and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. BYRNE of New York, DEN-  
TON, and JENNINGS.

#### EXTENSION OF REMARKS

Mr. BATTLE asked and was given permission to revise and extend his remarks in reference to Pan-American Day.

Mr. PHILBIN asked and was given permission to extend his remarks in the RECORD in three instances.

Mr. CANFIELD asked and was given permission to attend his remarks in the RECORD and include an exchange of correspondence.

Mr. JOHNSON asked and was given permission to extend his remarks in the RECORD in two instances and to include an article in each instance.

Mr. FARRINGTON asked and was given permission to extend his remarks in the RECORD and include a resolution adopted by the Territorial Legislature of Hawaii.

Mr. MACK of Washington asked and was given permission to extend his remarks in the RECORD.

Mr. BENNETT of Michigan asked and was given permission to extend his remarks in the RECORD.

Mrs. ST. GEORGE asked and was given permission to extend her remarks in the RECORD and include three short articles.

Mr. MEYER asked and was given permission to extend his remarks in the RECORD and include a radio address by him on the subject of socialized medicine.

Mr. AUGUST H. ANDRESEN asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous matter.

Mr. COUDERT asked and was given permission to extend his remarks in the RECORD at this point.

Mr. COUDERT. Mr. Speaker, I want to call the attention of the House to the great variety of talent which characterizes the district which I have the honor to represent. It has not only been the home of Presidents, Governors, and leaders in the business, social welfare, and labor walks of life, but it harbors also the great in the world of art and drama.

My attention has been called recently to the presentation of the National Academy of Vocal Arts Plaque for 1949 to one of my constituents for outstanding achievement in coordination of theatrical acts. He also has been a past recipient of the drama critics award. I refer to the great singer, Alfred Drake, who has so successfully entertained so many with his highly dramatic art.

Mr. Drake is a real New Yorker. He was born in the Bronx, spent his childhood in Brooklyn, and his adult life so far

has been reserved for Manhattan. Not only does he limit himself to acting in serious and musical roles, but is also a playwright and director of no mean distinction. Millions of people have seen and heard him on the stage, screen, and radio, and his record recordings have reached many more millions of ears. His performance in Oklahoma will not be forgotten by those who have had the good fortune to enjoy it. He is back entertaining visitors in the Seventeenth Congressional District in another successful musical play, Kiss Me Kate.

Mr. COUDERT asked and was given permission to extend his remarks in the RECORD and include newspaper articles.

Mr. DAVIS of Wisconsin asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mr. HARVEY asked and was given permission to extend his remarks in the RECORD and include two newspaper editorials.

Mr. TEAGUE asked and was given permission to extend his remarks in the RECORD and include extraneous material.

Mr. DOYLE asked and was given permission to extend his remarks in the RECORD at this point.

#### RE PATMAN AMENDMENT

Mr. DOYLE. Mr. Speaker, I favor the Patman amendment.

Granting that the committee has not given any evidence of deliberate intention of crippling the prosecution of illegal monopolies, it does appear there is some question that the cut will reasonably limit to at least some extent the most prompt prosecution of antimonopoly prosecutions. I am opposed to any plan which could possibly result in slowing up prosecutions of illegal monopolies. Rather, we should forthrightly declare that illegal monopoly is not consistent with the best interests of our Nation. Prompt prosecution is an essential element of democratic processes. Only prompt investigation and prompt prosecution results in fairness to the legal rights to both the people and to the claimed illegal monopoly. Forced delay on account of inadequate funds or personnel is intolerable when the rights and security of small business is involved. Legal big business is as necessary as legal small business. But, illegal monopoly is destructive of the very spirit and fact of competitive free enterprise and must not be tolerated. The economic security of our Nation depends upon the observance of established law and because illegal monopoly is immense money and economic resources it is more destructive to the democratic processes than is just ordinary illegal act or procedure. Illegal monopoly must be checked and must be prosecuted promptly and diligently and I want our legal department to be adequately financed so to do. Competitive free enterprise cannot survive protracted delay in the prosecution of illegal monopoly and there should be no such condition permitted to grow up. Small business must not be expected to compete with illegal monopoly—no; not even in one case. And insufficient money to prosecute promptly and fully puts small business up

against illegal competition entirely too long to suit me.

#### EXTENSION OF REMARKS

Mr. MCKINNON asked and was given permission to extend his remarks in the RECORD and include newspaper articles.

Mr. JUDD asked and was given permission to extend his remarks in the RECORD and include an address by Hon. Harold E. Stassen at Boston.

Mr. SHORT asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous matter.

#### EXTENSION OF EUROPEAN RECOVERY PROGRAM

Mr. KEE. Mr. Speaker, I call up the conference report on the bill (S. 1209) to amend the Economic Cooperation Act of 1948, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of April 13, 1949.)

Mr. KEE. Mr. Speaker, the Members of the House have no doubt noted by the reading of the statement of the managers on the part of the House that the report comes to you as a unanimous report and agreement of the conference committee upon the provisions of this measure. In many instances the Senate receded from its position on provisions in the bill, while in others the House receded; but in most of the provisions of the bill that were in controversy there was a compromise. In the opinion of the conferees, the bill as now brought to you by the conference committee is a stronger and finer measure than either the original Senate or House bill. You will notice that no change was made in the original measures as introduced in both bodies in the amount of the authorized appropriations; \$4,280,000,000 is authorized for the fiscal year 1950 and \$1,100,000,000 for the 3 months' period left of the fiscal year 1949. These were the figures arrived at, not only by the ECA organization, but by the European organization as the absolute minimum necessary to carry the Marshall plan on through the 15 months' period. The requested authorization of \$1,150,000,000 to carry the program through the last 3 months of the present fiscal year had been amended by the Committee on Foreign Affairs by a reduction of \$50,000,000. The Senate had left the figure as it stood. Despite some evidence before the Committee on Foreign Affairs that our reduction was justified, the conference committee restored the \$50,000,000 and permitted the authorization to remain at \$1,150,000,000, as carried in the original bill. The figure \$4,280,000,000 was left unchanged by the Senate in its bill and likewise by the House.

Other provisions in controversy were amendments added both in the Senate and in the House. Possibly one of the most important was the amendment



with reference to the shipping provisions requiring 50 percent of the commodities shipped to be carried on ships under the American flag. That provision is left in the bill in such form as to be satisfactory to the merchant marine and shipping interests of the country.

The provision with reference to the milling of wheat was the subject of some controversy. The bill passed last year required 25 percent of the wheat purchased in this country by ECA shipment to Europe to be milled in this country. The Committee on Foreign Affairs of the House struck the provision out; the Senate cut it to 15 percent, and the conference committee agreed on 12½ percent. This, we understand, is likewise satisfactory to the proponents of the amendment.

The amendment with reference to the guaranty of investments by Americans in new plants in Europe is a very strong amendment. The Senate version of the bill contained no such provision. That provision has been amended and is likewise satisfactory.

I believe all of the Members of the House, if they will take the time to read the report of the conference committee and the accompanying statement of the managers on the part of the House, they will be satisfied with the work of the conference committee. May I express the hope that your committee's report will meet with your approval.

Mr. Speaker, I yield such time as he may desire to the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Speaker, the conference report before us is like many conference reports, the product of compromise. Our chairman has covered the matter quite completely.

Your conferees worked up to midnight last night to draft the statement which is in the RECORD. It is also available in pamphlet form this morning, and no doubt you are all familiar with it.

In view of the amount of time that has been spent on this legislation here in the House in the last few days, I feel it should not be necessary to delay the House much longer. I have no requests for time to speak over here on the minority side.

Mr. Speaker, I ask unanimous consent that all Members may extend their remarks in the RECORD in reference to this conference report.

I urge that the report be approved by the House.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. KEE. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

#### OFFICIAL REPORTERS OF DEBATES

Mrs. NORTON. Mr. Speaker, by direction of the Committee on House

Administration, I call up House Resolution 103 and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That there shall be paid out of the contingent fund of the House, until otherwise provided by law, compensation at the basic salary rate of \$2,300 per annum for the employment of an additional expert transcriber in the office of the Official Reporters of Debates, to be appointed by the Official Reporters of Debates.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mrs. NORTON. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 157 and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That the expenses of the investigation and study to be conducted pursuant to House Resolution 107, by the Committee on Interstate and Foreign Commerce, acting as a whole or by subcommittee, not to exceed \$60,000, including expenditures for the employment of investigators, attorneys, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee or subcommittee, signed by the chairman of such committee or subcommittee, and approved by the Committee on House Administration.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### COMMITTEE ON THE JUDICIARY

Mrs. NORTON. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 172 and ask for its immediate consideration.

The Clerk read as follows:

*Resolved*, That the Committee on the Judiciary is authorized, until otherwise provided by law, to employ one additional clerical assistant, to be assigned to handle legislation pertaining to private claims, and to be paid from the contingent fund of the House at rate of compensation to be fixed by the chairman in accordance with section 202 (e) of the Legislative Reorganization Act of 1946.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### JOINT COMMITTEE ON LABOR-MANAGEMENT RELATIONS

Mrs. NORTON. Mr. Speaker, by direction of the Committee on House Administration, I call up Senate Concurrent Resolution 10 and ask for its immediate consideration.

The Clerk read as follows:

*Resolved by the Senate (the House of Representatives concurring)*, That the Joint Committee on Labor-Management Relations, created by title IV of the Labor-Management Relations Act, 1947, is authorized after December 31, 1948, and for a period not to exceed one month following the date this resolution is agreed to, to incur expenses not to exceed \$13,975.80, which shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives on vouchers signed by the chairman. Disbursements to pay such expenses shall be made by the Secretary of the Senate out of the contingent

fund of the Senate, such contingent fund to be reimbursed from the contingent fund of the House of Representatives in the amount of one-half of the disbursements so made.

The Senate concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

#### NATIONAL CAPITAL SESQUICENTENNIAL COMMISSION

Mrs. NORTON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H. J. Res. 200) to authorize the National Capital Sesquicentennial Commission to proceed with plans for the celebration and commemoration of the one hundred and fiftieth anniversary of the establishment of the seat of the Federal Government in the District of Columbia, and for other purposes.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

Mr. CASE of South Dakota. Mr. Speaker, reserving the right to object, is this the matter that came up the other day on the calendar?

Mrs. NORTON. No; this did not come up the other day. This is a joint resolution which provides the enabling legislation necessary to implement the plans formulated by the Commission as authorized by Public Law 203 of the Eightieth Congress.

Mr. CASE of South Dakota. Does it include any appropriation?

Mrs. NORTON. It does not. This is just an authorization.

Mr. CASE of South Dakota. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There being no objection, the Clerk read the joint resolution, as follows:

Whereas the joint resolution entitled "Joint resolution to provide for the appropriate commemoration of the one hundred and fiftieth anniversary of the establishment of the seat of the Federal Government in the District of Columbia," approved July 18, 1947, established the National Capital Sesquicentennial Commission for the purpose of preparing plans and developing programs commemorating the one hundred and fiftieth anniversary of the establishment of the seat of the Federal Government in the District of Columbia in the year 1800; and

Whereas pursuant to said joint resolution the National Capital Sesquicentennial Commission has, after extending invitations to the several States, the Territories, the District of Columbia, the departments and agencies of the Federal Government, the governments of other nations, and various other civic bodies, organizations, and agencies to join in such celebration by the presentation of exhibits and participation in other programs, adopted a plan or plans which the Commission feels will appropriately and suitably manifest the significance of the sesquicentennial anniversary of the establishment of the seat of the Federal Government in the District of Columbia; and

Whereas the Congress finds that such commemoration and celebration are worthy and deserving of the support and encouragement of the people of the United States and that the National Capital Sesquicen-



the attention of the House to the earthquake which yesterday struck the States of Oregon and Washington, killing 8 persons, injuring 65, and causing property damage estimated at \$10,000,000.

This is the second major disaster to strike these two States within the last 11 months. The first tragedy was that of the disastrous Columbia River floods of May and June of last year which took a toll of nearly 20 lives and caused \$60,000,000 of property damage.

Last year's Columbia Valley flood was one of the most disastrous in the history of the Nation. Now, even before our people have fully rehabilitated their communities from the damages of that flood, they have been struck by another disaster of great magnitude.

The Washington delegation has offered its fullest cooperation to the Governor of the State of Washington, Arthur B. Langlie, in being of help in any way he deems necessary. Furthermore, we have been assured of the fullest cooperation of the Federal Bureau of Community Facilities from its deputy commissioner for planning, Arthur D. Morrell. For this we are most grateful, knowing the excellent job that agency performed for the people of our region following last summer's disastrous floods.

should make sure that the assistance granted under this legislation goes to the people to whom it is assigned.

It is also important that we make sure that it goes for commodities and goods that are really needed by these countries and not for the purpose of favoring any particular group so that they may have a chance to dispose of a surplus of goods, or building up trade in favor of any certain interests. In other words, see to it that these funds are to help the folks affected, and not especially to help people who want to sell their goods. Of course, the money should be used to buy American goods because American money is being spent.

It is also important that the expenditure of such funds be handled just as economically as may be done. Furthermore, if it develops that it is unnecessary to spend as much money as is allowed under this bill, then all savings possible should be made.

I supported the amendment of the gentleman from Wisconsin [Mr. SMITH], who suggested we save only a small part of the funds allocated hereunder. I thought he made a good case, but the majority of the House deemed otherwise.

Mr. Speaker, we hope and pray that the legislation approved today will be for the good, not only for the people who re-

ceive these benefits, but for the people of our own country as well. Personally, I am deeply concerned with regard to the tremendous expenditure of the taxpayers of this country in its attempt to bring about a better understanding between the nations of the world.

### Figuring ERP Assistance

#### EXTENSION OF REMARKS

OF

**HON. JACOB K. JAVITS**

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 12, 1949

Mr. JAVITS. Mr. Speaker, there is appended hereto an excerpted table from page 18 of the committee report on H. R. 3748; together with an excerpt from page 72 of the book entitled "European Recovery Program—A Report on Recovery Progress and United States Aid" issued by ECA, February 1949. Taken together they illustrate the methods of figuring ERP assistance for the individual participating countries referred to in my remarks on page 4480 of the CONGRESSIONAL RECORD of April 12, 1949.

European recovery program—United States aid, 1948-49 and 1949-50

[In millions of dollars]

	1948-49			1949-50	
	Requested by national governments	Recommended by OEEC	ECA proposed allotments	Requested by national governments	ECA illustrative allotments
Austria.....	339.3	217.0	215.2	217.0	197.0
Belgium—Luxemburg and Belgium dependencies and overseas territories.....	358.2	250.0	247.9	250.0	200.0
Denmark.....	149.9	110.0	109.1	110.0	109.0
Free Territory of Trieste.....	22.0	18.0	17.8	12.8	12.0
France and dependencies and overseas territories.....	1,114.9	989.0	980.9	890.0	875.0
Germany: Bizonia—					
Total aid.....	1,083.0	1,051.0	984.0	912.1	880.6
Less GARIOA.....	-637.0	-637.0	-573.4	-539.7	-476.6
ECA aid.....	446.0	414.0	410.6	372.4	404.0
Germany: French zone.....	100.0	100.0	99.2	100.0	115.0
Greece.....	211.0	146.0	144.8	198.1	170.0
Iceland.....	11.0	11.0	5.2	10.0	7.0
Ireland.....	111.0	79.0	78.3	75.4	64.0
Italy.....	799.5	601.0	555.5	610.1	555.0
Netherlands and dependencies and overseas territories.....	657.0	496.0	469.6	507.0	355.0
Norway.....	104.0	84.0	83.3	131.8	105.0
Portugal.....	0.0	0.0	0.0	100.6	10.0
Sweden.....	109.0	47.0	46.6	70.7	54.0
Turkey.....	85.3	50.0	39.7	94.2	30.0
United Kingdom.....	1,271.0	1,263.0	1,239.0	940.0	940.0
Commodity reserve <sup>1</sup> .....			13.5		
Aid allotment, total.....	5,889.1	4,875.0	4,756.2	4,690.1	<sup>2</sup> 4,202.0
Administrative and other nonaid expenditures <sup>3</sup> .....			67.3		80.0
Grand total.....	5,889.1	4,875.0	4,823.5	4,690.0	4,280.0

<sup>1</sup> Represents purchase price of goods procured or to be procured by U. S. Government agencies, but not yet authorized for procurement by participating countries.

<sup>2</sup> Consists of dollar costs of strategic materials, ocean freight on relief packages, technical assistance, investment guaranties, administrative expenses, and confidential fund.

<sup>3</sup> Rounded downward to \$4,200,000,000 in total request.

#### 2. ECA REVIEW OF THE NATIONAL PROGRAMS FOR 1949-50

It has been necessary for the ECA to prepare a preliminary and illustrative division of aid among the countries for the fiscal year 1950 and to arrive at a total figure before the OEEC has screened the individual national programs and made its own recommendations. As will be seen later, the OEEC has had an opportunity only to arrive at a preliminary estimate of the total dollar aid needed for western Europe as a whole. During the few months of its existence, it has

completed its first annual program and has done considerable work on the long-term program. Since the latter should be the framework within which each annual program is fitted, the OEEC wisely gave priority to the work on the long-term program.

The ECA made its estimates on the basis of the individual national programs submitted by each of the participating countries to the OEEC. The total request of the participating countries for United States aid in 1949-50 amounted to \$4,690,000,000. This reduction from the OEEC program figure of

### Appropriations on ECA Bill Should Be Carefully Scrutinized and Examined

#### EXTENSION OF REMARKS

OF

**HON. EDWARD H. REES**

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 12, 1949

Mr. REES. Mr. Speaker, this bill authorizing the expenditure of money for what is described as Eupropean cooperation is an important piece of legislation. It is important because of the purpose for which it is proposed to be used and because of the amount of money involved.

This bill does not, of course, appropriate the money. As above stated, it authorized the payment of funds provided Congress sees fit to make appropriations therefor. Such appropriations as Congress deems necessary will be considered later.

In view of the fact that our Government has already committed itself on this policy and has agreed to help the countries included in this program, it becomes a question of carrying out such promises. We have been told by proponents of this legislation and by the Administration that the assistance provided under this program is for the purpose of helping these countries to help themselves, and most important of all, it is expected to help prevent such countries from the overrun of communism.

Appropriations implementing this measure will be submitted at a later date. I think it is extremely important when such appropriations are submitted that all of the items contained therein be carefully scrutinized and examined. We



\$4,875,000,000 for 1948-49 was achieved almost entirely by lower requests for aid from the United Kingdom and, to a lesser extent, from France and the Bizone. The other countries either requested amounts of the same magnitude as they are receiving in 1948-49 or asked for greater aid. Among the latter were Sweden, Norway, Denmark, Greece, and Turkey. Portugal submitted a request for aid for the first time.

Employing the method of analysis described in an earlier section of this chapter, the ECA arrived at an estimate of \$4,200,000,000 as the amount of aid required by the participating countries for the fiscal year 1950. This ECA estimate can be compared with the recommendations of the OEEC for the second program year. As noted before, the method employed by the OEEC in making its recommendation for 1949-50 differs substantially from that used by the ECA. The national programs are submitted by the participating countries to the organization were statistically summarized into a consolidated balance sheet and the OEEC applied certain rough criteria to the resulting consolidated-import program. Chief among these was that consumption levels should not exceed 1948-49 where such increases would involve additional dollar expenditures. However, the OEEC recognized that there may be special cases in which an increase in food consumption over the 1948-49 level might be justified and, consequently, allowed in its revision of the consolidated-import program for an increase of 2.5 percent. The net result of the difference between the modest increase recommended by the OEEC and the rather large increases proposed by the participating countries in their program submissions was sufficient to reduce the magnitude of the OEEC consolidated-import program by \$216,000,000. Other reductions were made by the OEEC in the total proposed import of certain consumer goods and industrial equipment and the estimate of freight costs were correspondingly reduced.

As a result of these various reductions, the OEEC arrived at a figure of \$4,347,000,000 of ECA aid necessary for 1949-50.

It will be seen that the approach employed by the OEEC is wholly different from that of the ECA. The OEEC screened the consolidated totals for all of the participating countries as a group; the ECA screened the program of each individual country and then added the results of its individual appraisals together in order to arrive at a total aid figure for the whole group of countries. Specifically, the ECA method has made possible a more rigorous appraisal of the national programs and, in the case of some countries, the aid figures arrived at by the ECA are less than sufficient to cover their external dollar deficits. Taking account of these differences in approach, the OEEC figure of \$4,347,000,000 does not diverge markedly from the ECA figure of \$4,200,000,000.

The determination of the actual distribution among countries of such funds as the Congress may decide to appropriate for European aid during the fiscal year 1950 will develop in two steps. The assembling of new national submissions, the making of forecasts, and the formulation of policy judgments for the best utilization of European resources has been and will continue to be the responsibility of the OEEC. The report of the OEEC and its recommendations for the division of aid, when completed, will be reviewed both by the European organization of the ECA and by the Administrator's staff in Washington prior to final decision by the Administrator. It would be only then that the program for the division of aid for the fiscal year 1950 would be promulgated and even that program would be subject to continuous review and adjustment in the light of actual events. The participating countries are wholly familiar with this procedure and will, therefore, understand that the text

and statistical tables for 1949-50 in his document may not be used to support any request, either to the OEEC or the ECA, for aid in any particular amount for any country or for any particular purchase or payment.

### ECA Appropriations

#### EXTENSION OF REMARKS OF

**HON. JAMES P. RICHARDS**

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 14, 1949

Mr. RICHARDS. Mr. Speaker, under leave to extend my remarks on the ECA bill, I submit the following further observations:

In the debate of April 12 on the extension of the European recovery program, the gentleman from Wisconsin [Mr. KEEFE] asked whether it was the intention of the Committee on Foreign Affairs to take to the Nation word that the maximum of authorization must be the amount to be appropriated later in the appropriation bill.

I assured him then that the figures presented by the committee were indeed subject to the scrutiny of the Committee on Appropriations in the light of later developments in the relevant data.

The gentleman from Indiana [Mr. HALLECK] addressed a similar question to my colleague [Mr. JUDD]. He asked what assurance might be given that the performance of a year ago would not be repeated and that subsequent examination of the figures by the Appropriations Committee would not be taken as a violation of obligation undertaken in the authorization. Mr. JUDD reassured Mr. HALLECK that there was no intention to make the figures binding upon subsequent action.

I believe these sincere questions deserve deliberate answers, and I am therefore taking this additional occasion to state my views for the RECORD.

Let us first review the facts of the situation of last year referred to by the gentlemen.

In the development of this program the participating governments initially requested \$8,300,000,000 for 15 months of operation.

The Administration reduced this request to \$6,800,000,000, reviewing the figures in a realistic reappraisal of needs and balancing them against American availabilities.

When it became apparent that the Congress would wish to authorize for only 12 rather than for 15 months, the request was reduced to \$5,300,000,000 for 12 months.

The Economic Cooperation Act of 1948 accepted that figure as the authorization. It provided that \$1,000,000,000 thereof should be realized from the sale of notes by the Administrator to the Treasury.

As I recall it, the bill reported by the Committee on Appropriations last June recommended a new appropriation of \$4,000,000,000 for European recovery.

To this were added the \$1,000,000,000 to be realized from the sale of notes. An

additional \$55,000,000 was available through the interim-aid appropriation (subsequently reduced to \$10,000,000).

Thus, the Committee showed that the \$5,055,000,000 available for the European recovery program as a result of its action was only \$245,000,000 less than the \$5,300,000,000 asked by the Administration and approved by Congress for the first 12 months ending April 3, 1949.

The committee went on to stipulate, however, that the total funds thus made available should be made to last for 15 months or through June 30, 1949. For this period the Administration had estimated Europe's minimum recovery needs not at \$5,300,000,000, but at \$6,800,000,000.

This represented a reduction of the magnitude of 21 percent. The Economic Cooperation Administrator, Mr. Paul Hoffman, immediately pointed to the significance of the reduction. The effect would be to cripple the recovery aspects of the legislation, he said, and thereby the program would be deprived of the very reason for its existence.

I recall—and my files confirm my recollection—that the press and public leaders of this country reacted in a similar way. There was immediate recognition of the principal effect of the Appropriations Committee's action—a basic alteration of the intent of the Congress.

No one stated the issue more succinctly than did the distinguished Senator from Michigan, Mr. VANDENBERG, whose remarks I now quote in part:

The practical effect of the House bill is to repeal, by indirection, the intent and purpose of this legislation and to reverse this established American foreign policy both at home and abroad. \* \* \* this Congress, as a matter of intelligent self-interest, cannot afford to throw our attitudes into doubt and thus to multiply the terrified confusion of a world in which the forces of aggression and subversion thrive upon confusion. We must not feed the very fires we would put out. \* \* \* any such cynical reversal would be a major policy decision which should not be made through the back-door of an appropriation bill. Indeed, it should not be made at all.

Fortunately, the strength of public opinion behind the viewpoint expressed above was such that the judgment of the Appropriations Committee was substantially reversed.

The Foreign Aid Appropriation Act of 1949 kept the figures at approximately the level of the bill as reported by the Committee on Appropriations, but it added language making it permissible to spend the sums within a period of 12 months if it should be found necessary to do so by the President. Thus, the Chief Executive was given an option to see that the intent of the Congress as specified in the organic act should be carried out.

We know now, on the basis of a year's performance under the European recovery program, that the figure contemplated in the Economic Cooperation Act of 1948 for 12 months was basically sound. To have reduced it drastically would have been an error of grave consequence. Fortunately, the force of American public opinion made it possible to avoid that error.



It is possible for a change in quantity to become a change in quality. It is possible for a question of dollars to become a question of basic policy. It is possible, by trying to cut the dimensions of a program, to eliminate all the virtues that justify it.

Fortunately, the better judgment prevailed last year, and I believe almost all of us are convinced now that it was the better judgment that prevailed.

On the basis of what happened a year ago, and of what has happened subsequently, I for one am willing to say that I would not want the basic objectives of the European recovery program tampered with by a drastic reduction of its resources.

The report of the Committee on Foreign Affairs on the bill to extend the program gives sufficient indication that we not only expect, but indeed will welcome, scrutiny of the data when the Appropriations Committee reviews the figures. Our report attempts to point out to the other committee possible opportunities to save in the light of price data not available at the time of consideration of H. R. 3748.

Review of the factors is one matter. Reappraisal of the objectives and reduction of the scope are quite a different matter.

The Committee on Appropriations fulfills an invaluable service when it applies to the data of a program such as this an expertness and an experience not available to the members of a committee which is preoccupied with policy considerations. But when the Committee on Appropriations carries its functions to the length of attempting to supplant the judgment of the policy committee on what the scope and purpose of a policy should be, I believe it goes beyond its jurisdiction.

The public criticism that occurred a year ago over the attempt to alter the nature of this program by drastically cutting its resources should not leave a feeling of dismay or sensitivity.

We are all here trying to serve the will of the American people. That will has a way of making itself known when it is crossed. None of us here can promise to temper the wind of criticism that is likely to blow when an attempt is made to reverse a public decision.

### Clear Channel Radio Stations

#### EXTENSION OF REMARKS OF

**HON. JOHN B. BENNETT**

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 14, 1949

Mr. BENNETT of Michigan. Mr. Speaker, under leave to extend my remarks, I include the following article by Ward L. Quaal which appeared in the Mining Journal, Marquette, Mich., April 9, 1949.

(By Ward L. Quaal, acting director, Clear Channel Broadcasting Service, Washington, D. C.)

Farmers throughout all sections of America have fought many years for rights they

believe to be justly theirs as against the discriminatory advantages enjoyed by city dwellers, and have effectively organized for the security of these rights. In one all-important field, however, they have not made their voices heard and have seen their rights whittled away without hardly a protest, namely, in the matter of radio service. Radio service is, of course, important to all people but to none more so than the person dwelling in rural and sparsely settled areas who does not have ready access to the entertainment, education, information, news and religion available in cities. The great contribution of radio to our civilization is, or should be, that it brings these advantages to remote listeners everywhere.

The farmers have failed to give more than passing notice to a United States Senate bill which, if it became law, would deprive them of much of the service they presently receive through the great medium of radio and would prevent a badly needed improvement in that service.

Senate bill 491 threatens to do exactly that. There is no need to be greatly concerned with the welfare of people who reside in the larger cities having radio stations or those living relatively close to such cities. The persons whose radio reception would suffer are those residing in communities where there are no radio stations—areas which cannot economically support stations of their own and rural areas removed from cities having radio stations.

#### IMPORTANT IN UPPER PENINSULA

In Michigan's Upper Peninsula and the northern sector of the Lower Peninsula, radio reception has never been consistently good. In fact, radio engineering experts term it one of the most difficult to serve of all regions. In Michigan alone, over 456,000 persons would be without nighttime radio service were it not for the class of radio station known as clear-channel stations.

Nation-wide, the people residing in 75 percent of the area of our country are solely dependent upon clear channel stations for their only nighttime broadcast service. All of these people reside principally in small towns and rural sections which are scattered over virtually all of the States.

Wayne Coy, chairman of the Federal Communications Commission, speaking in Boston on January 25, 1949, directed attention to incomplete radio coverage, stating, "This is a big country and a lot of people live in it. Some 20 millions of those people have never had adequate radio service."

#### CLEAR CHANNEL VITAL

Chairman Coy's statement points up the most important unsolved problem of Federal regulation of broadcasting, namely, how to provide these millions of people in large rural and sparsely settled areas, including those in Michigan's Upper Peninsula and the northern sector of the Lower Peninsula, with service somewhere near comparable to that enjoyed by city listeners practically everywhere. The latter receive strong, clear signals, day and night, not merely from one, but usually from four up to as many as 20 stations located in their respective communities, with a corresponding choice of programs. Rural listeners in the inadequately served areas, however, insofar as they receive any service at all, must be content with weak signals, marred with static for most of the time, from a comparatively few distant stations. They are not afforded their fair share of radio's great contribution to our civilization, the opportunity of listening to programs produced in the great centers of culture, information, education, and entertainment.

There is only one effective way to remedy this defect. It is by retaining what are known as clear-channel stations and permitting, indeed requiring, them to increase their power so as to provide the sort of signal that is necessary for improved service.

Here is why 26 clear-channel stations (technically referred to as class 1-A stations) are the primary source of nighttime radio pleasure for 50,000,000 distant rural listeners.

#### HIGHWAY THROUGH AIR

A radio channel is a road through the air, the highway along which programs travel from the station to your receiving set. Only 106 channels are available for use by 2,147 United States radio stations (including Hawaii and Puerto Rico).

On some of these channels—all shown by number on the radio dial—the Government allows from 2 to as many as 156 different stations to broadcast simultaneously day and night.

Signals and programs from different stations using the same channel—the same path through the air—interfere with one another. To be heard at night free of such interference over even a small area, stations on shared channels must be located some distance apart, their power limited and other technical devices employed.

Known as local and regional stations, they serve only cities and small surrounding areas. Regional stations, with a few exceptions, are heard over a distance of less (usually much less) than 35 miles at night, free from interference. Local stations have a nighttime interference-free radius as low as 2 miles and rarely in excess of 10 miles. These local and regional stations serve only 25 percent of the country's area at night. The remaining 75 percent of the country depends, and must continue to depend, upon clear-channel stations for nighttime reception.

#### THEY ARE PROTECTED

Only one station is allowed to use a class 1-A clear channel at night, when radio waves travel farthest. As a result, there is no other station on the same channel to scuttle its program with interference. Given this protection the clear-channel station is able to reach out and cover farm areas and small towns.

The Senate bill (S. 491) now before the Senate Interstate and Foreign Commerce Committee, would, if it became law, endanger this service to the rural folks. The residents of our rural areas and our small towns face a loss or serious impairment of their highly coveted radio service unless action is taken to defeat this measure in Congress. The threat becomes more alarming when one examines closely the provisions of the Senate bill. It would require duplication of stations on the clear channels, thereby causing interference which would lead to deterioration of service to the remote areas. Secondly, the bill, if it became law, would limit maximum power of United States stations to 50 kilowatts, thus foreclosing any reasonable possibility of improving the present inadequate service. At the present time, Mexican stations are operating with power far in excess of 50 kilowatts. If the United States clear channels are broken down, we will sacrifice the exclusive use of our clear channels to other North American nations.

It is imperative that our clear channels be retained and that higher power be granted, for only in this way can service to rural and small town America be maintained and improved.

In the past, whenever attempts have been made to secure higher power, it has precipitated bitter attacks by certain interests. In October 1924 when United States stations were asking for an increase in power from 1 to 5 kilowatts, John Shepherd, of Boston, later president of the National Association of Regional Broadcasters, in opposing the increase, said: "If the power is increased without any limitation of hours or season, it will result in less enjoyment to millions of people, and for that reason it should not be done at this time." Other persons joined Mr. Shepherd in his attack. Some declared that "the use of anything more than 1,000 watts (1 kilowatt) would mean the blotting out of



small competitors." The same interests opposed increases to 50 kilowatts in 1930 and have been opposing power in excess of 50 kilowatts ever since.

Mr. Shepherd and his colleagues have seen their fears vanish with the years, for in 1924 there were only 535 stations in the United States and today there are 2,147. During these past 25 years, American listeners have been better served with each increase in power. There are today 338 5-kilowatt stations, 35 10-kilowatt stations, and 73 50-kilowatts. Keeping in mind the fourfold increase in radio stations in the Nation since 1924, it can hardly be stated that the small competitors were blotted out. The arguments of the opponents of higher power, if applied to aviation, would have prevented the public from enjoying faster and more comfortable air transportation, and, if applied to any other business, would require that the clock stand still on any advance in civilization.

One of the many reasons why power increases do not hurt the smaller station is the importance of local appeal to the listener. There is a natural tie to the home-town station, a loyalty which cannot be severed merely by the signal strength of a distant station.

Fear of signals from distant stations becomes even more absurd in considering the advertiser's needs. The advertiser prefers a local outlet in a market of any importance to him. It is impossible for the programs of WGN, WLS, WMAQ, or WJR to merchandise a product in Marquette, Ishpeming, Negaunee, Escanaba, Gladstone, or any other remote city. WGN cannot sell autos for dealers in Ishpeming and Marquette, nor can it sell clothing for dealers in Escanaba. Only the local stations can merchandise the area in such a way as to bring sales success to the local business houses. For these reasons, local radio stations will continue to prosper. They serve their communities well.

An increase in power above 50 kilowatts will render no injury of any kind—technical, economic, social, or otherwise. On the contrary, the public, all classes of stations, and the industry generally will be greatly benefited. Higher power on our clear channels will give the neglected rural and small-town listener the improved radio service to which he is entitled.

### National Military Establishment Appropriation Bill, 1950

SPEECH  
OF

**HON. ALBERT J. ENGEL**

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, April 13, 1949

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H. R. 4146) making appropriations for the National Security Council, the National Security Resources Board, and for military functions administered by the National Military Establishment for the fiscal year ending June 30, 1950, and for other purposes.

Mr. ENGEL of Michigan. Mr. Chairman, I am rather surprised to hear so many friends of the Navy accuse our subcommittee of scuttling and sinking the Navy. If the Navy is being scuttled and sunk with its air force, it will take down to Davy Jones' locker \$5,018,873,600 of appropriations provided for in this bill. If the Navy is not getting an adequate number of planes with that

money, it is because they are spending the money for super carriers and other weapons than airplanes. When they presented their estimates these planes did not become important, but the super carriers were. It is only when they saw a chance of getting \$300,000,000 more that these planes became so important.

Let us see what the story is here. We started out with a \$30,000,000,000 request from the various bureaus and divisions of the Army, Navy, and Air Force. The amount of \$23,000,000,000 was submitted to the Chiefs of Staff. The Chiefs of Staff sent to the President \$16,900,000,000, and finally, when it got down to the budget, they asked for \$14,400,000,000.

The President sent this budget back to the Joint Chiefs of Staff for further reduction. He sent it back because it still was too high "in view of the military needs and the economic aspects of our national defense and our economic and financial resources."

Then they came back up with another budget for \$14,497,000,000. That was sent back down again by the President with a ceiling which was apportioned by the Army, the Navy and the Air Corps. The Navy share in cash and contract authorizations was \$5,000,000,000 and the Navy determined how much of that \$5,000,000,000 was to go to air, how much for ships and how this sum was to be spent. If they are short of airplanes in this bill it is because they themselves, Mr. Chairman, did not put them in.

In the budget of \$14,997,000,000 the Army finally received \$4,434,000,000. They were cut \$476,000,000. Nobody talks about raising that. Then the Navy was given \$4,624,000,000 cash plus contract authorizations, and they were reduced to \$4,347,000,000 cash, plus the contract authorization, a reduction of \$271,000,000. That is the budget Secretary Sullivan said he supported. The Air Force was reduced accordingly. The reason this committee put in that \$800,000,000 for the Air Force was because the House itself had taken it out of the committee's hands last year and increased the Air Force. That was a mandate of this House.

Now, Mr. Chairman, the Navy will have 1,071 planes delivered in 1951 out of the 1948 appropriation. They will have an additional 993 more which will be delivered in 1951 and 1952 out of 1949 and 1950 funds. That is over 2,000 planes for the 2-year period.

Mr. Chairman, it seems to me that we ought to stand by the amount fixed by the President as allocated by the Joint Chiefs of Staff.

### Directors: Pay More Dividends

EXTENSION OF REMARKS  
OF

**HON. WRIGHT PATMAN**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 14, 1949

Mr. PATMAN. Mr. Speaker, under leave to extend my remarks in the REC-

ORD, I include the following article from Forbes Magazine of Business for April 1949. The opinions given in this article are substantiated by a large volume of mail which I have received from stockholders, citing instances in which small or no dividends have been paid despite large corporate profits.

### DIRECTORS: PAY MORE DIVIDENDS

Every corporation's executives and directors should weigh these facts when they next meet to determine their concerns' dividend payments. These figures were prepared for the joint committee of Congress now studying profits:

In 1926 corporate profits after taxes were \$7,300,000,000. Dividend payments amounted to \$4,300,000,000.

In 1948 corporate profits after taxes were estimated at \$20,300,000,000. Of that sum \$7,300,000,000 were distributed as dividends.

In 1926 companies paid in dividends an average of 58.9 cents of every dollar of net income.

In 1929 companies paid out as dividends 69.2 cents on each net income dollar.

In 1938 a high of 75.8 cents was paid out of each dollar of net income.

In 1946, 43.7 cents.

In 1947, 38.1 cents.

And in 1948—the lowest amount in history—the share of each profit dollar distributed to stockholders was only 36 cents.

This publication warned last year, and it more earnestly warns management again this year, that such disproportionate withholding of investors' money for whatever fine purpose is short-sighted, unjustified, and is bound to bring on legislated, forced distribution of greater profit percentages. It is for the investor to decide if he wants more of his money put into a particular company, not the managers of the money he has already invested.

No thinking stockholder advocates anything like complete profit distribution; investors want sound companies, with reserves for emergency, with proper funds for modernization, for sensible expansion.

But they are surely entitled to more than one-third of the profits their investment earns. They get no dividends when there are no earnings, as a rule; they should get fair dividends when there are record earnings.

Isn't it plain that one very real reason equity capital is so hard to locate these days is the lack of equity in sharing profits with the man whose money makes them possible? Except for the handful in the sky-high tax brackets, a greater return on their holdings would have much appeal to most investors.

And if the exchange's new effort to attract small savers to stock buying is to succeed, a greater return, a more reasonable share in profits when they are earned, would certainly add tremendous lure.

If managements don't act themselves along such lines, there are indications Congress will.

The following letter is self-explanatory:

KANSAS CITY, Mo., April 6, 1949.

Mr. OTIS H. ELLIS,  
Executive Director, Select Committee on  
Small Business,  
House of Representatives,  
Washington, D. C.

DEAR MR. ELLIS: Thanks for your letter of April 4.

Thought you might be interested in an article in the Forbes magazine, which is a magazine of business, April 1 issue 1949, on page 12, entitled "Directors: Pay More Dividends." When a magazine of this stature writes an article such as this it is evidence that a large number of investors feel that the management of corporations have not given the stockholders the proper consideration.











[PUBLIC LAW 47—81ST CONGRESS]

[CHAPTER 77—1ST SESSION]

[S. 1209]

AN ACT

To amend the Economic Cooperation Act of 1948.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the fourth and fifth sentences of section 102 (a) of the Economic Cooperation Act of 1948 are hereby amended to read as follows: "Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers, and believing that similar advantages can accrue to the countries of Europe, it is declared to be the policy of the people of the United States to encourage these countries through their joint organization to exert sustained common efforts to achieve speedily that economic cooperation in Europe which is essential for lasting peace and prosperity. It is further declared to be the policy of the people of the United States to encourage the unification of Europe, and to sustain and strengthen principles of individual liberty, free institutions, and genuine independence in Europe through assistance to those countries of Europe which participate in a joint recovery program based upon self-help and mutual cooperation: *Provided*, That no assistance to the participating countries herein contemplated shall seriously impair the economic stability of the United States."

SEC. 2. The second sentence of section 104 (e) of such Act is hereby amended by striking out "\$10,000 per annum" and inserting in lieu thereof "the highest rate authorized by such Act".

SEC. 3. The first sentence of section 105 (c) of such Act is hereby amended by striking out "section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended," and inserting in lieu thereof "the Export Control Act of 1949".

SEC. 4. Section 108 of such Act is hereby amended by adding at the end thereof the following new sentences: "There shall be a Deputy United States Special Representative in Europe who shall (a) be appointed by the President, by and with the advice and consent of the Senate, (b) be entitled to receive the same compensation and allowances as a chief of mission, class 3, within the meaning of the Act of August 13, 1946 (60 Stat. 999), and (c) have the rank of ambassador extraordinary and plenipotentiary. The Deputy United States Special Representative shall perform such functions as the United States Special Representative shall designate, and shall be Acting United States Special Representative during the absence or disability of the United States Special Representative or in the event of a vacancy in the office of United States Special Representative."

SEC. 5. The last sentence of section 109 (a) of such Act is hereby amended by striking out the period and inserting in lieu thereof a semicolon and the following: "and the chief of the special mission shall be entitled to receive the same compensation and allowances as



a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Act of August 13, 1946 (60 Stat. 999), or compensation and allowances in accordance with section 110 (a) of this title, as the Administrator shall determine to be necessary or appropriate."

SEC. 6. (a) The last sentence of paragraph (2) of section 111 (a) of such Act is hereby amended to read as follows: "The Administrator shall, in providing for the procurement of commodities under authority of this title, take such steps as may be necessary to assure, as far as is practicable, that at least 50 per centum of the gross tonnage of commodities procured out of funds made available under this title and transported to or from the United States on ocean vessels, computed separately for dry bulk carriers, dry cargo liner and tanker services, is so transported on United States flag vessels to the extent such vessels are available at market rates for United States flag vessels; and, in the administration of this provision, the Administrator shall, insofar as practicable and consistent with the purposes of this title, endeavor to secure a fair and reasonable participation by United States flag vessels in cargoes by geographic area."

(b) Paragraph (3) of section 111 (b) of such Act is hereby amended in the following particulars:

(1) By inserting after "projects" a comma and the following: "including expansion, modernization, or development of existing enterprises" and a comma;

(2) By inserting after "media" the following: "consistent with the national interests of the United States";

(3) By striking out in the first proviso "in the first year after the date of the enactment of this Act does not exceed \$15,000,000" and inserting in lieu thereof "made in any fiscal year does not exceed \$10,000,000";

(4) By amending subparagraph (i) thereof to read as follows:

"(i) the guaranty to any person shall not exceed the amount of dollars invested in the project by such person with the approval of the Administrator plus actual earnings or profits on said project to the extent provided by such guaranty;"

(5) By inserting after subparagraph (iii) thereof the following new subparagraphs:

"(iv) as used in this paragraph, the term 'investment' includes the furnishing of capital goods items and related services, for use in connection with projects approved by the Administrator, pursuant to a contract providing for payment in whole or in part after June 30, 1950; and

"(v) the guaranty to any person shall be limited to assuring the transfer into United States dollars of other currencies, or credits in such currencies received by such person as earnings or profits from the approved investment, as repayment or return thereof, in whole or in part, or as compensation for the sale or disposition of all or any part thereof. When any payment is made to any person pursuant to a guaranty as hereinbefore described, the currency or credits on account of which such payment is made shall become the property of the United States Government, and the United States Government shall be subrogated to any right, title, claim, or cause of action existing in connection therewith."; and



(6) By amending the next to last sentence thereof to read as follows: "The total amount of the guaranties made under this paragraph (3) shall not exceed \$150,000,000: *Provided*, That any funds allocated to a guaranty and remaining after all liability of the United States assumed in connection therewith has been released, discharged, or otherwise terminated, shall be available for allocation to other guaranties, the foregoing limitation notwithstanding."

(c) Paragraph (2) of section 111 (c) of such Act is hereby amended in the following particulars:

(1) By inserting after the second sentence thereof the following: "In addition to the amount of notes above authorized, the Administrator is authorized, for the purpose of carrying out the provisions of paragraph (3) of subsection (b) of this section, to issue notes from time to time for purchase by the Secretary of the Treasury in an amount not exceeding in the aggregate \$150,000,000 less any amount allocated prior to April 3, 1949, for such purpose, until all liabilities arising under guaranties made pursuant to this authorization have expired or been discharged.";

(2) By striking out the first two words, "Such notes" in the third sentence thereof and inserting "The notes hereinabove authorized"; and

(3) By inserting after "Washington" in the sixth sentence thereof "for assistance on credit terms".

SEC. 7. (a) Section 112 (c) of such Act is hereby amended by striking out "25 per centum" and inserting in lieu thereof "12½ per centum".

(b) Section 112 (d) of such Act is hereby amended by adding after the words "any agricultural commodity, or product thereof" the following: "or class, type, or specification thereof".

(c) Section 112 (g) of such Act is hereby amended by striking out "section 6 of the Act of July 2, 1940 (54 Stat. 714), including any amendment thereto," and "section 6 of the Act of July 2, 1940, as amended," and inserting in lieu thereof "the Export Control Act of 1949".

(d) Section 112 of such Act is hereby further amended by adding at the end thereof the following new subsections:

"(i) (1) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this title, the Administrator shall assist American small business to participate equitably in the furnishing of commodities and services financed with funds authorized under this title by making available or causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with funds authorized under this title, and by making available or causing to be made available to prospective purchasers in the participating countries information as to commodities and services produced by small independent enterprises in the United States, and by otherwise helping to give small business an opportunity to participate in the furnishing of commodities and services financed with funds authorized under this title.

"(2) The Administrator shall appoint a special assistant to advise and assist him in carrying out the foregoing paragraph (1). Each



report transmitted to the Congress under section 123 shall include a report of all activities under this subsection.

“(j) The Administrator shall, in providing assistance in the procurement of commodities in the United States, make available United States dollars for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II.

“(k) No funds authorized for the purposes of this title shall be used in the United States for advertising foreign products or for advertising foreign travel.

“(l) No funds authorized for the purposes of this title shall be used for the purchase in bulk of any commodities (other than commodities procured by or in the possession of the Commodity Credit Corporation pursuant to price-support programs required by law) at prices higher than the market price prevailing in the United States at the time of the purchase adjusted for differences in the cost of transportation to destination, quality, and terms of payment.”

SEC. 8. (a) Section 114 (c) of such Act is hereby amended in the following particulars:

(1) By striking out the period at the end of the first sentence thereof and inserting in lieu thereof a colon and the following: “*Provided further*, That, in addition to the amount heretofore authorized and appropriated, there are hereby authorized to be appropriated for carrying out the provisions and accomplishing the purposes of this title not to exceed \$1,150,000,000 for the period April 3, 1949, through June 30, 1949, and not to exceed \$4,280,000,000 for the fiscal year ending June 30, 1950: *Provided further*, That, in addition to the foregoing, any balance, unobligated as of June 30, 1949, or subsequently released from obligation, of funds appropriated for carrying out and accomplishing the purposes of this title for any period ending on or prior to that date is hereby authorized to be made available for obligation through the fiscal year ending June 30, 1950, and to be transferred to and consolidated with any appropriations for carrying out and accomplishing the purposes of this title for said fiscal year.”; and

(2) By amending the last sentence of such section 114 (c) to read as follows: “The authorizations in this title are limited to the period ending June 30, 1950, in order that the Congress may pass on any subsequent authorizations.”

(b) Section 114 of such Act is hereby further amended by adding at the end thereof the following new subsection:

“(g) Notwithstanding the provisions of any other law, until such time as an appropriation additional to that made by title I of the Foreign Aid Appropriation Act, 1949 (Public Law 793, Eightieth Congress), shall be made pursuant to subsection (c) of this section the Reconstruction Finance Corporation is authorized and directed to make advances not to exceed in the aggregate \$1,000,000,000 to carry out the provisions of this title, in such manner, at such times, and in such amounts as the Administrator shall request, and no interest shall be charged on advances made by the Treasury to the Reconstruction Finance Corporation for this purpose. The Reconstruction Finance Corporation shall be repaid without interest for advances made by it hereunder, from funds made available for the purposes of this title.”

SEC. 9. (a) Paragraph (6) of section 115 (b) of such Act is hereby



amended by striking out the period following the words "grant basis" and inserting in lieu thereof a colon and the following: "*Provided*, That the obligation to make such deposits may be waived, in the discretion of the Administrator, with respect to technical information or assistance furnished under section 111 (a) (3) of this title and with respect to ocean transportation furnished on United States flag vessels under section 111 of this title in an amount not exceeding the amount, as determined by the Administrator, by which the charges for such transportation exceed the cost of such transportation at world market rates."

(b) Such section 115 (b) (6) is hereby further amended by inserting after "or for such other expenditures as may be consistent with" the words "the declaration of policy contained in section 102 and".

(c) Section 115 (d) of such Act is hereby amended to read as follows:

"(d) The Administrator shall encourage each participating country to insure, by an effective follow-up system, that efficient use is made of the commodities, facilities, and services furnished under this title. In order further to insure that each participating country makes efficient use of such commodities, facilities, and services, and of its own resources, the Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to observe and review the operation of such follow-up systems."

(d) Section 115 of such Act is hereby further amended by adding two new subsections as follows:

"(h) Not less than 5 per centum of each special local currency account established pursuant to paragraph (6) of subsection (b) of this section shall be allocated to the use of the United States Government for expenditure for materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources or for other local currency requirements of the United States.

"(i) (1) The Administrator shall, to the greatest extent practicable, initiate projects for and assist the appropriate agencies of the United States Government in procuring and stimulating increased production in participating countries of materials which are required by the United States as a result of deficiencies or potential deficiencies in its own resources; and in furtherance of those objectives the Administrator shall, in addition to the local currency allocated pursuant to subsection (h), use such other means available to him under this title as he may deem appropriate.

"(2) In furtherance of such objectives and within the limits of the appropriations and contract authorizations of the Bureau of Federal Supply to procure strategic and critical materials, the Administrator, with the approval of the Director of such Bureau, shall enter into contracts in the name of the United States for the account of such Bureau for the purchase of strategic and critical materials in any participating country. Such contracts may provide for deliveries over definite periods, but not to exceed twenty years in any contract, and may provide for payments in advance of deliveries.

"(3) Nothing in this subsection shall be deemed to restrict or limit in any manner the authority now held by any agency of the United States Government in procuring or stimulating increased production



of the materials referred to in paragraphs (1) and (2) in countries other than participating countries."

SEC. 10. (a) The first sentence of section 117 (c) of such Act is hereby amended by striking out the period and inserting in lieu thereof a colon and the following: "*Provided*, That the Administrator shall fix and pay a uniform rate per pound for the ocean transportation of all relief packages of food or other general classification of commodities shipped to any participating foreign country, regardless of methods of shipment and higher rates charged by particular agencies of transportation, but this proviso shall not apply to shipments made by individuals to individuals through the mails."

(b) Section 117 (d) of such Act is hereby amended by striking out "section 6 of the Act of July 2, 1940 (54 Stat. 714), as amended," and inserting in lieu thereof "the Export Control Act of 1949".

(c) Section 117 of such Act is hereby further amended by adding a new subsection to read as follows:

"(e) Whenever the Administrator shall determine that shipping capacity available to Italy is inadequate for such emigration from Italy as may be desirable to further the purposes of this title, the Administrator shall request the United States Maritime Commission to make available to Italy vessels capable of engaging in such service for the purpose of transporting emigrants from Italy to destinations other than the United States, and shall specify the terms and conditions under which such vessels shall thus be made available, and the United States Maritime Commission thereupon shall, notwithstanding any other provisions of law and without reimbursement by the Administrator, make such vessels available to Italy in accordance with such terms and conditions: *Provided*, That the total number of such vessels made available for such purpose shall not at any one time exceed ten: *Provided further*, That title to each such vessel owned by the United States Government shall remain in the United States: *And provided further*, That the terms and conditions under which such vessels are made available to Italy shall obligate Italy to return the vessels forthwith upon demand of the President, and in any event not later than June 30, 1952."

SEC. 11. The second sentence of section 118 of such Act is amended by inserting before the period at the end thereof "or (3) the provision of such assistance would be inconsistent with the obligations of the United States under the Charter of the United Nations to refrain from giving assistance to any State against which the United Nations is taking preventative or enforcement action".

SEC. 12. An amount, equal to any balance, unobligated as of April 2, 1949, or subsequently released from obligation, of funds appropriated by Public Law 793, approved June 28, 1948, for the purposes of the China Aid Act of 1948 is hereby made available to the President for obligation through February 15, 1950, for assistance in areas in China which he may deem to be not under Communist domination, to be furnished in such manner and on such terms and conditions as he may determine.

Approved April 19, 1949.







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